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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Shenhua Energy Company Limited**, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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中国神华
CHINA SHENHUA

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

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

(Stock Code: 01088)

(1) MAJOR AND CONNECTED TRANSACTION RELATING TO THE ACQUISITION OF TARGET ASSETS
(2) PROPOSED ISSUANCE OF A SHARES
AND
NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 1 to 75 of this circular.

A notice convening the EGM of China Shenhua Energy Company Limited to be held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, PRC at 2:30 p.m. on Friday, 23 January 2026 is set out on pages EGM-1 to EGM-7 of this circular.

The reply slip and form of proxy for use at the EGM are enclosed herewith. Shareholders who intend to attend the meeting shall complete and return the reply slip in accordance with the instructions printed thereon before Tuesday, 20 January 2026.

Shareholders who intend to appoint a proxy to attend the meeting are requested to complete the proxy form in accordance with the instructions printed thereon. The proxy form shall be lodged with the registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meeting (i.e. 2:30 p.m. on 22 January 2026) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not prevent you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

24 December 2025

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"A Share(s)"	the domestic shares denominated in RMB and listed on the SSE that are issued to domestic investors by the Company
"Abstained Directors"	Mr. Kang Fengwei and Mr. Li Xinhua, who had abstained from voting as Directors on the relevant Board resolution(s) relating to the Transaction and the Proposed Issuance of A Shares
"Administrative Measures for Restructuring"	Administrative Measures for Major Asset Restructuring of Listed Companies
"Asset Purchase Agreement"	the asset purchase agreement for the acquisition by way of share issuance and cash payment entered into among the Company, China Energy and Western Energy on 15 August 2025, pursuant to which the Company conditionally agreed to acquire the Target Assets through issuance of Shares and cash payments
"Asset Valuation Report(s)"	the asset valuation report(s) on each of the Target Companies and Target Assets prepared by either China Enterprise Appraisal or China United Appraisal, a summary of the Asset Valuation Reports of each of the Target Companies and the Target Assets is set out in Appendix V to this circular
"associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Baotou Mining"	China Energy Baotou Mining Co., Ltd.
"Board"	the board of directors of the Company
"BOYD"	John T. Boyd Company, an independent consulting firm retained by the Company for the preparation of the Competent Person's Report and the Competent Person's Valuation Report
"Capital Holdings"	China Energy Capital Holdings Co., Ltd.
"Chemical Company"	China Shenhua Coal Liquefaction and Chemical Company Limited

"China Energy"	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), the controlling Shareholder of the Company as defined under the Hong Kong Listing Rules, and one of the Counterparties to the Transaction
"China Enterprise Appraisal"	China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), an independent valuer
"China United Appraisal"	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), an independent valuer
"Closing"	closing of the Transaction
"Closing Date"	the date on which China Energy and Western Energy deliver the Target Assets to the Company, which shall be determined by negotiation among the parties; all rights, obligations and risks of the Target Assets will be transferred to the Company from the Closing Date
"Coal Trading Company"	Shenhua Coal Trading Co., Ltd.
"Company" or "Purchaser"	China Shenhua Energy Company Limited (中國神華能源股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the SSE
"Competent Person"	a person satisfying the requirements of Rules 18.21 to 18.23 of the Hong Kong Listing Rules
"Competent Person's Report"	the Competent Person's report set out in Part A of Appendix VI to this circular, issued by BOYD in accordance with the requirements under Chapter 18 of the Hong Kong Listing Rules
"connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules

"Consideration Shares"	the New A Shares to be issued to China Energy by the Company as partial consideration for the Target Assets (excluding the 100% equity interest in Inner Mongolia Construction Investment) under the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement)
"controlling shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Counterparties"	China Energy and Western Energy
"CSDC"	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"EGM"	the first extraordinary general meeting for 2026 of the Company to be held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People's Republic of China at 2:30 p.m. on Friday, 23 January 2026
"Effective Date"	the date on which all the conditions precedent agreed in the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) are satisfied
"Enlarged Group"	the Group immediately after the completion of the Transaction
"General Mandate"	the unconditional general mandate granted to the Board by a special resolution of the Shareholders passed at the extraordinary general meeting of the Company held on 24 October 2025 to separately or concurrently issue A Shares and/or H Shares, with the total number of such A Shares and/or H Shares to be issued shall not exceed each of 20% of the issued A Shares and/or H Shares of the Company as at the date of passing the said resolution
"Group"	the Company and its subsidiaries
"Guoyuan Power"	Guoyuan Electric Power Co., Ltd.

"H Share(s)"	the overseas-listed foreign invested share(s) in the Company's share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS Accounting Standards"	International Financial Reporting Accounting Standards issued by the International Accounting Standards Board
"Impairment Compensation Undertaking Letter"	the impairment compensation undertaking letter dated 19 December 2025 issued by China Energy and Western Energy to the Company in respect of certain assets valued using the market approach under the Transaction, including, among others, buildings and land use rights.
"Independent Board Committee"	the independent board committee of the Board, comprising Dr. Yuen Kwok Keung, Dr. Chen Hanwen and Mr. Wang Hong, all being the independent non-executive Directors of the Company
"Independent Financial Adviser" or "Somerley"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Transactions
"Independent Shareholders"	the Shareholders who are not required to abstain from voting in favour of the resolution for approving the proposed resolutions under the Hong Kong Listing Rules

"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not the Company's connected persons and their associates (as defined under the Hong Kong Listing Rules)
"Inner Mongolia Construction Investment"	Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.
"Jinshen Energy"	Shanxi Province Jinshen Energy Co., Ltd.
"JORC Code 2012"	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition
"Last Trading Day"	1 August 2025, being the last trading day of the A Shares on the SSE immediately prior to the date of the Asset Purchase Agreement
"Latest Practicable Date"	19 December 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Mtpa"	million tonnes per annum
"New A Shares"	A Shares to be issued by the Company under the Proposed Issuance of A Shares
"Non-Competition Agreement and Relevant Supplemental Agreements"	the Non-Competition Agreement dated 24 May 2005, the Supplemental Agreement to the Non-Competition Agreement dated 27 April 2018, and the Second Supplemental Agreement to the Non-Competition Agreement dated 28 April 2023, each entered into between the Company and China Energy, together with the non-competition undertaking made by China Energy on 27 June 2014. For details, please refer to the Company's H-share announcements dated 27 June 2014, 2 March 2018 and 28 April 2023
"Notice of EGM"	the notice for convening the EGM dated 24 December 2025, which has been issued to the Shareholders separately and a copy of which can be downloaded from the Company's website (www.csec.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk)

"Performance Compensation Agreement"	the performance compensation agreement entered into among the Company, China Energy and Western Energy on 19 December 2025 in relation to the Transaction
"Pingzhuang Coal"	Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.
"pithead coal power"	an energy conversion model of "local coal mining, local power generation, and substituting coal transportation with power transmission" achieved through coal-fired power plants constructed near coal mining areas (typically within ≤50 kilometers) that utilise conveyor belts, short-haul rail or road transport for coal delivery
"Port Company"	China Energy Port Co., Ltd.
"PRC"	the People's Republic of China
"Pricing Benchmark Date"	the pricing benchmark date of the issuance of Consideration Shares, which is the announcement date of the resolutions passed at the twelfth meeting of the sixth session of the Board of the Company, i.e. 16 August 2025
"Proposed Issuance of A Shares"	the proposed issuance of New A Shares by the Company to no more than 35 (including 35) target subscribers to raise ancillary funds
"RMB"	the lawful currency of the PRC
"Share(s)"	the ordinary shares of RMB1.00 each in the share capital of the Company, comprising A Share(s) and H Share(s)
"Shareholder(s)"	the shareholder(s) of the Company
"Shenyan Coal"	China Energy Shaanxi Shenyan Coal Co., Ltd.
"Shipping Company"	China Energy Shipping Co., Ltd.
"SSE"	the Shanghai Stock Exchange

"State Council"	the State Council of the People's Republic of China
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"Supplemental Asset Purchase Agreement"	the supplemental asset purchase agreement to the Asset Purchase Agreement entered into among the Company, China Energy and Western Energy on 19 December 2025
"subsidiary(ies)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Target Assets"	100% equity interests in Guoyuan Power, 100% equity interests in Xinjiang Energy, 100% equity interests in Chemical Company, 100% equity interests in Wuhai Energy, 100% equity interests in Pingzhuang Coal, 100% equity interests in Inner Mongolia Construction Investment, 41% equity interests in Shenyan Coal, 49% equity interests in Jinshen Energy, 100% equity interests in Baotou Mining, 100% equity interests in Shipping Company, 100% equity interests in Coal Trading Company, and 100% equity interests in Port Company
"Target Companies"	Guoyuan Power, Xinjiang Energy, Chemical Company, Wuhai Energy, Pingzhuang Coal, Inner Mongolia Construction Investment, Shenyan Coal, Jinshen Energy, Baotou Mining, Shipping Company, Coal Trading Company, and Port Company
"Transaction"	the acquisition of the Target Assets by the Company through the issuance of Consideration Shares and/or cash payments under the Asset Purchase Agreement and the Supplemental Asset Purchase Agreement
"Transition Period"	the period from the Valuation Benchmark Date (excluding the Valuation Benchmark Date) to the Closing Date (including the Closing Date)

"Valuation Benchmark Date"	the benchmark date for auditing and evaluating the Target Assets, as agreed upon by all parties for the implementation of the Transaction, i.e. 31 July 2025
"Western Energy"	China Energy Western Energy Investment Co., Ltd., one of the Counterparties to the Transaction
"Wuhai Energy"	China Energy Wuhai Coal Group Corporation Limited
"Xinjiang Energy"	China Energy Xinjiang Energy & Chemical Co., Ltd.
"%"	per cent

中国神华
CHINA SHENHUA

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

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

(Stock Code: 01088)

Executive Director:
Zhang Changyan

Non-executive Directors:
Kang Fengwei
Li Xinhua

Independent non-executive Directors:
Yuen Kwok Keung
Chen Hanwen
Wang Hong

Employee Director:
Jiao Lei

Registered office:
Shenhua Tower
22 Andingmen Xibinhe Road
Dongcheng District
Beijing, PRC

24 December 2025

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION RELATING TO THE ACQUISITION OF TARGET ASSETS
AND
(2) PROPOSED ISSUANCE OF A SHARES

INTRODUCTION

References are made to the announcements of the Company dated 1 August 2025, 15 August 2025 and 19 December 2025, in relation to, among other things, the Transaction and the Proposed Issuance of A Shares.

The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM, including:

(i) details of the Transaction and the Proposed Issuance of A Shares;

(ii) the letter from Somerley to the Independent Board Committee and the Independent Shareholders regarding the Transaction; and

(iii) the notice of the EGM at which relevant resolutions will be proposed to consider and approve the Transaction and the Proposed Issuance of A Shares.

MAJOR AND CONNECTED TRANSACTION

References are made to the announcements of the Company dated 1 August 2025, 15 August 2025 and 19 December 2025 in relation to the proposed acquisition of assets by way of issuance of A Shares and payment in cash by the Company and raising supporting funds through A Share market.

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

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

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

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

Transaction Price and Payment Method

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

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

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

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

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

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

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

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

(Unit: RMB'000)

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

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

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

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

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

Attribution of Profits and losses for the Transition Period

During the Transition Period, for those Target Companies and their respective subsidiaries and investee companies in which equity interests or mining rights are valued using the income approach and adopted as the pricing basis (the "**Income Approach Assets**"), any profits generated during the Transition Period shall be enjoyed by the Company. If any loss is incurred by the Income Approach Assets during the Transition Period, the Counterparties who directly or indirectly hold the Income Approach Assets shall bear the obligation to make up such loss in proportion to their respective direct or indirect equity interest in the relevant Target Company as at the effective date of the agreement for the Transaction. For the Income Approach Assets with forecasted losses during the Transition Period, such obligation shall be capped at the forecasted amount, and any additional losses exceeding the forecasted amount shall be borne by the Counterparties in proportion to their respective direct or indirect equity interest in the relevant Target Company as at the effective date of the agreement for the Transaction.

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

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

Closing

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

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

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

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

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

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

(1) The Transaction has been considered and approved by the Board and the general meeting of the Company;

(2) The necessary internal approvals of the Counterparties in respect of the Transaction have been obtained;

(3) The Asset Valuation Reports involved in the Transaction has been filed with the state-owned assets supervision and administration department or its authorised institution;

(4) The Transaction has been approved by the state-owned assets supervision and administration department or its authorised institution;

(5) The Transaction has been reviewed and approved by the SSE and registered and consented to by the CSRC; and

(6) Other approvals or consents required by relevant laws and regulations (if any) have been obtained.

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

2. Plan for the Issuance of Consideration Shares

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

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

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

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

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

The issuance price of RMB30.38 per share represents:

(a) a discount of approximately 25.15% to the closing price of RMB40.59 per A Share as quoted on the SSE on the Latest Practicable Date;

(b) a discount of approximately 19.12% to the closing price of RMB37.56 per A Share as quoted on the SSE on 1 August 2025 (being the Last Trading Day);

(c) a discount of approximately 19.99% to the average closing price of RMB37.97 per A Share for the five consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 21.52% to the average closing price of RMB38.71 per A Share for the thirty consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 22.24% to the average closing price of RMB39.07 per A Share for the sixty consecutive trading days up to and including the Last Trading Day;

(f) a premium of approximately 40.52% over the audited consolidated net asset value attributable to shareholders of RMB21.62 per Share as at 31 December 2024 as extracted from the Company's latest annual report published on the Hong Kong Stock Exchange; and

(g) a premium of approximately 49.21% over the unaudited consolidated net asset value attributable to shareholders of RMB20.36 per Share as at 30 June 2025 as extracted from the Company's latest interim report published on the Hong Kong Stock Exchange.

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

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

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

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

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

In the event that the above three items are implemented simultaneously: $P_1=(P_0-D+A\times k)/(1+n+k)$.

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

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

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

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

Number of Consideration Shares to be Issued

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

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

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

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

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

Lock-up Period

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

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

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

Arrangements for Undistributed Accumulated Profit

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

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

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

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

Information on the Parties to the Transaction

(1) The Group

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

(2) China Energy

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

(3) Western Energy

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

Information on the Target Companies

(1) Guoyuan Power

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

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

Unit: RMB million

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

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

(2) Xinjiang Energy

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

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	31,095	30,858	26,723	21,566
Equity attributable to equity holders of the Company	10,322	10,310	9,055	7,410

	Seven months ended 31 July 2025 *(Audited)*	Year ended 31 December 2024 *(Audited)*	Year ended 31 December 2023 *(Audited)*	Year ended 31 December 2022 *(Audited)*
Revenue	6,990	18,232	19,423	18,543
Profit before income tax	357	2,702	3,294	6,205
Profit for the year/period	176	2,145	2,611	5,225
Profit attributable to equity holders of the Company	140	1,940	2,147	4,464

(3) Chemical Company

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

It operates in the petroleum, coal, and other fuel processing industry and is mainly engaged in the production, processing, and sale of coal chemical products, as well as the businesses related to the clean conversion and utilisation of coal. As at the Latest Practicable Date, Chemical Company is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	40,757	37,071	35,754	37,515
Equity attributable to equity holders of the Company	17,143	17,593	16,181	15,890

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	11,962	26,429	25,651	27,982
Profit/(loss) before income tax	(489)	1,323	318	2,326
Profit/(loss) for the year/period	(550)	1,265	278	2,224
Profit/(loss) attributable to equity holders of the Company	(527)	1,363	283	2,231

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

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

(4) Wuhai Energy

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

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	23,407	23,401	22,502	20,941
Equity attributable to equity holders of the Company	12,316	12,299	11,205	10,518

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	4,040	9,770	10,744	12,606
Profit before income tax	44	1,623	1,467	5,841
Profit/(loss) for the year/ period	(77)	1,241	972	4,632
Profit attributable to equity holders of the Company	24	1,197	712	4,340

Wuhai Energy recorded a loss for the seven months ended 31 July 2025 mainly due to weaker downstream demand. A slowdown in the real estate sector and related industries resulted in subdued steel demand and a decline in coking coal prices during the period. On

the production side, coal output decreased at certain mines of Wuhai Energy, including Gongwusu Mine and Laoshidan Mine, leading to an overall reduction in production and a slight decrease in sales volume.

(5) Pingzhuang Coal

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

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

Unit: RMB million

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

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

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

(6) Inner Mongolia Construction Investment

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

shareholder of Inner Mongolia Construction Investment. It operates in the power, heat production and supply industry as well as coal mining and washing industry and is mainly engaged in pithead coal-fired power generation, coal mining, washing, processing, and sales. As at the Latest Practicable Date, Inner Mongolia Construction Investment is a wholly-owned subsidiary of Western Energy and its ultimate beneficial owner is the SASAC.

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	15,040	15,003	14,687	15,595
Equity/(deficit) attributable to equity holders of the Company	(1,162)	(2,197)	4,940	6,220

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	2,872	3,066	2,705	7,307
Profit/(loss) before income tax	964	(7,105)	(522)	1,497
Profit/(loss) for the year/ period	1,035	(7,126)	(547)	985
Profit/(loss) attributable to equity holders of the Company	1,035	(7,126)	(547)	985

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

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

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

(7) Shenyan Coal

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

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	12,898	11,671	11,710	12,208
Equity attributable to equity holders of the Company	11,100	9,625	6,723	9,614

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	3,585	7,059	6,824	7,137
Profit before income tax	1,737	3,533	3,356	4,270
Profit for the year/period	1,475	2,973	2,846	3,601
Profit attributable to equity holders of the Company	1,475	2,973	2,846	3,601

(8) Jinshen Energy

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

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	7,703	8,330	8,116	8,019
Equity attributable to equity holders of the Company	5,233	5,174	5,065	4,616

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	1,771	3,060	5,625	5,917
Profit before income tax	154	885	2,742	3,132
Profit for the year/period	96	649	2,044	2,312
Profit attributable to equity holders of the Company	59	395	1,564	1,848

(9) Baotou Mining

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

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	4,574	4,979	5,451	1,592
Equity attributable to equity holders of the Company	4,405	4,415	1,349	1,247

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	93	132	168	182
Profit/(loss) before income tax	107	5,016	52	(52)
Profit/(loss) for the year/ period	(10)	3,747	51	(23)
Profit/(loss) attributable to equity holders of the Company	(10)	3,022	55	(23)

(10) Shipping Company

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

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	5,339	3,926	2,448	2,392
Equity attributable to equity holders of the Company	1,819	1,136	936	910

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	2,858	4,160	2,466	3,076
Profit/(loss) before income tax	245	267	(74)	263
Profit/(loss) for the year/ period	183	220	(76)	197
Profit/(loss) attributable to equity holders of the Company	183	200	(76)	127

(11) Coal Trading Company

Coal Trading Company is a company established in the PRC with limited liability. Coal Trading Company originated as the China Clean Coal Company Transportation & Sales Branch (中國精煤公司運銷分公司), established on 8 April 1985 with approval of the former State Planning Commission. It was renamed Huaneng Clean Coal Transportation & Sales Branch (華能精煤公司運銷分公司) in 1987 and re-registered in 1993 as an enterprise with registered capital of RMB8 million funded entirely by Huaneng Clean Coal Company (華能精煤公司). Following structural adjustments within China Energy (which at that time was Shenhua Group Corporation Limited), the company's affiliation was transferred to China Energy in 1995. The company undertook several rounds of capital increases and reductions. In 2013, it was converted into a single-shareholder limited liability company, with registered

and paid-in capital of RMB323 million, wholly owned by China Energy. It operates in the wholesale industry and is mainly engaged in coal sales and import/export, comprehensive utilisation and deep processing of coal, etc. As at the Latest Practicable Date, Coal Trading Company is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*	**As at 31 December 2022** *(Audited)*
Total assets	4,343	2,161	1,271	830
Equity attributable to equity holders of the Company	751	765	492	452

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*	**Year ended 31 December 2022** *(Audited)*
Revenue	2,432	9,124	5,433	3,773
Profit before income tax	40	91	59	74
Profit for the year/period	28	58	40	54
Profit attributable to equity holders of the Company	28	58	40	54

(12) Port Company

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

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

Unit: RMB million

	As at 31 July 2025 *(Audited)*	**As at 31 December 2024** *(Audited)*	**As at 31 December 2023** *(Audited)*
Total assets	254	231	174
Equity attributable to equity holders of the Company	192	172	130

	Seven months ended 31 July 2025 *(Audited)*	**Year ended 31 December 2024** *(Audited)*	**Year ended 31 December 2023** *(Audited)*
Revenue	65	112	77
Profit before income tax	26	57	41
Profit for the year/period	20	42	30
Profit attributable to equity holders of the Company	20	42	30

Valuation and Pricing of the Target Companies

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

Unit: RMB'000

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

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

Target Companies	Book Value A	Appraised Value of Total Shareholders' Equity B	Increase/ (Decrease) C=B-A	Appreciation Rate D=C/A	Equity Interest Percentage to be Transferred	Appraised Value of the Target Assets	Valuation Approach Adopted	Valuation Approach for Underlying Assets
Inner Mongolia Construction Investment	-1,162,363.4	7,727,627.8	8,889,991.2	764.82%	100%	7,727,627.8	Asset-based approach	Equity investments valued using asset-based approach or book value; buildings valued using cost method; shaft construction assets valued using cost method; equipment valued using cost method; construction in progress valued using cost method; land use rights valued using market comparison and benchmark land price methods; mining rights valued using discounted cash flow method; other assets and liabilities based on book values or actual obligations/rights.
Shenyan Coal	10,749,924.1	18,760,260.1	8,010,336.0	74.52%	41%	7,691,706.6	Asset-based approach	Long-term equity investments valued using income approach; buildings valued using cost method; equipment valued using cost method; construction in progress valued using cost method; land use rights valued using market approach; mining rights valued using discounted cash flow method; other assets and liabilities based on book values or actual obligations/rights.
Jinshen Energy	5,233,925.0	7,715,759.7	2,481,834.7	47.42%	49%	3,780,722.3	Asset-based approach	Long-term equity investments valued using asset-based approach or net assets × shareholding ratio; buildings valued using cost and market approaches; equipment valued using cost method; other assets and liabilities based on book values or actual obligations/rights.
Baotou Mining	4,404,800.4	4,542,612.8	137,812.4	3.13%	100%	4,542,612.8	Income approach	/

Target Companies	Book Value A	Appraised Value of Total Shareholders' Equity B	Increase/ (Decrease) C=B-A	Appreciation Rate D=C/A	Equity Interest Percentage to be Transferred	Appraised Value of the Target Assets	Valuation Approach Adopted	Valuation Approach for Underlying Assets
Shipping Company	1,818,825.8	2,141,796.5	322,970.7	17.76%	100%	2,141,796.5	Asset-based approach	Long-term equity investments valued using asset-based approach; equipment valued using replacement cost and market approaches; other assets and liabilities based on book values or actual obligations/rights.
Coal Trading Company	750,560.8	861,026.1	110,465.3	14.72%	100%	861,026.1	Asset-based approach	Long-term equity investments valued using asset-based approach; buildings valued using market approach or book value; other assets and liabilities based on book values or actual obligations/rights.
Port Company	191,699.0	473,598.5	281,899.5	147.05%	100%	473,598.5	Income approach	/
Total	90,067,912.8	143,674,738.7	53,606,825.9	59.52%	/	128,671,147.8		

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

The principal assumptions underlying the Profit Forecast are set out in the Asset Valuation Reports included in Appendix V to this circular. Ernst & Young, the reporting accountant of this Transaction, issued a report on the arithmetical accuracy of the calculation of the discounted future cash flow contained in the valuation reports. The report from Ernst & Young was set out in the section headed "Further Information in Relation to the Target Assets". The Board also confirmed that Profit Forecast was made after due and careful enquiry, and the Board's letter regarding this forecast was set out on page 88 in the section headed "Further Information in Relation to the Target Assets".

4. Performance Commitment and Compensation Arrangements

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

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

(A) Scope and Term of Performance Commitment

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

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

Unit: RMB'000

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

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

(B) Parties to the Performance Commitment

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

(C) Performance Commitment Amount

(1) Mining Rights Asset Group

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

Unit: RMB'000

No.	Target Companies	Performance Commitment Assets	2026	2027	2028	Cumulative Committed Net Profits of Mining Rights
1	Guoyuan Power	Mining rights asset group	1,507,243.5	1,623,700.8	1,539,016.5	4,669,960.8
2	Chemical Company	Mining rights asset: the 35% mining right interest in the Chaoyang open-pit coal mine of Guoneng Baoqing Coal, Power and Chemical Co., Ltd. held by Chemical Company	58,274.8	65,701.9	73,343.6	197,320.3

No.	Target Companies	Performance Commitment Assets	2026	2027	2028	Cumulative Committed Net Profits of Mining Rights
3	Pingzhuang Coal	Mining rights asset group	867,649.8	909,911.0	1,447,155.4	3,224,716.2
4	Inner Mongolia Construction Investment	Mining right asset: Chahasu Coal Mine	679,216.0	814,448.1	949,584.1	2,443,248.2
5	Shenyan Coal	Mining right asset: Xiwan open-pit coal mine in Shenmu City	553,273.1	576,456.3	559,122.1	1,688,851.5

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

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

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

Unit: RMB'000

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

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

(2) Equity Asset Group

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

Unit: RMB'000

No.	Target Companies	Performance Commitment Assets	2026	2027	2028
1	Chemical Company	30% equity interest in Shaanxi Energy Liangshuijing Mining Co., Ltd. held by Chemical Company	253,270.2	294,336.8	335,765.6
2	Shenyan Coal	30% equity interest in Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd. held by Shenyan Coal	1,575.2	1,588.9	1,600.9
3	Baotou Mining	100% equity interest in Baotou Mining	40,548.9	35,649.7	32,992.5

No.	Target Companies	Performance Commitment Assets	2026	2027	2028
4	Port Company	100% equity interest in Port Company	34,670.1	33,441.8	32,151.9

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

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

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

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

For the equity assets, after the completion of the Transaction, the Company shall, at the end of each accounting year during the Performance Commitment Period, engage a qualified accounting firm to conduct a special audit of the realised net profit for the current period of each equity asset and issue a special

audit report. Based on such report, the parties shall determine the difference between the cumulative realised net profit of each equity asset up to the end of the current period and the cumulative committed net profit of each equity asset up to the end of the current period. The Performance Commitment Parties shall, based on the results of the special audit report, bear the corresponding performance compensation obligations and compensate the Company in accordance with the agreed compensation method.

(2) Method of Performance Compensation

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

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

(a) Share Compensation

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

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

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

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

(b) Cash Compensation

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

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

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

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

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

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

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

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

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

(3) Implementation of Compensation

(a) Share Compensation

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

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

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

Performance Commitment Parties shall, on the same day as transferring the compensation shares to the dedicated account designated by the Board of the Company pursuant to the foregoing provision, pay the cash dividends corresponding to the number of compensation shares for the current period to the bank account designated by the Company.

If the Shareholders' meeting of the Company does not approve the share repurchase and cancellation plan and decides not to repurchase the compensation shares, then the Board of the Company shall, within 10 working days after the announcement of the Shareholders' meeting resolution, issue a written notice to the Performance Commitment Parties. The Performance Commitment Parties shall, within 20 working days after receiving the written notice from the Board of the Company, and on the premise of complying with relevant securities regulatory laws, rules and regulatory requirements, donate all the shares to be compensated to the other Shareholders of the Company (excluding the Performance Commitment Parties) as registered on the record date determined by the Board of the Company at that time. The other Shareholders shall receive the donated shares in proportion to their respective shareholdings in the issued Shares of the Company on the record date after deducting the Shares held by the Performance Commitment Parties. If laws, regulations or regulatory authorities have other provisions or requirements regarding the repurchase of compensation shares at that time, such provisions or requirements shall be followed.

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

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

(b) Cash Compensation

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

(4) Impairment Test

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

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

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

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

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

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

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

(5) Compensation Cap

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

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

(6) Liability for Late Payment

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

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

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

(A) Scope of Impairment Compensation Assets

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

Unit: RMB'000

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

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

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

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

(B) Impairment Compensation Commitment Parties

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

(C) Impairment Compensation Period

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

(D) Impairment Compensation Amount

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

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

(E) Method of Impairment Compensation

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

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

5. Pre-reorganisation

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

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

PROPOSED ISSUANCE OF A SHARES TO RAISE SUPPORTING FUNDS

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

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

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

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

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

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

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

Number of Shares to be Issued

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

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

Lock-up Period

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

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

Use of Proceeds to be Raised

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

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

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

Arrangements for Accumulated Undistributed Profits

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

General Mandate

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

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

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

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

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

1. The Transaction

Background of the Transaction

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

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

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

Purposes of the Transaction

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

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

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

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

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

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

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

2. Proposed Issuance of A Shares

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

IMPACT ON THE COMPANY'S EQUITY STRUCTURE

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

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

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

(i) as at the Latest Practicable Date; and

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

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

Notes:

1. As at the Latest Practicable Date and immediately after the completion of the Transaction, Capital Holdings, a wholly-owned subsidiary of China Energy, directly held 11,593,528 A Shares of the Company.

2. The approximate percentage figures are rounded to the nearest two decimal places and therefore, may not add up to 100% due to rounding.

IMPACT ON THE KEY FINANCIAL INDICATORS OF THE COMPANY

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

Unit: RMB100 million

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

HONG KONG LISTING RULES IMPLICATIONS

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

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

FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activities during the period of 12 months preceding the Latest Practicable Date.

RESOLUTIONS PROPOSED TO BE CONSIDERED AT THE EGM

The following resolutions in relation to the Transaction and the Proposed Issuance of A Shares will be proposed at the EGM:

1. **Resolution on the Transaction and the Proposed Issuance of A Shares complying with the relevant laws and regulations**

   In respect of the Transaction and the Proposed Issuance of A Shares, having conducted prudent self-inspection and demonstration based on the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for the Major Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》), the Administrative Measures for the Registration of Securities Offerings of Listed Companies (《上市公司證券發行註冊管理辦法》), the Regulatory Guidelines for Listed Companies No. 9 – Regulatory Requirements for the Planning and Implementation of Major Assets Restructurings by Listed Companies (《上市公司監管指引第9號––上市公司籌劃和實施重大資產重組的監管要求》), and other applicable laws, regulations and normative documents, and taking into full account the actual circumstances of the Company and the relevant matters, the Board considers that the Transaction and the Proposed Issuance of A Shares comply with the conditions stipulated under the aforesaid laws, regulations and normative documents.

   This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

2. Resolution on the proposal in respect of the Transaction and the Proposed Issuance of A Shares

Details of the proposal in respect of the Transaction and the Proposed Issuance of A Shares are set out in the sections headed "Major and Connected Transaction" and "Proposed Issuance of A Shares to Raise Supporting Funds" in this circular.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

3. Resolution on the "Report (Draft) of China Shenhua on the Purchase of Assets through the Issuance of Shares and Cash Payment, the Raising of Supporting Funds, and the Related Transaction" and its summary

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

4. Resolution on the adjustments to the proposal in respect of the Transaction and the Proposed Issuance of A Shares not constituting material adjustments

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

5. Resolution on the Transaction and the Proposed Issuance of A Shares constituting related transaction

Details are set out in the section headed "Major and Connected Transaction" in this circular.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

6. Resolution on the Transaction and the Proposed Issuance of A Shares not constituting major asset restructuring

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

7. Resolution on the Transaction and the Proposed Issuance of A Shares not constituting reorganisation and listing

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

8. Resolution on the execution of conditional agreements with the Counterparties to the Transaction

Details are set out in the section headed "Major and Connected Transaction" in this circular.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

9. Resolution on the independence of the valuation institutions, the reasonableness of the valuation assumptions, the relevance of the valuation methodologies to the valuation purposes, and the fairness of the valuation pricing

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

10. Resolution on the review reports, audit reports and asset valuation reports relating to the Transaction and the Proposed Issuance of A Shares

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

11. Resolution on the circumstances regarding the dilution of immediate return arising from the Transaction and the remedial measures

(1) Impact of the Transaction on the dilution of the Company's earnings per share for the current period

According to the Review Report of the Pro Forma Financial Information of the Enlarged Group issued by Ernst & Young Hua Ming LLP, the major financial data of the Company before and after the completion of the Transaction prepared by the PRC Accounting Standards for Business Enterprises are as follows:

Unit: RMB/share

	January–July 2025		**2024**	
Item	**Prior to the Transaction**	**Upon completion of the Transaction (pro forma)**	**Prior to the Transaction**	**Upon completion of the Transaction (pro forma)**
Basic earnings per share after excluding non-recurring items	1.47	1.54	2.97	3.15

Note: To more clearly reflect the impact of the Transaction and the relevant data before and after the Transaction, the Company has restated the relevant 2024 figures, on a basis before and after completion of the Transaction, in respect of the acquisition of 100% equity interest in China Energy Hangjin Energy Co., Ltd.

According to the Review Report of the Pro Forma Financial Information of the Enlarged Group, excluding the raising of supporting funds, upon completion of the Transaction, the net profit attributable to the shareholders of the Company will increase, and the Company's earnings per share after excluding non-recurring items for year 2024 and January–July 2025 will increase. Therefore, the Transaction will not result in the dilution of the Company's immediate earnings per share.

(2) Measures to be taken by the Company to mitigate any potential dilution of immediate return and to enhance future returns

According to the Review Report of the Pro Forma Financial Information of the Enlarged Group, the Transaction are not expected to result in any dilution of the Company's immediate return.

After the completion of the Transaction, in order to reduce the risk of any future dilution of immediate return, the Company will continue to improve its corporate governance structure, strengthen its internal control systems, optimize cost management, and enhance its profitability. To safeguard the interests of investors and enhance shareholder return capability, the Company proposes to adopt the following remedial measures:

A. Accelerate the integration of the Target Companies and enhance the Company's profitability

Upon completion of the Transaction, and on the premise of ensuring the stability of the Target Companies' operations, the Company will expedite the comprehensive review and integration of procurement, sales, finance, information systems and day-to-day operational management of the Target Companies, maximize economies of scale and business synergies, improve operating efficiency, and enhance the Company's competitiveness and profitability.

B. Improve profit distribution policies and strengthen the mechanism for shareholder returns

To further improve the Company's profit distribution system and establish a more scientific and reasonable mechanism for profit distribution and decision-making, thereby better safeguarding the interests of Shareholders and investors, the Company has clarified the provisions regarding profit distribution policies and cash dividends in its Articles of Association, in accordance with the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies (CSRC Announcement [2025] No. 5), other applicable laws, regulations and normative documents, and based on the actual circumstances. The Company will strictly implement the relevant profit distribution policies, attach importance to providing reasonable returns to investors, and balance the overall interests of all Shareholders and the sustainable development of the Company.

(3) Undertakings of the controlling Shareholder, Directors and senior management regarding the dilution of immediate return and the remedial measures

A. Undertakings of the controlling Shareholder regarding remedial measures for the dilution of immediate return arising from the Transaction and the Proposed Issuance of A Shares

China Energy, the controlling shareholder of the Company, and its parties acting in concert undertake as follows:

(a) China Energy undertakes that it will not interfere in the Company's operational management beyond its authority and will not encroach upon the interests of the Company;

(b) China Energy undertakes that it will not provide benefits to other entities or individuals without compensation or on unfair terms, nor will it adopt any other means to prejudice the interests of the Company;

(c) If China Energy violates or refuses to perform the above undertakings, China Energy shall make explanations and apologies publicly at the general meeting of the Company and in the designated media of the CSRC; China Energy voluntarily accepts the regulatory measures imposed by the SSE, the CSRC and other regulatory authorities; if losses are caused to the Company or its Shareholders as a result of such breach, China Energy is willing to bear legal liability in accordance with the law.

B. Undertakings of Directors and senior management regarding remedial measures for the dilution of immediate return

The Directors and senior management of the Company undertake as follows:

(a) I undertake that I will not provide benefits to other entities or individuals without compensation or on unfair terms, nor will I adopt any other means to prejudice the interests of the Company;

(b) I undertake to regulate my consumption behaviour arising from my position;

(c) I undertake that I will not use the Company's assets to engage in investment or consumption activities unrelated to the performance of my duties;

(d) I undertake to support the linkage of the Company's remuneration system formulated by the Board or the Remuneration and Appraisal Committee with the implementation of the Company's remedial measures;

(e) If the Company implements an equity incentive scheme in the future, I undertake to support the linkage between the exercise conditions of such equity incentive scheme and the implementation of the Company's remedial measures.

I undertake to conscientiously perform the remedial measures adopted by the Company and any undertakings I have made in this regard. If I breach such undertakings and cause losses to the Company or its investors, I am willing to assume liability for compensation in accordance with the law.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

12. Resolution on the Transaction and the Proposed Issuance of A Shares complying with Articles 11, 43 and 44 of the Administrative Measures for the Major Asset Restructuring of Listed Companies

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

13. Resolution on the Transaction and the Proposed Issuance of A Shares complying with Article 4 of the Regulatory Guidelines for Listed Companies No. 9 – Regulatory Requirements for the Planning and Implementation of Major Assets Restructurings by Listed Companies

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

14. Resolution on the confirmation that none of the relevant parties to the Transaction and the Proposed Issuance of A Shares falls within the circumstances under Article 12 of the Regulatory Guidelines for Listed Companies No. 7 that would prohibit participation in major asset restructuring of a listed company

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

15. Resolution on the confirmation that the Company does not fall within the circumstance under Article 11 of the Administrative Measures for the Registration of Securities Offerings of Listed Companies that would prohibit the issuance of shares to specific targets

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

16. Resolution on the price movement of the Company's Shares prior to the information disclosure in relation to the Transaction and the Proposed Issuance of A Shares

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 15 August 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

17. Resolution on the confidentiality measures and confidentiality procedures adopted in connection with the Transaction and the Proposed Issuance of A Shares

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 15 August 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

18. Resolution on the circumstances of the Company's purchase and sale of assets within 12 months prior to the Transaction and the Proposed Issuance of A Shares

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

19. Resolution on the explanation regarding the completeness and compliance of the statutory procedures performed for the Transaction and the Proposed Issuance of A Shares and the validity of the legal documents submitted

Details are set out in the overseas regulatory announcement of the Company published on the website of Hong Kong Stock Exchange on 19 December 2025.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

20. Resolution on proposing to the general meeting of the Company to authorise the Board and its authorised persons to handle, with full discretion, all matters relating to the Transaction and the Proposed Issuance of A Shares

To ensure the smooth implementation of the Transaction and the Proposed Issuance of A Shares, it is proposed that the EGM grant authorisation to the Board and such persons as authorised by the Board to have full authority, within the scope permitted by applicable laws, regulations and normative documents, to handle all matters relating to the Transaction and the Proposed Issuance of A Shares, including:

(1) formulating and implementing specific plans for the Transaction and the Proposed Issuance of A Shares within the scope of laws, administrative regulations, departmental rules and other normative documents, including but not limited to determining or adjusting, based on the specific circumstances, the scope of the Target Assets, the counterparties, the issue price, the number of Shares to be issued, the transaction consideration, the method of payment, and formulating, adjusting and implementing the specific plan for the raising of supporting funds;

(2) handling and deciding on specific matters relating to the Transaction and the Proposed Issuance of A Shares in accordance with the regulatory requirements of securities regulatory authorities and market conditions, based on the proposal approved at the EGM;

(3) signing the transaction agreements and making corresponding amendments thereto based on actual circumstances, reaching agreement with the counterparties and signing the relevant transaction agreements, and making disclosures and completing other necessary procedures and formalities in accordance with the listing rules;

(4) adjusting or revising the plan for the Transaction and the Proposed Issuance of A Shares and the relevant documents in accordance with the requirements or feedback of the relevant securities regulatory authorities, if such authorities require amendments or improvements to the plan;

(5) authorising the Board to adjust, suspend or terminate the specific plan and relevant documents for the Transaction and the Proposed Issuance of A Shares, within the validity period of the EGM resolution, if required by changes in regulatory policies of securities regulatory authorities or market conditions, and based on the new policies and actual conditions of the securities market;

(6) approving and signing audit reports, valuation reports and other agreements and documents (including their amendments and supplements) relating to the Transaction and the Proposed Issuance of A Shares;

(7) being responsible for the specific execution and implementation of the plan for the Transaction and the Proposed Issuance of A Shares in accordance with laws, regulations and other normative documents and the EGM resolution, including but not limited to performing obligations under the transaction agreements, signing relevant legal documents, handling the delivery of the Target Assets and the registration and listing of the Shares to be issued, and handling matters relating to implementation of the Transaction and the Proposed Issuance of A Shares;

(8) opening a dedicated bank account for the proceeds, entering into a tripartite supervision agreement in respect of the proceeds, and handling other related matters;

(9) handling other matters relating to the Transaction and the Proposed Issuance of A Shares within the scope permitted by laws, administrative regulations, departmental rules, other normative documents and the Articles of Association.

The authorisation shall be valid for 12 months from the date of approval of this resolution at the EGM.

If the Company obtains all approvals required for the implementation of the Transaction and the Proposed Issuance of A Shares within such validity period, the validity period shall automatically extend to the date of completion of the implementation of the Transaction and the Proposed Issuance of A Shares.

This resolution will be proposed to the Independent Shareholders at the EGM for consideration and approval by way of a special resolution.

THE EGM

A notice convening the EGM to be held 2:30 p.m. on Friday, 23 January 2026 at He Meeting Room, 2F, Gehua New Century Hotel Beijing, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People's Republic of China is set out in this circular.

According to the Listing Rules, any vote in the EGM must be taken by poll.

As at the Latest Practicable Date, China Energy and its wholly-owned subsidiary, Capital Holdings, together owned 13,824,302,724 Shares, representing approximately 69.58% of the total issued Shares. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, China Energy and its associates have a material interest in the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) and the Proposed Issuance of A Shares. Accordingly, China Energy and its associates are required to abstain from voting in favour of the resolutions approving the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement), the transactions contemplated thereunder and the Proposed Issuance of A Shares. As such, save for China Energy and its associates, none of the Shareholders is required to abstain from voting in favour of the resolutions approving the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement), the transactions contemplated thereunder and the Proposed Issuance of A Shares.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.csec.com. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish.

RECOMMENDATION

Given that Abstained Directors were deemed to have a material interest in the Transaction and the Proposed Issuance of A Shares due to their employment with China Energy, and abstained from voting on the resolutions regarding the Transaction and the Proposed Issuance of A Shares at the fifteenth meeting of the sixth session of the Board. Save as mentioned above, no other Directors have any material interest in the matters contained in this circular and therefore no other Directors have abstained from voting on relevant Board resolutions.

The Board (including the independent non-executive Directors) considers that (i) the Transaction and the Proposed Issuance of A Shares are on normal commercial terms or better, (ii) the Transaction and the Proposed Issuance of A Shares are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction. Your attention is drawn to the letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders set out on pages 91 to 188 of this circular in connection with the Transaction, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice. The Board (including members of the Independent Board Committee whose view is set out in the letter from the Independent Board Committee on pages 89 to 90 of this circular) is of the view that (i) the Transaction and the Proposed Issuance of A Shares are on normal commercial terms or better, (ii) the Transaction and the Proposed Issuance of A Shares are fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board (including the independent non-executive Directors) recommends the Shareholders to vote in favour of the resolutions as set out in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
China Shenhua Energy Company Limited
Song Jinggang
Chief Financial Officer and Secretary to the Board of Directors

FURTHER INFORMATION IN RELATION TO THE TARGET ASSETS

I. Target Coal Mines and Exploration Right Areas

(i) Introduction

The forty-seven (47) coal mines and coal exploration right areas covered in BOYD's CPR are currently held by multiple subsidiaries of China Energy Investment Corporation Limited (China Energy). The subject properties, twenty-eight (28) coal mines including eleven (11) open-pit operations and seventeen (17) underground operations, and nineteen (19) coal exploration right areas are located in various coal-producing provinces (regions) of the People's Republic of China (PRC) including Heilongjiang, Inner Mongolia, Ningxia, Shaanxi, Shanxi and Xinjiang.

The coal bearing strata of the mines in these regions were formed during the Late Carboniferous to Early Permian and the Jurassic to Early Cretaceous periods, except for the younger Paleogene and Neogene lignite seams in Heilongjiang Province. The strata are typically interbedded with numerous coal seams, separated by shale, siltstone, sandstone, and limestone. The coalfields are covered by poorly consolidated Quaternary alluvial deposits ranging in depth from 0 m to 120 m.

On a global basis, the geologic settings, or nature, of the mining/exploration rights areas are judged to vary from simple to complex. At most of the mines, the coal seams have a moderate dip of between 5 and 20 degrees. However, in some areas of the Zhundong and Zhunnan coalfields in Xinjiang Autonomous Region, the coal seams dip increase to 30 degrees or higher due to folding. The Wudong Coal Mine is an isolated case. The coal seams within this area form a large syncline between the northern and southern regions. The coal seams in the northern region have dips between 40 and 50 degrees, whereas in the southern region the dips reach up to 85 degrees. Typically, the mines in Heilongjiang, Shanxi, Shaanxi and Erdos area of the Inner Mongolia Autonomous Region have favorable geologic settings, with gentle seam dips and less faulting and folds. The mines in other areas typically have moderate to complex geologic settings due to faulting, seam splitting and thinning and sand channel erosion. The presence of burnt areas in coal seams near outcrops is common in Xinjiang coal mines. It is also one of the factors that complicate the occurrence of coal seams.

Among the twenty-eight (28) coal mines, except for the Chaoyang Open-pit located at Baoqing, Heilongjiang and the Xiwan Open-pit located at Yulin, Shaanxi, most of the open-pit mines are located in eastern Inner Mongolia and eastern Xinjiang. Most of the open-pit mines have experienced several rounds of expansions to reach their current output capacities. In most cases, the stripping work is outsourced to third-party contractors, while the coal mining is performed in-house. Shovel (excavator)-truck, and semi-mobile crushing/belt

transportation are the mostly adopted open-pit mining technologies, with larger capacities averaging approximately 16 Mtpa for the subject open-pit mines. For the underground operations, FM LW (sometimes with SLC capability) is the only mining method used, which is typical of Chinese underground coal mines. The modern underground FM LW coal mining method has been widely used in nearly every major coal-producing region in China and under the various geological conditions encountered in the subject mines. Generally, the mines in Shaanxi and Inner Mongolia have geologic settings which are highly favorable for LW mining methods. Some of the mines in this region are among the most productive and efficient coal mines in the world. In most cases, the major FM LW mining equipment is manufactured domestically. Typically, the threshold seam thickness for sublevel caving mining is approximately 4.5-6.0 m, although sometimes the decision is made upon other factors. China is the country with most FM LW SLC mining operations. As observed during this study, the FM LW SLC method is adopted in most of the subsidiary companies of China Energy, including Guoyuan Power, Wuhai Energy, Xinjiang Energy, Pingzhuang Coal and Jinshen Energy.

The open-pit mines, characterized by their large-scale operations, accounted for approximately 71% of total production. The average output capacity of the subject open-pit mines is approximately 16.7 Mtpa, considerably higher than that of underground mines, which average approximately 4.0 Mtpa. Most of the large open-pit operations are located in eastern Inner Mongolia and Xinjiang, where the coal seams feature shallow occurrence and substantial thickness. In contrast, Wuhai Energy's underground operations have remained relatively small in scale, mainly due to the limitations resulting from the historical consolidation from smaller mines. The Renjiazhuang, Sandaogou and Chahasu underground mines have relatively high output capacities and are located in the well-known Ningdong, Shenfu and Dongsheng coalfields, respectively, where the most of China's large underground coal mines are concentrated. The Ciyaogou and Shaping mines of Jinshen Energy are well-equipped modern underground operations located in Shanxi Province.

Except for the mines of Wuhai Energy, for which the coal products fall into the coking coal category and can be used for coking industry, the coal products from the other mines are mainly thermal coal, which are widely used for power generation, chemical industry and domestic heating. In coal-electricity integrated projects, coal products are prioritized for supply to the associated power plants. Any surplus coal is sold to surrounding markets or transported out through other sales channels.

(ii) Competent Person's Report

The Competent Person's Report on the forty-seven coal mines and exploration right areas was prepared by BOYD in accordance with the recommended guidelines of the JORC Code 2012. Please refer to Part A of Appendix VI to this circular for details.

(iii) Competent Person's Valuation Report

The Competent Person's Valuation Report was prepared by BOYD in compliance with the Australasian Code for Public Reporting of Technical Assessment and Valuations of Mineral Assets – The VALMIN Code (2015 Edition).

Based on the type of mineral rights (mining rights or exploration rights) and status of the subject mining operations, different valuation approaches were adopted in the Valuation Report. For the coal mines with established (fully developed) and active producing status, or under technical upgrading construction, BOYD selected the Income Method of mineral valuation as the preferred and appropriate method. The Market Approach (Market Transaction/Comparable Sales) was used for the exploration right areas where comparable transaction cases are available. The Hybrid Approach was adopted for the exploration right areas where limited comparable transaction data are accessible, but detailed information for mine operations in the same area is available. Together with the consideration of the rating of the mining operations as among the best in terms of productivity and operating costs, in China, BOYD concludes the derived Technical Value of the existing operation is the same as Market Value (i.e., no further adjustments are warranted). In addition to the value assigned to the existing operations, we opine it is appropriate to recognize and assign Indicative Market Value to the large tonnage of additional resources and reserves which are not considered in the DCF-NPV analysis (Technical Value). Please refer to Part B of Appendix VI to this circular for details.

II. No Material Adverse Change

No material adverse changes have occurred from the effective date of the Competent Person's Report (i.e. 31 July 2025) up to the Last Practicable Date.

III. No Legal Claims or Litigation Proceedings

As at the Latest Practicable Date, the Directors are not aware of any legal claims or litigation currently in progress or pending that could materially affect the mining and exploration rights of the mineral assets owned by the forty-seven coal mines, or the business operations and financial condition of the forty-seven coal mines, nor are they aware of any third parties that may initiate such claims or litigation against the forty-seven coal mines, or vice versa.

Furthermore, there are no material disputes over land mining rights in respect of the land where exploration or mining activities are being designed for the forty-seven coal mines.

IV. Other Matters Relating to the Subject Coal Mines and Coal Exploration Right Areas

(i) Mining rights and other licenses/permits required under the laws

As at the Latest Practicable Date, the mining right information of the forty-nine subject mines and exploration right areas are summarized in below table.

Mining/Exploration Right Area	Mining/Exploration Right Certificate Number	Authorized Output Capacity *(Mtpa)*		Authorized Mining Elevation *(m)*	Current Term		
		Certificate	New Approval		Area *(km^2)*	Grant Date *(month/yr)*	Expiration *(month/yr)*
China Energy Baotou Mining Co., Ltd.							
Exploration Rights							
Yiminhe East Backup	T150000200811101001910 5	–	–	–	29.9396	09/2024	09/2029
Yiminhe East No.2	T150000201608101005315 3	–	–	–	80.9162	09/2024	09/2029
Yiminhe East Peripheral	T150000200807101001148 6	–	–	–	36.0155	06/2024	06/2029
China Energy Guoyuan Power Co., Ltd.							
Mining Rights							
Chaoyang Open-pit	C1000002009061110020751	11.0	11.0	28 to -90	122.5073	11/2021	06/2039
Dananhu No.2 Open-pit	C6500002017111110145780	13.0	13.0	517 to 245	40.5177	01/2024	09/2036
Renjiazhuang	C1000002008071120000425	2.4	4.0	1,100 to 500	17.4581	12/2021	07/2038
Sandaogou	C6100002015091110139715	9.0	9.0	1,258 to 1,033	176.1346	09/2017	09/2025
Shangyuquan	C1400002011011240110772	3.0	7.0	1,030 to 680	29.7837	11/2012	11/2042
Exploration Rights							
Dananhu West F1 South	T650000200909101003372 3	–	–	–	61.09	07/2021	07/2026
Dananhu West No.1 East	T650000201803101005462 1	–	–	–	15.54	07/2021	07/2026
Dananhu West No.3	T650000201803101005462 4	–	–	–	42.36	06/2025	06/2027
Data	T140000200807105002398 2	–	–	–	16.73	05/2023	05/2028
Huangbai	T140000200904101002738 3	–	–	–	53.31	07/2024	02/2028

Mining/Exploration Right Area	Mining/Exploration Right Certificate Number	Authorized Output Capacity *(Mtpa)*		Authorized Mining Elevation *(m)*	Area *(km^2)*	Current Term	
		Certificate	New Approval			Grant Date *(month/yr)*	Expiration *(month/yr)*
China Energy Shaanxi Shenyan Coal Co., Ltd.							
Mining Rights							
Xiwan Open-pit	C6100002014111110138223	13.0	13.0	1,099 to 873	76.5606	10/2023	10/2031
China Energy Wuhai Energy Co., Ltd.							
Mining Rights							
Gongwusu	C1000002012011140122379	2.7	2.7	1,300 to 400	14.7566	02/2024	12/2031
Huangbaici	C1000002012011140122410	1.8	1.8	1,149 to 750	5.7933	10/2021	12/2031
Laoshidan	C1500002010041120062203	1.5	1.5	1,250 to 775	9.7767	07/2023	07/2043
Limin	C1500002011011120104723	1.5	1.5	1,377 to 855	7.9862	12/2021	12/2041
Luotuoshan	C1000002011071120115468	1.5	1.5	1,230 to 360	11.571	04/2022	10/2036
Lutian	C1500002011101120120203	1.2	1.2	1,235 to 1,024	6.7532	12/2022	12/2029
Pinggou	C1000002012101140127769	1.8	1.8	1,310 to 750	15.6452	01/2024	12/2031
Suhaitu	C1000002012011140122378	1.2	–	1,149 to 829	11.0057	09/2013	12/2031
Wuhushan	C1000002012011140122412	2.0	2.0	1,149 to 800	8.0834	12/2021	12/2031
Exploration Rights							
Kabuqi Deep Exporation Area	NA	–	–	–	–	–	–
Hongliushu West	T1500002008111010018837	–	–	–	6.0983	11/2024	11/2029
China Energy Xinjiang Energy and Chemical Co., Ltd.							
Mining Rights							
Heishan Open-pit	C6500002017111110145786	16.0	16.0	3,023 to 1,600	48.3671	04/2025	09/2037
Hongshaquan No.1 Open-pit	C6500002017111110145789	30.0	30.0	760 to -51	74.1912	02/2025	09/2038
Hongshaquan No.2 Open-pit	C6500002023111110156003	10.0	10.0	727 to -47	102.9828	11/2023	11/2038
Tunbao	C6500002009121120054802	1.2	2.7	1,500 to 0	6.143	08/2023	09/2036
Wudong	C1000002012051120124915	6.0	6.0	800 to 200	19.9357	05/2012	11/2031
Zhundong Open-pit	C6500002018011110145785	35.0	35.0	636 to -60	40.0785	02/2025	10/2036
Exploration Rights							
Jiangjunmiao	T6500002009071010031892	-	-	-	121.63	11/2023	11/2028
Liuhuanggou No.4	T6500002009011010024311	-	-	-	15.66	05/2024	05/2026
Wucaiwan No.2	T6500002009081010033440	-	-	-	43.8	05/2023	07/2026
Wucaiwan No.3	T6500002009081010033517	-	-	-	68.14	05/2023	07/2026
Wucaiwan No.5	T6500002022091040057072	-	-	-	0.09	09/2022	09/2027

Mining/Exploration Right Area	Mining/Exploration Right Certificate Number	Authorized Output Capacity *(Mtpa)*		Authorized Mining Elevation *(m)*	Current Term		
		Certificate	New Approval		Area *(km^2)*	Grant Date *(month/yr)*	Expiration *(month/yr)*
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.							
Mining Rights							
Chahasu	C1500002024071210157148	8.0	8.0	1,040 to 740	77.9515	07/2024	07/2054
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Mining Rights							
Baiyinhua No.1 Open-pit	C1000002008091110000935	7.0	12.0	1,050 to 650	19.9154	09/2008	09/2038
Boligou	C1500002021041110151849	4.0	4.0	960 to 740	18.1463	04/2021	04/2051
Hesigewula South Open-pit	C1000002020011110149419	15.0	15.0	925 to 300	27.2312	01/2020	01/2050
Yuanbaoshan Open-pit	C100000201112114012185 8	5.0	12.0	482 to 120	12.8574	11/2004	07/2031
Exploration Rights							
Heidaigou	T1500002008111050019991	-	-	-	21.422	08/2024	08/2029
Jinsanjiao East	T6500002009031010026502	-	-	-	4.18	04/2024	04/2026
Jirentai Youyan West	T6500002009031010026626	-	-	-	6.09	04/2024	04/2026
Jirentai West	T6500002013051010047691	-	-	-	36	07/2024	07/2026
Shanxi Jinshen Energy Co., Ltd.							
Mining Rights							
Ciyaogou	C1400002009111220045698	1.2	5.0	1,100 to 780	10.6227	08/2012	08/2042
Shaping	C1400002009121220052426	2.4	8.0	990 to 700	22.5915	05/2024	12/2042

According to the Measures for the Administration of the Registration of Mining Mineral Resources (2014 Edition), the mining right for a particular mine will be renewed upon application after paying the mining right fee.

(ii) Environmental, social, health and safety issues

Mining and related activities are inherently disruptive to the environment. Impacts include both environmental pollution and ecological disruption, including delayed influences on ecological environment and ground water, dynamic change of the magnitude and extent of the impact, and sustained period of impact during the whole LOM (Life-of-Mine) operation. Major influence factors include: fugitive dust, noise, wastewater and solid wastes pollution, as well as the sustained and cumulative impact of surface subsidence on landform, surface structures, the ecological environment and ground water. The environmental aspects related to coal exploration, mining, and processing activities in China are subject to both national and local laws and regulations.

BOYD has completed an overview of the subject mines' environmental practices and policies and opines that the subject China Energy mines generally operate in compliance with environmental protection laws and statutes, although some individual mines were reported being subject to minor administrative penalties related to environmental protection. The mines corrected their practices after paying the penalties. There were not any other significant environmental pollutions, environmental protection claims, petitions due to environmental pollution matters.

Health and safety aspects are major core concerns of the coal mining industry in China and the world. BOYD is of the opinion that such aspects have been properly addressed in the mine design documents and safety protocols for mining and development operations.

(iii) Violations of Chinese Laws, Regulations, and Permits That May Have Material Adverse Effects

To the best of the Directors' knowledge, as at the Latest Practicable Date, there were no incidents of violations of PRC laws, regulations, and permits that could have a material adverse effect on the mining and operational activities of the forty-seven coal mines.

(iv) Key risks identified to the subject coal mines

In accordance with Chapter 18 of the Listing Rules, BOYD identified in its Competent Person's Report certain risks relating to the subject coal mines. Such risks are ranked as high, medium or low based on Guidance Note 7 issued by the Stock Exchange. Please refer to the Chapter 7 "Risk Assessment" of the Competent Person's Report in Part A of Appendix VI to this circular for details. The following table shows the summary of BOYD's risk assessment for the period 2025 to 2031.

		Risk Assessment	
Hazard/Risk Issue	**Severity**	**Probability**	**Overall**
Geologic			
Overall (General)	Minor to Major	Possible to Likely	Medium
Unforeseen Anomalies	Minor to Moderate	Possible	Low to Medium
Reserve Availability	Minor	Likely	Medium to High
Naturally Occurring Events			
Weather	Minor to Major	Possible	Low
Earthquakes	Minor to Major	Possible	Low
Operational Productional			
Routine Operational Risks	Minor to Moderate	Possible	Medium
LW Subsidence	Minor to Moderate	Possible	Low to Medium
Major Events			
Major Equipment Fire	Minor to Major	Possible	Low
Explosions	Minor to Major	Unlikely	Low
Floods	Minor to Major	Unlikely	Low
Bumps/Pit Wall Failures	Moderate to Major	Possible	Low to Medium
Flooding of Pit	Minor	Possible	Low
External – Regulation	Moderate to Major	Possible	Medium to High
Market – Commercial	Moderate to Major	Possible	Medium

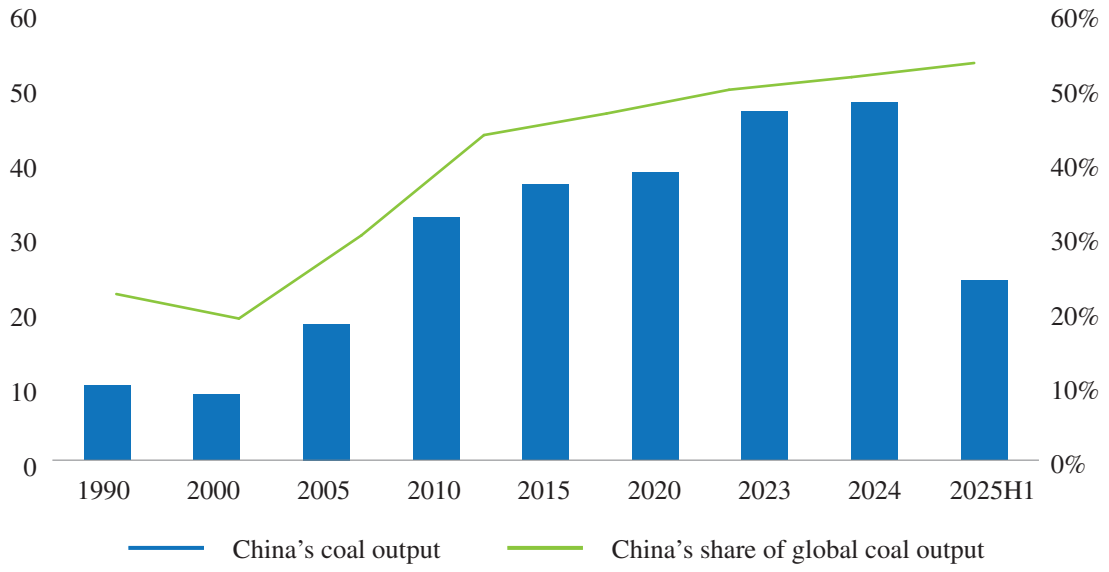
Summary of Coal Industry

Supply situation in the coal industry

Coal is the major source of energy and an important industrial raw material in China. Among the proven reserves of fossil energy in China, coal, petroleum and natural gas account for 94%, 5.4% and 0.6%, respectively, reflecting an energy endowment characterized by "rich in coal, scarcity of oil, shortage in gas". As a crucial basic industry, the coal industry has strongly supported the steady and rapid development of the national economy and society.

In recent years, China's overall coal production has maintained steady growth, and China has become the world's largest coal producer. Since the second half of 2021, influenced by the requirements for ensuring coal supply, the production has experienced relatively rapid growth. In 2024, the national raw coal output reached 4.781 billion tonnes, representing a year-on-year increase of 1.24%.

Changes in China's coal output (Unit: 100 million tonnes)

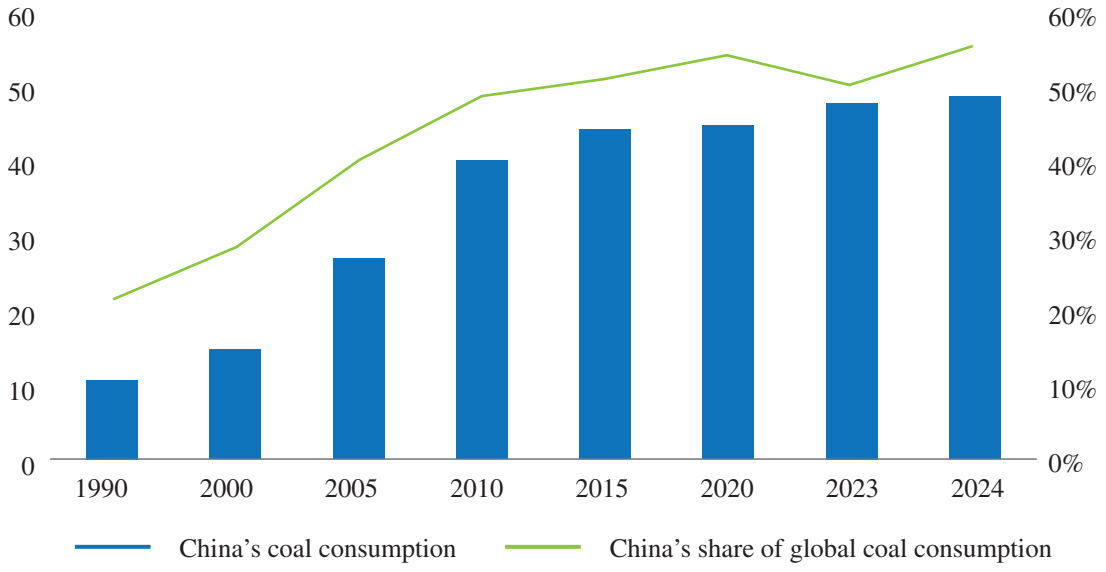


Source: Wind, General Administration of Customs of the PRC, Info Bank

Demand situation in the coal industry

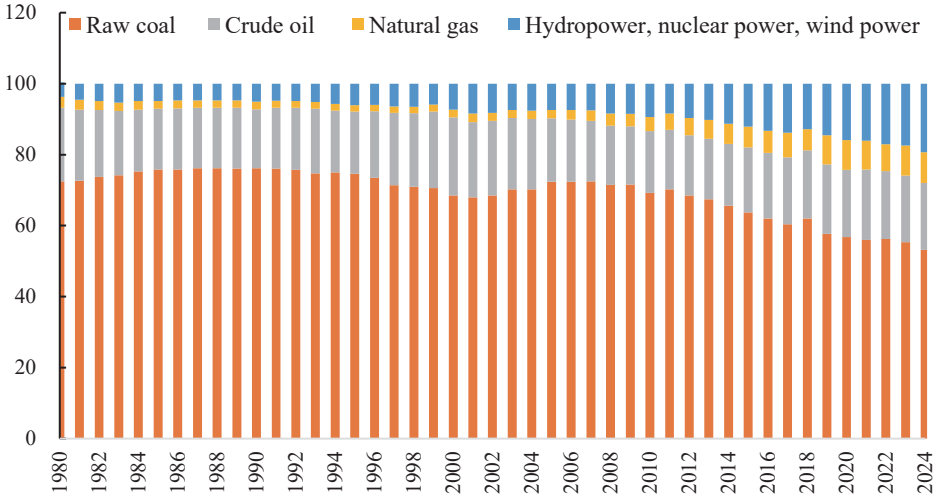
China is the world's largest consumer of coal. In 2024, the country accounted for approximately 55.2% of global coal consumption. With the development of new energy and adjustments in the energy structure, the proportion of coal consumption in China's total energy consumption has been continuously declining. However, within China's primary energy consumption structure in 2024, raw coal, crude oil, natural gas, hydropower, nuclear power, wind power and solar power accounted for 53.2%, 18.8%, 8.7% and 19.3%, respectively. Coal will maintain its dominant position in the consumption structure in the future, ensuring the sustained demand for coal.

Changes in China's coal consumption (Unit: 100 million tonnes)



Source: Wind, General Administration of Customs of the PRC, Info Bank

China's primary energy consumption structure



Source: National Bureau of Statistics of China; Statistical Review of World Energy 2025; CHN Energy Research Institute data

To the Directors

China Shenhua Energy Company Limited

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

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow Forecast (the "**Forecast**") on which the valuation dated 16 December 2025 prepared by China Enterprise Appraisals Co., Ltd. in respect of certain assets of China Energy Xinjiang Energy & Chemical Co., Ltd., certain assets of China Energy Wuhai Coal Group Corporation Limited, certain assets of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., certain assets of Guodian Construction and Investment Inner Mongolia Energy Co., Ltd., certain assets of China Energy Shaanxi Shenyan Coal Co., Ltd., certain assets of Shanxi Province Jinshen Energy Co., Ltd. and the equity interest of China Energy Baotou Mining Co., Ltd., and China United Assets Appraisal Group Co., Ltd. in respect of certain assets of Guoyuan Electric Power Co., Ltd., certain assets of China Shenhua Coal Liquefaction and Chemical Company Limited and equity interest of China Energy Port Co., Ltd. (collectively referred to as the "**Target Companies**") as at 31 July 2025 is based. The valuation is set out in the announcement of China Shenhua Energy Company Limited (the "**Company**") dated 19 December 2025 (the "**Announcement**") in connection with the proposed acquisition of equity interests in the Target Companies. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibilities

The directors of the Company (the "**Directors**") are solely responsible for the preparation of the Forecast in accordance with the bases and assumptions (the "**Assumptions**") determined by the Directors and as set out in the section headed" Principal Assumptions Underlying the Profit Forecast" of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Forecast and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality management

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

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

Reporting accountants' responsibilities

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast, in all material respects, in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Companies. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

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

Ernst & Young
Certified Public Accountants
Hong Kong
19 December 2025

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

Dear Sir or Madam,

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

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

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

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

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

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

19 December 2025

中国神华
CHINA SHENHUA

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

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

(Stock Code: 01088)

24 December 2025

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF TARGET ASSETS

We refer to the circular of the Company dated 24 December 2025 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board as to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Somerley has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders.

We wish to draw your attention to the letter from the Board as set out on pages 1 to 75 of the Circular and the letter of advice from Somerley as set out on pages 91 to 188 of the Circular.

Having considered the information contained in the letter from the Board, the terms of the Asset Purchase Agreement and the Supplemental Asset Purchase Agreement and the transactions contemplated thereunder, and the advice of Somerley, we concur with Somerley's view and consider that the Transaction is fair and reasonable so far as the Company and the Shareholders are concerned, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transaction.

Yours faithfully,
For and on behalf of the Independent Board Committee

Dr. Yuen Kwok Keung	**Dr. Chen Hanwen**	**Mr. Wang Hong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

24 December 2025

To: the Independent Board Committee and Independent Shareholders

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF TARGET ASSETS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Transaction, details of which are set out in the letter from the Board of the circular of the Company dated 24 December 2025 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

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

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

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

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

An Independent Board Committee comprising all independent non-executive Directors, namely Dr. Yuen Kwok Keung, Dr. Chen Hanwen and Mr. Wang Hong, has been formed to advise the Independent Shareholders on the Transaction. We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

We are not associated or connected with the Company, China Energy and Western Energy or their respective close associates or core connected persons and, accordingly, are considered eligible to give independent advice on the Transaction. In the past two years, there was no engagement between the Group and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, China Energy, and Western Energy or their respective close associates or core connected persons.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed the information of the Company, including, among other things, (i) the annual reports of the Company for the year ended 31 December 2023 ("**FY2023**") ("**2023 AR**") and 31 December 2024 ("**FY2024**") ("**2024 AR**"); (ii) the interim reports of the Company for six months ended 30 June 2024 ("**1H2024**") ("**2024 IR**") and 30 June 2025 ("**1H2025**") ("**2025 IR**"); (iii) the announcements of the Company dated 15 August 2025 and 19 December 2025 in relation to, among others, the Transaction; (iv) the asset valuation reports on the Target Companies and Target Assets (the "**Valuation Reports**"); and (v) other information contained in the Circular. We also have sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us were not misleading in any material aspects. We

consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, China Energy, Western Energy or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the EGM, and Shareholders will be informed of any material change as soon as possible.

1. Information of the parties

1.1 Information of the Group

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

Set out below is the summary of the financial information of the Group for the six months ended 30 June 2025 and 30 June 2024 and the two years ended 31 December 2023 and 2024 as extracted from the2024 AR and 2025 IR:

	For the six months ended 30 June		**For the year ended 31 December**	
	2025	**2024**	**2024**	**2023**
	RMB million	*RMB million*	*RMB million*	*RMB million*
	(Unaudited)	(Unaudited) (Restated)	(Audited)	(Audited)
Revenue				
– Coal	86,722	113,787	223,753	228,149
– Power	40,451	45,062	94,012	92,202
– Others	10,936	10,272	20,610	22,723
Revenue	**138,109**	**169,121**	**338,375**	**343,074**
Gross profit	**43,735**	**50,213**	**101,820**	**110,537**
Profit for the period/year attributable to equity holders of the Company	**26,706**	**31,356**	**62,421**	**64,625**

For the six months ended 30 June 2024 and 2025

Revenue of the Group for 1H2025 was approximately RMB138,109 million, representing a year-on-year decrease of approximately 18.3% as compared with that of approximately RMB169,121 million for 1H2024. Based on the 2025 IR, revenue from coal segment and power segment amounted to approximately RMB86,722 million and RMB40,451 million, accounting for approximately 62.8% and approximately 29.3% to the revenue of the Group for 1H2025, and represented a year-on-year decrease of approximately 23.8% and approximately 10.2% compared with that in 1H2024, respectively. As disclosed in the 2025 IR, the main reasons for the decreased in such segments were: (i) sales and average selling price of coal of the Group decreased by 10.9% and 12.9%, respectively, resulting in a decrease in the sales revenue of coal as compared with that in 1H2024; and (ii) electricity sales and average electricity selling price of the Group decreased by 7.3% and 4.2%, respectively, resulting in a decrease in revenue from power sales as compared with that in 1H2024.

Gross profit of the Group for 1H2025 amounted to approximately RMB43,735 million, representing a decrease of approximately 12.9% as compared to that of approximately RMB50,213 million for 1H2024. Overall gross profit margin of the Group increase from approximately 29.7% for 1H2024 to approximately 31.7% for 1H2025.

Profit for the period attributable to equity holders of the Company amounted to approximately RMB26,706 million for 1H2025, representing a decrease of approximately 14.8% compared with that of approximately RMB31,356 million for 1H2024, mainly due to the decreased revenue in such aforementioned segments.

For the two years ended 31 December 2023 and 2024

According to the 2024 AR, revenue of the Group for FY2024 was approximately RMB338,375 million, representing a slight year-on-year decrease of approximately 1.4% as compared with approximately RMB343,074 million in FY2023. Based on the 2024AR, revenue from the coal segment and power segment accounted for approximately 66.1% and approximately 27.8% to the revenue of the Group for FY2024, respectively, which represented a year-on-year decrease of approximately 1.9% and an increase of approximately 2.0% compared with those in FY2023, respectively. The main reasons for the slight decrease of revenue were: (i) the average coal sales price of the Group decreased by 3.4% year-on-year and the revenue from coal sales decreased year-on-year; and (ii) the Group's sales volume of polyethylene and polypropylene decreased by 8.8% and 8.2% year-on-year, respectively, and sales revenue from the coal chemical segment decreased year-on-year resulting from the planned overhaul of the coal-to-olefin production equipment.

Gross profit of the Group for FY2024 amounted to approximately RMB101,820 million, representing a decrease of approximately 7.9% as compared to that of approximately RMB110,537 million for FY2023. Overall gross profit margin of the Group decreased from approximately 32.2% for FY2023 to approximately 30.1% for FY2024.

Profit for the year attributable to equity holders of the Company amounted to approximately RMB62,421 million for FY2024, representing a decrease of approximately 3.4% compared with that of approximately RMB64,625 million for FY2023, mainly due to the aforementioned decrease in revenue and modest rise in general and administrative expenses.

Set out below is the summary of the financial position of the Group as at 31 December 2023, 31 December 2024 and 30 June 2025 as extracted from the 2024 AR and 2025 IR:

	As at 30 June 2025	**2024**	**As at 31 December 2023**
	RMB million	*RMB million*	*RMB million*
	(Unaudited)	(Audited) (Restated)	(Audited)
Total assets	686,068	671,639	633,412
Total liabilities	212,433	171,377	151,761
Equity attributable to equity holders of the Company	404,527	422,595	411,478

As at 30 June 2025, the Group's total assets amounted to approximately RMB686,068 million, mainly comprised of (i) property, plant and equipment of approximately RMB293,410 million; and (ii) cash and cash equivalents of approximately RMB79,785 million.

As at 30 June 2025, the Group's total liabilities amounted to approximately RMB212,433 million, mainly comprised of (i) accrued expenses and other payables of approximately RMB102,550 million; and (ii) borrowings of approximately RMB35,429 million.

As at 30 June 2025 and 31 December 2024, the Group's total equity attributable to equity holders of the Company amounted to approximately RMB404,527 million and RMB422,595 million (restated), respectively, representing a slight decrease of approximately 4.3%.

1.2 Information of China Energy

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

1.3 Information of Western Energy

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

1.4 Information on the Target Companies

1.4.1 Guoyuan Power

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

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

Unit: RMB million

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

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

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Guoyuan Power amounted to approximately RMB30,050 million, RMB31,096 million and RMB25,844 million, respectively. The revenue in 2023 remained relatively stable compared to that in 2022. The decrease in revenue in 2024 was mainly due to the deconsolidation of two subsidiaries in January 2024 and August 2024, respectively, which reduced Guoyuan Power's consolidated revenue base. For the seven months ended 31 July 2024 and 2025, the revenue of Guoyuan Power decreased from approximately RMB15,586 million to RMB12,468 million, primarily due to the deconsolidation of a subsidiary in August 2024, which reduced Guoyuan Power's consolidated revenue in the seven months ended 31 July 2025.

For the two years ended 31 December 2023 and 2024, the profit for the year of Guoyuan Power amounted to approximately RMB3,029 million and RMB3,375 million, respectively, representing an increase of approximately 11.42%.

1.4.2 Xinjiang Energy

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

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

Unit: RMB million

	As at 31 July 2025	**As at 31 December 2024**	**As at 31 December 2023**	**As at 31 December 2022**
	(Audited)	(Audited)	(Audited)	(Audited)
Total assets	31,095	30,858	26,723	21,566
Equity attributable to equity holders of the Company	10,322	10,310	9,055	7,410

	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	6,990	18,232	19,423	18,543
Profit before income tax	357	2,702	3,294	6,205
Profit for the year/period	176	2,145	2,611	5,225
Profit attributable to equity holders of the Company	140	1,940	2,147	4,464

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Xinjiang Energy amounted to approximately RMB18,543 million, RMB19,423 million and RMB18,232 million, respectively. The increase in 2023 was mainly due to the increase in coal sales volume. The decrease in 2024 was mainly due to the decline in coal prices. For the seven months ended 31 July 2024 and 2025, the revenue of Xinjiang Energy decreased from approximately RMB10,443 million to RMB6,990 million, respectively, primarily due to the decrease in both coal prices and coal sales volume.

For the two years ended 31 December 2023 and 2024, the profit for the year of Xinjiang Energy amounted to approximately RMB2,611 million and RMB2,145 million, respectively, representing a decrease of approximately 17.85%.

1.4.3 Chemical Company

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

processing industry and is mainly engaged in the production, processing, and sale of coal chemical products, as well as the businesses related to the clean conversion and utilisation of coal. As at the Latest Practicable Date, Chemical Company is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	40,757	37,071	35,754	37,515
Equity attributable to equity holders of the Company	17,143	17,593	16,181	15,890

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)	**Year ended 31 December 2022** (Audited)
Revenue	11,962	26,429	25,651	27,982
(Loss)/Profit before income tax	(489)	1,323	318	2,326
(Loss)/Profit for the year/period	(550)	1,265	278	2,224
(Loss)/Profit attributable to equity holders of the Company	(527)	1,363	283	2,231

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Chemical Company amounted to approximately RMB27,982 million, RMB25,651 million and RMB26,429 million, respectively. The decrease in 2023 was mainly due to the overall downward adjustment in coal-chemical product prices as the market retreated from the unusually high price levels in 2022. The increase in 2024 was mainly due to a recovery in market prices of polyolefin. For the seven months ended 31 July 2024 and 2025, the revenue of Chemical Company decreased from approximately RMB15,767 million to RMB11,962 million, mainly due to the decline in production volume resulting from the suspension of certain major production units for technological upgrades.

For the two years ended 31 December 2023 and 2024, the profit for the year of Chemical Company amounted to approximately RMB278 million and RMB1,265 million, respectively, representing an increase of approximately 355.04%.

As disclosed in the letter from the Board of the Circular, Chemical Company recorded a loss for the seven months ended 31 July 2025 primarily due to the temporary shutdown of the coal-to-liquids project operated by its Ordos Coal-to-Liquids Branch. The production units of the coal-to-liquids project were taken offline in November 2024 for a process upgrade and transformation, and remained under suspension during January to July 2025, resulting in operating losses for the period. The upgrade works have now been substantially completed and the relevant units are currently in trial operation. The coal-to-liquids project recorded satisfactory profitability in 2024 prior to the commencement of the upgrade works, and the completion of the technological upgrade is expected to further improve production efficiency.

1.4.4 Wuhai Energy

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

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	23,407	23,401	22,502	20,941
Equity attributable to equity holders of the Company	12,316	12,299	11,205	10,518

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)	**Year ended 31 December 2022** (Audited)
Revenue	4,040	9,770	10,744	12,606
Profit before income tax	44	1,623	1,467	5,841
(Loss)/Profit for the year/period	(77)	1,241	972	4,632
Profit attributable to equity holders of the Company	24	1,197	712	4,340

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Wuhai Energy amounted to approximately RMB12,606 million, RMB10,744 million and RMB9,770 million, respectively. The decrease in 2023 was mainly due to the decline in coking coal prices and the further decrease in 2024 was mainly due to the continued downward trend in coking coal prices. For the seven months ended 31 July 2024 and 2025, the revenue of Wuhai Energy decreased from approximately RMB6,459 million to RMB4,040 million, primarily due to the continued decline in coking coal prices.

For the two years ended 31 December 2023 and 2024, the profit for the year of Wuhai Energy amounted approximately RMB972 million and RMB1,241 million, respectively, representing an increase of approximately 27.67%.

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

1.4.5 Pingzhuang Coal

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

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

Unit: RMB million

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

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

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Pingzhuang Coal amounted to approximately RMB9,837 million, RMB9,199 million and RMB10,045 million, respectively. The decrease in 2023 was primarily attributable to lower coal output during the year, which resulted from the river diversion project undertaken at Pingzhuang Coal Group's Yuanbaoshan open-pit coal mine to facilitate production continuity. The increase in 2024 was primarily attributable to the completion of the river diversion project in May 2024, following which coal production resumed to normal levels. For the seven months ended 31 July 2024 and 2025, the revenue of Pingzhuang Coal Group increased slightly from approximately RMB5,744 million to RMB5,905 million, resulting from the increase of production of coal.

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

1.4.6 Inner Mongolia Construction Investment

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

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	15,040	15,003	14,687	15,595
Equity/(deficit) attributable to equity holders of the Company	(1,162)	(2,197)	4,940	6,220

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)	**Year ended 31 December 2022** (Audited)
Revenue	2,872	3,066	2,705	7,307
Profit/(Loss) before income tax	964	(7,105)	(522)	1,497
Profit/(Loss) for the year/period	1,035	(7,126)	(547)	985
Profit/(Loss) attributable to equity holders of the Company	1,035	(7,126)	(547)	985

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Inner Mongolia Construction Investment amounted to approximately RMB7,307 million, RMB2,705 million and RMB3,066 million, respectively. The significant decrease in revenue for the year ended 31 December 2023 was mainly due to the suspension of coal operations during the conversion of exploration rights to mining rights, coupled with a decline in power generation. For the seven months ended 31 July 2024 and 2025, the revenue of Inner Mongolia Construction Investment increased from approximately RMB1,131 million to RMB2,872 million, primarily due to the resumption of coal operations.

As disclosed in the letter from the Board of the Circular, Inner Mongolia Construction Investment recorded a net loss for the year ended 31 December 2023 mainly because its coal mine operations were suspended in the second half of the year pending completion of procedures relating to the renewal of its mining licence, resulting in the absence of external coal sales during the period. For the year ended 31 December 2024, Inner Mongolia Construction Investment again recorded a net loss, primarily because mining operations continued to be suspended in the first half of the year pending completion of the mining licence procedures, and due to a significant increase in non-operating expenses arising from a donation made through the Public Welfare Foundation of China Energy Group to the Inner Mongolia Autonomous Region Government for comprehensive ecological governance in Inner Mongolia. For the seven months ended 31 July 2025, Inner Mongolia Construction Investment had resumed normal production and operations and return to normal profitability levels.

1.4.7 Shenyan Coal

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

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	12,898	11,671	11,710	12,208
Equity attributable to equity holders of the Company	11,100	9,625	6,723	9,614

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)	**Year ended 31 December 2022** (Audited)
Revenue	3,585	7,059	6,824	7,137
Profit before income tax	1,737	3,533	3,356	4,270
Profit for the year/period	1,475	2,973	2,846	3,601
Profit attributable to equity holders of the Company	1,475	2,973	2,846	3,601

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Shenyan Coal amounted to approximately RMB7,137 million, RMB6,824 million and RMB7,059 million, respectively. The revenue remained relatively stable in 2022, 2023 and 2024. For the seven months ended 31 July 2024 and 2025, the revenue of Shenyan Coal decreased from approximately RMB4,244 million to RMB3,585 million, primarily due to the decrease in coal prices in 2025 as compared with 2024.

For the two years ended 31 December 2023 and 2024, the profit for the year of Shenyan Coal amounted to approximately RMB2,846 million and RMB2,973 million, respectively, representing an increase of approximately 4.46%.

1.4.8 Jinshen Energy

Jinshen Energy is a company established in the PRC with limited liability in 2004. It was initially formed through capital contributions by Shanxi Coal Sales Corporation (山西省煤炭運銷總公司) and China Energy (which at that time was Shenhua Group Corporation Limited), with capital contributions of RMB15.3 million (51%) and RMB14.70 million (49%), respectively. Jinshen Energy subsequently completed capital increases in 2005, 2009, and 2011, raising its registered capital to RMB574 million, with China Energy's cumulative capital contributions totaling approximately RMB267 million. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing, processing and sales, and a small amount of coal distribution. As at the Latest Practicable Date, Jinshen Energy is held by Shanxi Coal Transportation and Sales Group Co., Ltd.* (山西煤炭運銷集團有限公司) and China Energy as to 51.00% and 49.00% equity interest, respectively. The ultimate beneficial owners of Shanxi Coal Transportation and Sales Group Co., Ltd. and China Energy are the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province and the SASAC, respectively.

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	7,703	8,330	8,116	8,019
Equity attributable to equity holders of the Company	5,233	5,174	5,065	4,616

	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	1,771	3,060	5,625	5,917
Profit before income tax	154	885	2,742	3,132
Profit for the year/period	96	649	2,044	2,312
Profit attributable to equity holders of the Company	59	395	1,564	1,848

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Jinshen Energy amounted to approximately RMB5,917 million, RMB5,625 million and RMB3,060 million, respectively. The revenue remained stable for the two years ended 31 December 2022 and 2023. The decrease in revenue for the year ended 31 December 2024 was primarily due to the temporary shutdown of one of Jinshen Energy coal mines for rectification. For the seven months ended 31 July 2024 and 2025, the revenue of Jinshen Energy decreased from approximately RMB2,006 million to RMB1,771 million, primarily driven by a decline in the average selling price per ton of coal.

For the two years ended 31 December 2023 and 2024, the profit for the year of Jinshen Energy amounted to approximately RMB2,044 million and RMB649 million, respectively, representing a decrease of approximately 68.25%.

1.4.9 Baotou Mining

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

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	4,574	4,979	5,451	1,592
Equity attributable to equity holders of the Company	4,405	4,415	1,349	1,247

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)	**Year ended 31 December 2022** (Audited)
Revenue	93	132	168	182
Profit/(Loss) before income tax	107	5,016	52	(52)
(Loss)/Profit for the year/period	(10)	3,747	51	(23)
(Loss)/Profit attributable to equity holders of the Company	(10)	3,022	55	(23)

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Baotou Mining amounted to approximately RMB182 million, RMB168 million and RMB132 million, respectively. The decrease in 2023 was mainly due to the decrease in the construction and installation service revenue as its business volume decreased in 2023 and the further decrease in 2024 was mainly due to the continued decline in construction and installation service revenue and the decrease in toll revenue due to reduced traffic volume amid the downturn of the coal market. For the seven months ended 31 July 2024 and 2025, the revenue of Baotou Mining amounted to approximately RMB73 million and RMB93 million, respectively. The increase was mainly due to the increase of the local coal production volumes in 2025, which led to increased traffic volume and higher toll revenue.

For the two years ended 31 December 2023 and 2024, the profit for the year of Baotou Mining amounted to approximately RMB51 million and RMB3,747 million, respectively, representing an increase of approximately 7,247.06%.

1.4.10 Shipping Company

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

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	5,339	3,926	2,448	2,392
Equity attributable to equity holders of the Company	1,819	1,136	936	910

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)	**Year ended 31 December 2022** (Audited)
Revenue	2,858	4,160	2,466	3,076
Profit/(Loss) before income tax	245	267	(74)	263
Profit/(Loss) for the year/period	183	220	(76)	197
Profit/(Loss) attributable to equity holders of the Company	183	200	(76)	127

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Shipping Company amounted to approximately RMB3,076 million, RMB2,466 million and RMB4,160 million, respectively. The decrease in revenue for the year ended 31 December 2023 was driven by a market-driven downturn in freight rates and an unfavorable change in the pricing model. The recovery in 2024 was fueled by the introduction of a revised, more favorable pricing formula and a significant expansion of the fleet's transport capacity. For the seven months ended 31 July 2024 and 2025, the revenue of Shipping Company increased from approximately RMB2,257 million to RMB2,858 million, primarily driven by expanded transport capacity, coupled with market-driven price adjustments for chartered vessels.

The profit for the year of Shipping Company was approximately RMB220 million for the year ended 2024, compared with a loss for the year of approximately RMB76 million for the year ended 31 December 2023.

1.4.11 Coal Trading Company

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

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)	**As at 31 December 2022** (Audited)
Total assets	4,343	2,161	1,271	830
Equity attributable to equity holders of the Company	751	765	492	452

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)	**Year ended 31 December 2022** (Audited)
Revenue	2,432	9,124	5,433	3,773
Profit before income tax	40	91	59	74
Profit for the year/period	28	58	40	54
Profit attributable to equity holders of the Company	28	58	40	54

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the three years ended 31 December 2022, 2023 and 2024, the revenue of Coal Trading Company amounted to approximately RMB3,773 million, RMB5,433 million and RMB9,124 million, respectively. The increase in revenue was mainly due to the increase in sales volume of imported coal. For the seven months ended 31 July 2024 and 2025, the revenue of Coal Trading Company decreased from approximately RMB4,833 million to RMB2,432 million, primarily due to a decrease in both the sales volume and selling price of coal compared to the prior period.

For the two years ended 31 December 2023 and 2024, the profit for the year of Coal Trading Company amounted to approximately RMB40 million and RMB58 million, respectively, representing an increase of approximately 45.00%.

1.4.12 Port Company

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

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

Unit: RMB million

	As at 31 July 2025 (Audited)	**As at 31 December 2024** (Audited)	**As at 31 December 2023** (Audited)
Total assets	254	231	174
Equity attributable to equity holders of the Company	192	172	130

	Seven months ended 31 July 2025 (Audited)	**Year ended 31 December 2024** (Audited)	**Year ended 31 December 2023** (Audited)
Revenue	65	112	77
Profit before income tax	26	57	41
Profit for the year/period	20	42	30
Profit attributable to equity holders of the Company	20	42	30

As disclosed in the Appendix IV- MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANIES of the Circular, for the two years ended 31 December 2023 and 2024, the revenue of Port Company amounted to approximately RMB76.8 million and RMB112.4 million, respectively. The significant increase in revenue for the year ended 31 December 2024 was primarily due to Port Company's operational ramp-up. Having only commenced operations in May 2023, the business was in its initial stage with a limited scale during that year. For the seven months ended 31 July 2024 and 2025, the revenue of Port Company decreased from approximately RMB74.7 million to RMB64.6 million, primarily due to weaker market demand from key downstream industries such as power and steel, coupled with a structural shift in China's energy mix towards renewables like wind and photovoltaic power, which has reduced coal consumption and subsequently lowered demand for coal transportation and sampling services.

For the two years ended 31 December 2023 and 2024, the profit for the year of Port Company amounted to approximately RMB30 million and RMB42 million, respectively, representing an increase of approximately 40.00%.

2. Reasons for and benefits of the Transaction

2.1 Background of the Transaction

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

Favourable policy and market environment for M&A and restructuring: In recent years, the CPC Central Committee and the State Council have attached great importance to capital market reform and the improvement of the quality of listed companies. Accordingly, the authorities have issued policies such as the Opinions on Further Improving the Quality of Listed Companies (《關於進一步提高上市公司質量的意見》) and the Several Opinions on Strengthening Supervision and Preventing Risks to Promote the High-quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》), which encourage listed companies to focus on their principal businesses and integrate

premium resources. In September 2024, the CSRC issued the Opinions on Deepening the Reform of the M&A and Restructuring Market of Listed Companies (《關於深化上市公司併購重組市場改革的意見》) to support the consolidation of listed companies in line with the country's strategic emerging industries and industry chains, and in May 2025 revised the Administrative Measures for the Major Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) to streamline the review and registration processes. The SASAC has also reiterated on multiple occasions that central state-owned enterprises should focus on their principal businesses and promote M&A and restructuring activities that are conducive to enhancing investment value.

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

2.2 Purpose of the Transaction

As set out in the letter from the Board of the Circular, the purpose of the Transaction includes the following:

Act on energy security strategies and improve the supply assurance system:

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

Act on reform requirements and serve as a model for central SOE restructuring:

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

Address competition in the same industry and protect minority shareholders:

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

Enhance core functions and competitiveness:

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

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

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

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

2.3 Industry overview and prospects of the coal industry in China

As set out in the section headed "Further Information in Relation to the Target Assets" of the Circular, coal is the major source of energy and an important industrial raw material in China. Among the proven reserves of fossil energy in China, coal, petroleum and natural gas account for 94%, 5.4% and 0.6%, respectively, reflecting an energy endowment characterized by "rich in coal, scarcity of oil, shortage in gas". As a crucial basic industry, the coal industry has strongly supported the steady and rapid development of the national economy and society. In recent years, China's overall coal production has maintained steady growth, and China has become the world's largest coal producer. Since the second half of 2021, influenced by the requirements for ensuring coal supply, the production has experienced relatively rapid growth.

As China's primary energy source and a key industrial raw material, the coal sector has provided strong support for the development of China's economy and society. China is the world's largest consumer of coal. In 2024, the country accounted for approximately 55.2% of global coal consumption. With the development of new energy and adjustments in the energy structure, the proportion of coal consumption in China's total energy consumption has been continuously declining. However, within China's primary energy consumption structure in 2024, raw coal, crude oil, natural gas, hydropower, nuclear power, wind power and solar power accounted for 53.2%, 18.8%, 8.7% and 19.3%, respectively. Coal will maintain its dominant position in the consumption structure in the future, ensuring the sustained demand for coal. According to the China Energy Data Report (2025) (《中國能源數據報告(2025)》) released by the National Energy Research Institute, the share of coal in China's primary energy consumption mix has been declining steadily due to the rapid development of new energy sources and ongoing energy structure adjustments. Nevertheless, China's raw coal production reached 4.78 billion tonnes in 2024, representing an increase of approximately 1.2%. Based on the data from the China Coal Industry Association, over the past four years,

China has cumulatively produced 18.18 billion tonnes of coal, accounting for approximately 66.6% of the China's total primary energy production. In the process of diversifying the energy mix, it is expected that coal will remain the primary source of energy in order to ensure stable energy supply in the foreseeable future.

Thermal power generation is the major consumer of the national coal demand in the PRC. In terms of installed capacity, it had an accumulated installed capacity of 1,444 GW by the end of 2024, accounting for 43.14% of the total installed capacity. As of the end of June 2025, the installed capacity of thermal power reached 1,470 GW, representing a year-on-year increase of 4.7%, accounting for 40.4% of the total installed capacity of power generation (of which, 1,210 GW was coal power, accounting for 33.2% of the total installed capacity of power generation).

In terms of electricity generation, the proportion of thermal power in total electricity generation decreased from 72.35% in 2016 to 67.36% in 2024. Despite the rising proportion of new energy installed capacity and the declining share of thermal power installed capacity since 2021, the proportion of thermal power generation has remained relatively stable, with no significant downward trend. In 2024, while thermal power installed capacity represented only 43.14% of the nation's total installed capacity, thermal power generation still accounted for a substantial 67.36% of total electricity generation. This demonstrates that thermal power continues to serve as the backbone of China's power generation structure.

According to the research on the 14th Five-Year Plan for the Power Industry (《電力行業「十四五」發展規劃研究》) released by the China Electricity Council (CEC), the total electricity consumption across the nation is expected to reach 9,500 billion kWh by 2025, reflecting an average annual growth rate of 5% over the period from 2021 to 2025. The Global Energy Interconnection Development and Cooperation Organization predicts that the total electricity consumption in the PRC will increase from 8,300 billion kWh in 2021 to 160,000 billion kWh by 2050 and 170,000 billion kWh by 2060, indicating a substantial rise in electricity demand. In the future, coal is expected to remain as the primary source of China's energy generation and China's abundant coal reserves will continue to provide a solid foundation for the growth of the national economy.

Taking into account the above and the fact that the principal terms of the Transaction, including the consideration of the Target Assets, are fair and reasonable as far as the Independent Shareholders are concerned (as set out in our analysis in the section headed "3. Principal terms of the Asset Purchase Agreement" below), we are of the view that, despite the Transaction is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Independent Shareholders as a whole.

3. Principal terms of the Asset Purchase Agreement

Terms of the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) are set out in the section headed "1. Principal Terms of the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement)" in the letter from the Board of the Circular. The major terms of the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) are set out as follows:

Date	15 August 2025 (as supplemented by the Supplemental Asset Purchase Agreement on 19 December 2025)
Parties	The Company (as the buyer); and China Energy and Western Energy (as the sellers).
Transaction Structure	The Company shall (i) acquire 100% equity interest in Guoyuan Power, 100% equity interest in Xinjiang Energy, 100% equity interest in Chemical Company, 100% equity interest in Wuhai Energy, 100% equity interest in Pingzhuang Coal, 41% equity interest in Shenyan Coal, 49% equity interest in Jinshen Energy, 100% equity interest in Baotou Mining, 100% equity interest in Shipping Company, 100% equity interest in Coal Trading Company and 100% equity interest in Port Company held by China Energy by way of issuance of Consideration Shares and payment in cash; and (ii) acquire 100% equity interest in Inner Mongolia Construction Investment held by Western Energy by way of payment in cash. Except for Jinshen Energy, in which the Company will hold 49% equity interest, each of the other Target Companies will become a subsidiary of the Company upon completion of the Transaction.
Transaction Price and Payment Method	The transaction price is determined based on the valuation results set out in the Asset Valuation Reports issued respectively by China Enterprise Appraisal and China United Appraisal, both of which are qualified securities appraisal institutions, in respect of the value as of the Valuation Benchmark Date of 31 July 2025, and filed by China Energy, and was agreed upon by the parties to the Transaction on the basis of such filed valuation results.

The transaction price payable by the Company to China Energy for the acquisition of 100% equity in Guoyuan Power, 100% equity in Xinjiang Energy, 100% equity in Chemical Company, 100% equity in Wuhai Energy, 100% equity in Pingzhuang Coal, 41% equity in Shenyan Coal, 49% equity in Jinshen Energy, 100% equity in Baotou Mining, 100% equity in Shipping Company, 100% equity in Coal Trading Company, and 100% equity in Port Company has been set to be satisfied by way of issuance of Consideration Shares and payment in cash.

Accordingly, the Company will pay in aggregate RMB40,080 million by way of issuing Consideration Shares and RMB85,791 million in cash. The Company will pay the transaction consideration of RMB7,728 million in cash for its acquisition of 100% equity in Inner Mongolia Construction Investment from Western Energy. In aggregate, 30% of the total consideration for the transaction will be settled by issuing Consideration Shares, and the remaining 70% will be settled in cash.

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

(Unit: RMB'000)

		Payment Method		Total Consideration
No.	**Target Assets**	**Issuance of Shares as Consideration**	**Cash as Consideration**	
1	100% equity interest in Guoyuan Power	14,195,709.5	30,386,283.4	44,581,992.9
2	100% equity interest in Xinjiang Energy	3,859,680.9	8,261,746.7	12,121,427.6
3	100% equity interest in Chemical Company	9,513,608.7	20,364,125.4	29,877,734.1
4	100% equity interest in Wuhai Energy	4,526,087.0	9,688,206.3	14,214,293.3
5	100% equity interest in Pingzhuang Coal	1,777,985.5	3,805,823.8	5,583,809.3

No.	Target Assets	Payment Method		Total Consideration
		Issuance of Shares as Consideration	Cash as Consideration	
6	100% equity interest in Inner Mongolia Construction Investment	–	7,727,627.8	7,727,627.8
7	41% equity interest in Shenyan Coal	2,449,177.9	5,242,528.7	7,691,706.6
8	49% equity interest in Jinshen Energy	1,203,850.1	2,576,872.2	3,780,722.3
9	100% equity interest in Baotou Mining	1,446,449.7	3,096,163.1	4,542,612.8
10	100% equity interest in Shipping Company	681,986.6	1,459,809.9	2,141,796.5
11	100% equity interest in Coal Trading Company	274,166.2	586,859.9	861,026.1
12	100% equity interest in Port Company	150,802.3	322,796.2	473,598.5
Total		**40,079,504.3**	**93,518,843.5**	**133,598,347.8**

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

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

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

Attribution of Profits and Losses for the Transition Period

During the Transition Period, for those Target Companies and their respective subsidiaries and investee companies in which equity interests or mining rights are valued using the income approach and adopted as the pricing basis (the "**Income Approach Assets**"), any profits generated during the Transition Period shall be enjoyed by the Company. If any loss is incurred by the Income Approach Assets during the Transition Period, the Counterparties who directly or indirectly hold the Income Approach Assets shall bear the obligation to make up such loss in proportion to their respective direct or indirect equity interest in the relevant Target Company as at the effective date of the agreement for the Transaction. For the Income Approach Assets with forecasted losses during the Transition Period, such obligation shall be capped at the forecasted amount, and any additional losses exceeding the forecasted amount shall be borne by the Counterparties in proportion to their respective direct or indirect equity interest in the relevant Target Company as at the effective date of the agreement for the Transaction.

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

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

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

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

3.1 Our assessment on the consideration of the Target Assets

As set out above, the consideration of the Target Assets is determined based on the valuation results set out in the Asset Valuation Reports issued by China Enterprise Appraisal and China United Appraisal (each a "**Valuer**", and collectively, the "**Valuers**") as of 31 July 2025. According to the Asset Valuation Reports, the aggregate appraised value of the 12 Target Assets is RMB128.671 billion (the "**Valuation**"), and the transaction price is therefore determined to be the same. The following table sets forth a summary of the appraised value and the consideration of the Target Assets. Please refer to Appendix V of the Circular for a summary of the Asset Valuation Reports.

(Unit: RMB0'000)

No.	Target Assets	Total Consideration
1	100% equity interest in Guoyuan Power	4,458,199.29
2	100% equity interest in Xinjiang Energy	1,212,142.76
3	100% equity interest in Chemical Company	2,495,053.41
4	100% equity interest in Wuhai Energy	1,421,429.33
5	100% equity interest in Pingzhuang Coal	558,380.93
6	100% equity interest in Inner Mongolia Construction Investment	772,762.78
7	41% equity interest in Shenyan Coal	769,170.66
8	49% equity interest in Jinshen Energy	378,072.23
9	100% equity interest in Baotou Mining	454,261.28
10	100% equity interest in Shipping Company	214,179.65
11	100% equity interest in Coal Trading Company	86,102.61
12	100% equity interest in Port Company	47,359.85
Total		**12,867,114.78**

3.1.1 Scope of work and qualifications of the Valuers

We have performed the work as required under Rule 13.80(2) (b) Note 1(d) of the Listing Rules in relation to both Valuers. In particular, we have reviewed the Asset Valuation Reports and relevant documents obtained from both Valuers and interviewed them with particular attention to (i) the terms of engagement of the Valuers with the Company in relation to the Assets Valuation Reports; (ii) the certificates of qualifications and experience of the Valuer; and (iii) the valuation methodologies and assumptions used by the Valuers in formulating the Asset Valuation Reports.

We have obtained and reviewed the credentials of the Valuers and understand that both Valuers are qualified securities appraisal institutions certified with relevant professional qualifications required to perform the Valuation, including qualification to provide appraisal services for listed companies (the Valuers have completed relevant fillings with the Ministry of Finance of the People's Republic of China and CSRC), and qualification on the valuation of mining assets issued by Chinese Association of Mineral Resources Appraisers. The persons from China Enterprise Appraisal and China United Appraisal who are in-charge of the Valuation has over 20 years and 18 years of experience in the provision of valuation services to a wide range of clients in various industries, respectively, including the valuation of state-owned

enterprises for similar restructuring projects, as well as companies listed on the Stock Exchange and A-share companies. Both Valuers also confirmed to us that they were not involved in any incidents of non-compliance or investigation by regulators in the past two years. We have also conducted a desktop search on both Valuers and noted no irregularities.

Based on our review of the terms of engagement with the Company in relation to the Valuation for both Valuers and the discussion with the Valuers on the work performed in formulating the Asset Valuation Reports, we noted that the scope of work is appropriate for arriving at the Valuation and we are not aware of any limitations on the scope of work which might adversely impact on the degree of assurance given by the Asset Valuation Reports. Nothing has come to our attention that the parties to the Transaction had made formal or informal representation to both Valuers that contravenes with our understanding of the information, to a material extent, as set out in the Circular. Furthermore, both Valuers have confirmed their independence from the parties of the Transaction.

Furthermore, we noted from both Valuers that they have carried out on-site inspections and made relevant enquiries and searches for the preparation of the Asset Valuation Reports. The Valuers have also relied and made enquiries on (i) information provided by the Company, such as the financial information of the Target Companies, and have assumed the accuracy and completeness of such information; (ii) publicly available information from official sources for market data; and (iii) internal database in formulating the Asset Valuation Reports. Based on our review of the Asset Valuation Reports, nothing has come to our attention on the accuracy and completeness of the information relied on by the Valuers.

In light of the above, we are not aware of any matters that would cause us to question the Valuers' competence and independence, and we consider that the Valuer has sufficient expertise to perform the Valuation.

3.1.2 Valuation methodologies

We have reviewed the Asset Valuation Reports and discussed with both Valuers methodologies of, and bases and assumptions adopted for the valuations, and adjustments made to arrive at the Valuations. As advised by the Valuers, according to the relevant Valuation standards, the fundamental valuation approaches of valuation of enterprise include income approach, market approach and asset-based approach. The Valuers shall analyse the applicability of these three appraisal methods and properly select one or more appraisal method(s). Based on our discussion with the Valuers, we understood that:

(i) the income approach represents the quantified present value of the expected profitability of total assets, with an emphasis on overall expected profitability of the enterprise;

(ii) the market approach assesses the current fair market value of the valuation subject with reference to comparables on the market, with the characteristics of directly sourcing valuation data from market and convincing valuation conclusion; and

(iii) the asset-based approach refers to the valuation approach that determines the value of the valuation subject by reasonably assessing the value of various assets and liabilities included in the scope of valuation based on the balance sheet of the appraised entity as at the evaluation base date.

The following table sets forth the valuation methodologies applicable to each of the Target Companies and the valuation approach selected by the Valuer in determining the final appraised value:

	Applicable valuation approach				
Target Companies	**Asset-based approach**	**Income approach**	**Market approach**	**Selected approach**	**Reasons for the selected approach as advised by the Valuers**
Guoyuan Power	✓	✓		Asset-based approach	Guoyuan Power is a capital-intensive enterprise in the power and energy sector with clear asset structure. Its core value lies in tangible assets such as power generation units, transmission networks, land, and buildings. The company provided detailed asset and liability information, and the Valuer collected sufficient external data. A comprehensive inventory and appraisal of assets and liabilities was conducted. Therefore, the asset-based approach result is comparatively more reliable.
Xinjiang Energy	✓	✓		Asset-based approach	Xinjiang Energy's core business is coal mining and sales, with mining rights as its key assets. In this appraisal, the asset-based approach values mining rights using the discounted cash flow method, which is consistent with the income approach. The mining rights appraisal is based on objective coal market conditions. Thus, the asset-based approach more objectively reflects the market value of the entity.
Chemical Company	✓	✓		Asset-based approach	Chemical Company is a heavy-asset entity. It provided detailed asset and liability information, and the Valuer collected necessary external data. A full inventory and appraisal of the entity's assets and liabilities was performed. Therefore, the asset-based approach is relatively reliable.

	Applicable valuation approach				
Target Companies	**Asset-based approach**	**Income approach**	**Market approach**	**Selected approach**	**Reasons for the selected approach as advised by the Valuers**
Wuhai Energy	✓	✓		Asset-based approach	Wuhai Energy is a coal mining enterprise. Coal prices are highly affected by national policies and supply-demand conditions, bringing significant uncertainty to the income approach. The coal mining sector is capital-intensive, and the company's value mainly depends on mineable reserves and previously appraised mining rights. Therefore, the asset-based approach better reflects the enterprise value.
Pingzhuang Coal	✓	✓		Asset-based approach	Pingzhuang Coal's core business is coal mining and sales, with mining rights as key assets. The asset-based approach values mining rights using the discounted cash flow method, consistent with the income approach, and based on objective coal market conditions. Thus, the asset-based approach more objectively reflects the market value of the entity.
Inner Mongolia Construction Investment	✓	✓		Asset-based approach	Inner Mongolia Construction Investment is a coal-power integrated enterprise heavily reliant on coal sales. Coal prices and the thermal power business face considerable uncertainty due to national policies, supply-demand dynamics, and the "carbon peak and carbon neutrality" goals. The coal mining segment is capital-intensive and depends on mineable reserves and previously appraised mining rights. Therefore, the asset-based approach better reflects the enterprise value.

	Applicable valuation approach				
Target Companies	**Asset-based approach**	**Income approach**	**Market approach**	**Selected approach**	**Reasons for the selected approach as advised by the Valuers**
Shenyan Coal	✓	✓		Asset-based approach	Shenyan Coal's core business is coal mining and sales, with mining rights as key assets. The asset-based approach values mining rights using the discounted cash flow method, consistent with the income approach and based on objective market conditions. Thus, the asset-based approach more objectively reflects the market value of the entity.
Jinshen Energy	✓	✓		Asset-based approach	Jinshen Energy is a platform company engaged in unified management. The coal purchase and sales business it operates is primarily aimed at maintaining the normal operation of the platform company and is not for profit purposes. Therefore, the result from the income approach is not adopted as the appraisal conclusion. Under the asset-based approach, all assets and liabilities within the appraisal scope as of the appraisal base date have been appraised using appropriate methods. The appraisal results can objectively reflect the market value of the appraised entity's net assets.
Baotou Mining	✓	✓		Income approach	Since the core assets under the asset-based approach are also appraised using the income approach, the final results of the income approach and the asset-based approach differ slightly. Considering that the income approach appraises the value of the Baotou Mining based on its future profitability, it more intuitively reflects Baotou Mining's value.

	Applicable valuation approach				
Target Companies	**Asset-based approach**	**Income approach**	**Market approach**	**Selected approach**	**Reasons for the selected approach as advised by the Valuers**
Shipping Company	✓	✓		Asset-based approach	Shipping Company provided comprehensive asset and liability data, and the Valuer collected necessary external information. A thorough inventory and appraisal of assets and liabilities was conducted. Therefore, the asset-based approach results are comparatively more reliable.
Coal Trading Company	✓	✓		Asset-based approach	Coal Trading Company provided comprehensive asset and liability data, and the Valuer collected necessary external information. A thorough inventory and appraisal of assets and liabilities was performed. Therefore, the asset-based approach results are comparatively more reliable.
Port Company	✓	✓		Income approach	Port Company has relatively stable future revenue that can be reasonably estimated. The income approach can capture intangible value from management experience, market channels, and customer relationships that the asset-based approach cannot reflect. Therefore, the income approach better reflects the enterprise value.

As set out above, both the asset-based approach and the income approach are applicable in the valuation of each of the Target Companies. As advised by China Enterprise Appraisal, the reason for not adopting the market approach for the valuation of Xinjiang Energy, Wuhai Energy, Pingzhuang Coal, Inner Mongolia Construction Investment, Shenyan Coal, Jinshen Energy and Baotou Mining was mainly due to the fact that the market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entities are non-listed companies and listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the appraisal base date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. As advised by China United Appraisal, the reason for not adopting the market approach for the valuation of Guoyuan Power, Chemical Company, Shipping Company, Coal Trading Company and Port Company was mainly due to the fact that recent transaction cases involving enterprises of comparable scale are unavailable, and there are few comparable listed companies with similar scale and business structure in the market.

We have reviewed the historical financial information and the management discussion and analysis of each of the Target Companies as set out in appendices II and IV of the Circular, respectively. From our review, we noted that each of the Target Companies appraised using the asset-based approach by the Valuers has significant fixed assets and intangible assets, such as mining rights and structures, machinery and equipment, land and buildings, etc.. Conversely, those valued using an income-based approach exhibit relatively predictable revenue streams, which can be reasonably projected based on their operational nature and income composition.

Furthermore, we noted that the Target Companies appraised using the asset-based approach are mainly conducting coal-related business. In such regards, we have conducted a research on the website of the Stock Exchange and identified an exhaustive list of two transactions involving (i) the acquisition of entities principally engaged in the coal-related business, (ii) with the valuation approach of the subject entity disclosed; and (iii) announced by a listed company on the Main Board of the Stock Exchange principally engaged in the coal-related business during the period

from 1 August 2023 and up to the date of the Asset Purchase Agreement (i.e., 15 August 2025) (the "**Comparable Acquisitions**"). Detailed of the Comparable Acquisitions are set out below:

Announcement date	Company (stock code)	Target	Target principal business	Consideration	Valuation approach of the target
8 Apr 2025	Yankuang Energy Group Company Limited (1171.HK)	Shandong Energy Group Xibei Mining Co., Ltd.	Coal mining, washing, processing and sales operations	RMB4,748.3 million	Asset-based approach
21 Jan 2025	The Company (1088.HK)	China Energy Hangjin Energy Co., Ltd.	Investment and construction of coal field, sales of purchased coal, coal mining and sales, and coal-electricity integrated project	RMB852.6 million	Asset-based approach

As set out above, the consideration of both of the Comparable Transactions has taken reference to a valuation report based on the asset-based approach. Given that (i) the research period covered a period of approximately two years prior to the date of the Asset Purchase Agreement, and (ii) the Comparable Transactions identified represent an exhaustive list of recent transactions involving listed companies on the Main Board of the Stock Exchange principally engaged in the coal-related business acquiring equity interests in coal-related entities, we consider the Comparable Transactions to be sufficient and representative for the purpose of evaluating whether the use of the asset-based approach for valuing companies in this sector is fair and reasonable. Nevertheless, it should be noted that the selection of a valuation approach is subject to, even for companies in the same sector, the specific financial conditions and unique circumstances of the entity being valued.

Based on the above, in particular that (i) the Valuation was conducted in compliance with relevant valuation standards; (ii) the Target Companies appraised by the asset-based approach have significant fixed assets and those appraised by the income approach have relatively stable income that could be reasonably estimated; and (iii) the valuation approach adopted by the Comparable Acquisitions, we concur with the Valuers that the selected valuation approach for each Target Companies is the most suitable approach in their valuation.

Valuation of Target Companies using asset-based approach

(i) Guoyuan Power

As stated in the Asset Valuation Report of Guoyuan Power, the valuation of 100% equity interest of Guoyuan Power as at 31 July 2025 based on the asset-based approach was RMB44,581.9929 million, representing an appreciation of approximately 86.15% or approximately RMB20,633.0183 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the mining rights of Guoyuan Power, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	2,003,662.96	3,978,677.56	1,975,014.60	The increase in net asset value of the subsidiaries/ associates due to (i) the strong business performance; (ii) the appreciation of the mining rights reflected in the book value.
Property, plant, and equipment	10,799.74	99,941.44	89,141.70	The cost of labour, machineries, and materials have significantly increased since the establishment of the properties and plant; and the useful life adopted under the relevant accounting policy is shorter than the actual expected useful life of the machineries and equipment.
Intangible assets	2,328.74	1,474.27	-854.47	Due to the depreciation of land use right.
– Land use right	927.29	–	-927.29	The corresponding valuation transferred into property, plant and equipment.
Total Assets	**2,780,969.62**	**4,844,271.45**	**2,063,301.83**	
Total liabilities	**386,072.16**	**386,072.16**	**–**	
Net Assets	**2,394,897.46**	**4,458,199.29**	**2,063,301.83**	

(ii) Xinjiang Energy

As stated in the Asset Valuation Report of Xinjiang Energy, the valuation of 100% equity interest of Xinjiang Energy as at 31 July 2025 based on the asset-based approach was RMB12,121.4276 million, representing an appreciation of approximately 106.58% or approximately RMB6,253.8890 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the mining rights of Xinjiang Energy, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	668,275.86	1,228,100.56	559,824.70	The increase in net asset value of the subsidiaries/ associates due to (i) the strong business performance; and (ii) the appreciation of the mining rights reflected in the book value.
Construction in progress	30,258.65	29,622.58	-636.07	Decreased as the relevant assets have been transferred from the construction in progress to the fixed assets.
Intangible assets	181,541.12	298,422.80	116,881.68	Due to the appreciation of land use rights.
– Land use right	8,468.35	174,033.44	165,565.09	Increase in market value with reference to the market price as of the Valuation Benchmark Date.
Total Assets	**1,914,656.73**	**2,528,307.06**	**613,650.33**	
Total Liabilities	**1,327,902.87**	**1,316,164.30**	**-11,738.57**	Due to adjustments on long-term payable resulting from the deferred income.
Net Assets	**586,753.86**	**1,212,142.76**	**625,388.90**	

(iii) Chemical Company

As stated in the Asset Valuation Report of Chemical Company, the valuation of 100% equity interest of Chemical Company as at 31 July 2025 based on the asset-based approach was RMB24,950.5341 million, representing an appreciation of approximately 81.41% or approximately RMB11,197.0431 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the long-term equity investments of Chemical Company, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	1,352,581.99	2,128,380.86	775,798.87	Due to the poor market performance of the coal chemical business, the book value was written down resulting from relevant impairment.
Property, plant, and equipment	189,727.72	393,781.55	204,053.83	Due to the poor market performance of the coal chemical business, the book value was written down resulting from relevant impairment.
Construction in progress	107,605.97	109,077.00	1,471.03	Appreciation taking into account the cost of capital.
Intangible assets	41,590.06	176,579.76	134,989.70	Due to the appreciation of land use rights.
– Land use right	36,493.00	163,319.92	126,826.92	Increase in market value with reference to the market price as of the Valuation Benchmark Date.
Total Assets	**2,424,434.58**	**3,544,138.89**	**1,119,704.31**	
Total Liabilities	**1,049,085.48**	**1,049,085.48**	**–**	
Net Assets	**1,375,349.10**	**2,495,053.41**	**1,119,704.31**	

(iv) Wuhai Energy

As stated in the Asset Valuation Report of Wuhai Energy, the valuation of 100% equity interest of Wuhai Energy as at 31 July 2025 based on the asset-based approach was RMB14,214.2933 million, representing an appreciation of approximately 38.85% or approximately RMB3,977.1897 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the mining rights of Wuhai Energy, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	125,990.36	396,045.89	270,055.53	The increase in net asset value of the subsidiaries/ associates due to the appreciation of the mining rights reflected in the book value.
Property, plant, and equipment	155,308.85	55,772.58	-99,536.27	Depreciation mainly due to write off of relevant mining rights that have no economic benefits.
Construction in progress	109,147.43	111,189.62	2,042.19	Appreciation taking into account the cost of capital.
Intangible assets	244,435.09	463,883.47	219,448.38	Mainly due to the appreciation of the mining rights.
– Land use right	20,449.34	19,920.53	-528.81	Due to the shorter actual remaining usable life of certain land parcels than the term stated on their land use right certificates.
Total Assets	**2,203,361.57**	**2,593,890.65**	**390,529.08**	
Total Liabilities	**1,179,651.21**	**1,172,461.32**	**-7,189.89**	Due to adjustments on long-term payable resulting from the deferred income.
Net Assets	**1,023,710.36**	**1,421,429.33**	**397,718.97**	

(v) Pingzhuang Coal

As stated in the Asset Valuation Report of Pingzhuang Coal, the valuation of 100% equity interest of Pingzhuang Coal as at 31 July 2025 based on the asset-based approach was RMB5,583.8093 million, representing an appreciation of approximately 685.44% or approximately RMB6,537.5897 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the mining rights of Pingzhuang Coal, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	280,285.01	805,199.44	524,914.43	The increase in net asset value of the subsidiaries/ associates due to the appreciation of the mining rights reflected in the book value.
Property, plant, and equipment	187,382.03	227,004.08	39,622.05	The cost of labour, machineries, and materials have significantly increased since the establishment of the properties and plant; and the useful life adopted under the relevant accounting policy is shorter than the actual expected useful life of the machineries and equipment.
Construction in progress	27,182.53	27,128.31	-54.22	Depreciation due to the removal cost.
Intangible assets	555,446.80	639,416.69	83,969.89	Mainly due to the appreciation of land use right.
– Land use right	6,136.92	128,803.12	122,666.20	Increase in market value with reference to the market price as of the Valuation Benchmark Date.
Total Assets	**1,817,123.39**	**2,465,612.28**	**648,488.89**	
Total liabilities	**1,912,501.43**	**1,907,231.35**	**-5,270.08**	Due to adjustments on long-term payable resulting from the deferred income.
Net Assets	**-95,378.04**	**558,380.93**	**653,758.97**	

(vi) Inner Mongolia Construction Investment

As stated in the Asset Valuation Report of Inner Mongolia Construction Investment, the valuation of 100% equity interest of Inner Mongolia Construction Investment as at 31 July 2025 based on the asset-based approach was RMB7,727.6278 million, representing an appreciation of approximately 764.82% or approximately RMB8,889.9912 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the mining rights of Inner Mongolia Construction Investment, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	31,045.32	31,702.92	657.60	The increase is mainly due to the appreciation of construction in progress of subsidiaries.
Property, plant, and equipment	652,074.95	732,939.65	80,864.70	The cost of labour, machineries, and materials have significantly increased since the establishment of the properties and plant; and the useful life adopted under the relevant accounting policy is shorter than the actual expected useful life of the machineries and equipment.
Construction in progress	148,736.73	155,232.89	6,496.16	The appreciation of construction in progress is due to the increase in cost of construction, cost of capital, and other expenditures.
Intangible assets	224,424.75	1,023,970.93	799,546.17	Mainly due to the appreciation of mining rights.
– Land use right	72,838.02	73,755.47	917.45	Increase in market value with reference to the market price as of the Valuation Benchmark Date.
Total Assets	**1,503,944.37**	**2,392,718.49**	**888,774.12**	
Total liabilities	**1,620,180.71**	**1,619,955.71**	**-225.00**	Due to adjustments on long-term payable resulting from the deferred income.
Net Assets	**-116,236.34**	**772,762.78**	**888,999.12**	

(vii) Shenyan Coal

As stated in the Asset Valuation Report of Shenyan Coal, the valuation of 100% equity interest of Shenyan Coal as at 31 July 2025 based on the asset-based approach was RMB18,760.2601 million, representing an appreciation of approximately 74.52% or approximately RMB8,010.3360 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the mining rights of Shenyan Coal, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	3,382.89	4,516.50	1,133.61	The net asset value of the associates increased due to the strong business performance.
Property, plant, and equipment	214,055.14	289,709.61	75,654.47	The cost of labour, machineries, and materials have significantly increased since the establishment of the properties and plant; and the useful life adopted under the relevant accounting policy is shorter than the actual expected useful life of the machineries and equipment.
Construction in progress	2,953.49	2,974.74	21.25	The assessed value takes into account the cost of capital.
Intangible assets	255,125.51	979,221.00	724,095.49	Mainly due to the appreciation of mining rights.
– Land use right	15,105.34	16,764.78	1,659.44	The useful life adopted under the relevant accounting policy is shorter than the actual expected useful life of the land use right.
Total Asset	**1,254,752.20**	**2,055,785.80**	**801,033.60**	
Total liabilities	**179,759.79**	**179,759.79**	**–**	
Net Asset	**1,074,992.41**	**1,876,026.01**	**801,033.60**	

(viii) Jinshen Energy

As stated in the Asset Valuation Report of Jinshen Energy, the valuation of 100% equity interest of Jinshen Energy as at 31 July 2025 based on the asset-based approach was RMB7,715.7597 million, representing an appreciation of approximately 695.57% or approximately RMB6,745.9240 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the mining rights of Jinshen Energy, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	81,854.81	756,099.46	674,244.65	The increase in net asset value of the subsidiaries/ associates due to (i) the strong business performance; and (ii) the appreciation of the mining rights reflected in the book value.
Property, plant, and equipment	1,874.29	2,226.99	352.70	The cost of labour, machineries, and materials have significantly increased since the establishment of the properties and plant; and the useful life adopted under the relevant accounting policy is shorter than the actual expected useful life of the machineries and equipment.
Intangible assets	18.09	30.33	12.24	The assessed value is based on the market value as of the Valuation Benchmark Date compared to the book value based on the amortized value.
Total Assets	**334,923.46**	**1,009,515.86**	**674,592.40**	
Total liabilities	**237,939.89**	**237,939.89**	**–**	
Net Assets	**96,983.57**	**771,575.97**	**674,592.40**	

(ix) Shipping Company

As stated in the Asset Valuation Report of Shipping Company, the valuation of 100% equity interest of Shipping Company as at 31 July 2025 based on the asset-based approach was RMB2,141.7965 million, representing an appreciation of approximately 19.24% or approximately RMB345.5781 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the long-term equity investment and fixed assets of Shipping Company, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	136,795.59	154,773.55	17,977.96	Fixed assets (primarily vessels) have appreciated due to improved market conditions, whereas their book value continues to reflect only historical cost.
Property, plant, and equipment	97,760.51	114,221.13	16,460.62	Principally due to the increase in market price of vessels.
Intangible assets	874.52	965.59	91.07	Appreciation of professional software under the replacement cost method as at the Valuation Benchmark Date.
Total Assets	**335,174.26**	**369,732.07**	**34,557.81**	
Total liabilities	**155,552.42**	**155,552.42**	**–**	
Net Assets	**179,621.84**	**214,179.65**	**34,557.81**	

(x) Coal Trading Company

As stated in the Asset Valuation Report of Coal Trading Company, the valuation of 100% equity interest of Coal Trading Company as at 31 July 2025 based on the asset-based approach was RMB861.0261 million, representing an appreciation of approximately 20.38% or approximately RMB145.7560 million from the book value. We have discussed with the Valuer and noted that the appreciation was mainly attributable to the increase in the appraised value of the long-term equity investments and fixed assets of Coal Trading Company, details of which have been set out in the table below:

	As at 31 July 2025			
Items	**Book Value under China Accounting Standards ("CAS")** **A** *RMB0'000*	**Appraised value** **B** *RMB0'000*	**Variance between the net book value and appraised value** **C=B-A** *RMB0'000*	**Reason for the increase/decrease in the appraised value as advised by the Valuer**
Long-term equity investments	38,899.80	44,204.02	5,304.22	Fixed assets (primarily vessels) have appreciated due to improved market conditions, whereas their book value continues to reflect only historical cost.
Property, plant, and equipment	2,328.12	11,697.63	9,369.51	Due to the appreciation of real estate located in Beijing, Shanghai and Guangzhou.
Total Assets	**383,729.73**	**398,305.33**	**14,575.60**	
Total liabilities	**312,202.72**	**312,202.72**	**–**	
Net Assets	**71,527.01**	**86,102.61**	**14,575.60**	

Valuation of Target Companies using income approach

(i) Baotou Mining

As noted from the Valuer, the income approach was adopted for Baotou Mining as it has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of Baotou Mining. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal. The Valuer has adopted the discounted cash flow model, and selected the free cash flow of the enterprise to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise.

With reference to the letters from Ernst & Young, the reporting accountant of this Transaction, and the Board on the calculations of the discounted cash flow forecasts of Baotou Mining in the section headed "Further Information in Relation to the Target Assets" of the Circular, we understand that Ernst & Young is of the view that, so far as the arithmetical accuracy of the calculations of the forecast is concerned, the forecast has been properly compiled in all material respects, and the Board confirmed that the forecast as contained in the Asset Valuation Reports has been made after due and careful inquiry.

(a) Discount rate

When applying the income approach using the discounted cash flow model ("**DCF model**"), it is necessary to determine an appropriate discount rate. We noted that the Valuer has used the weighted average cost of capital ("**WACC**") to estimate the required rate of return of Baotou Mining, which we understand from the Valuer, is widely adopted for the purpose of estimating the required rate of return of a company under the DCF model. As advised by the Valuer, as Baotou Mining is principally engaged in the logistic business and expressway business in the transportation industry, a single discount rate could be applied in formulating the DCF model of Baotou Mining. Based on the assumptions and bases as discussed below, a discount rate of 9.01% was applied to the DCF model of Baotou Mining.

WACC is calculated based on the (i) cost of debt, (ii) cost of equity, and (iii) debt-to-equity ratio. Cost of debt was based on interest rate on debt after income tax; and the cost of equity was determined using the Capital Asset Pricing Model ("**CAPM**"), being the widely accepted model for the purpose of estimating the required rate of return on equity, after taking into account the risk-free rate, market risk premium, expected equity risk coefficient and specific risk premium. As advised by the Valuer, Baotou Mining has no debt and therefore its WACC only consist of cost of equity. We have obtained and reviewed the financial reports of the Baotou Mining and noted it has no interest-bearing borrowings in the past three years. The Valuer has assumed Baotou Mining to maintain such capital structure in formulating the DCF model.

In arriving the cost of equity using CAPM, we noted that the Valuer has adopted a risk-free rate of approximately 1.7%, being the yield to maturity of 10-year treasury bonds in the PRC as at the Valuation Benchmark Date. We understand from the Valuer that the 10-year yield to maturity of treasury bonds was adopted as it is a common market practice and the term of 10-year could mitigate and normalise market fluctuations in short term. From our review of the financial information of Baotou Mining, we noted that the revenue was mainly contributed by the toll revenue from the expressway business. In respect of the expressway business, we have reviewed the notice issued by local transportation department and noted that the operation period is over 10 years. Given Baotou Mining is principally operating in the PRC, and the expected prolonged operation of the major business segments of Baotou Mining, we concur with the Valuer that the adoption of the yield-to-maturity of 10-year PRC government bonds as the risk-free rate is appropriate. We have also (i) cross-checked such a rate from the website of "ChinaBond.com.cn" operated by the Central Depository and Clearing Corporation and noted that it is consistent with the rate adopted by the Valuer, and (ii) obtained information on Bloomberg and noted that the risk-free rate in China in 2025 up to the Valuation Benchmark Date ranged from approximately 1.6% to 1.9% with an average of approximately 1.7%.

On the other hand, the Valuer has derived the market risk premium with reference to the long-term average yield of the Chinese equity market, which is justifiable as Baotou Mining is principally operating in the PRC. In respect of equity risk coefficient for the transportation industry, we noted that the Valuer has made reference to the average beta coefficients of 36 comparable listed companies in the A-share market. We have

reviewed and discussed with the Valuer on the selection criteria of above mentioned comparable companies to determine the market beta and were given to understand that the selected comparable companies are mainly engaged in the same core business as the respective business sectors of Baotou Mining, being (i) listed on the main board of SSE or the Shenzhen Stock Exchange, (ii) principally engaged in transportation business in the PRC, (iii) excluded unrelated industries such as ports, public transportation, air transportation, cross-border logistics and consumer goods supply chain services, etc, and (iv) at least 40% revenue generated from such business as abovementioned in their respective latest financial year. Under the CAPM, beta measures the systematic risk of the company relative to the overall market. For a private company, beta was often derived with reference to the betas of listed companies in the same industry, which are considered to have similar operational and financial risks. Based on the same selection criteria, we have performed our independent research on the iFinD Financial Data Terminal and identified the same set of comparable companies used by the Valuer, and reviewed the principal business of such comparable companies based on publicly disclosed information. Given (i) the selection criteria are tailored to identify the betas of listed companies principally engaged in similar business to Baotou Mining, which represents the closest available parameters to be serve as proxies to the derive the beta of Baotou Mining, being a private company; and (ii) and the result from our independent research is consistent with those of the Valuer, we are of the view that the selected comparable companies in determining the market beta are appropriate. The Valuer has also taken into consideration the specific situation of Baotou Mining in determining the specific risk adjustment of 3% based on the differences in terms of enterprise scale, enterprise operational performance, industry positioning, operation capabilities, competitiveness etc. between Baotou Mining and comparable companies. Based on the above and the formula of CAPM, the cost of equity used for Baotou Mining was 9.51%. We have reviewed the data published in January 2025 by Aswath Damodaran, a professor at Stern School of Business at New York University whose work in equity risk premium is often adopted by the valuation industry internationally. From such information, we noted that the cost of equity for the transportation industry in the PRC ranged from 8.58% to 10.32% with an average of approximately 9.45%, which is comparable to that used by the Valuer.

Based on the above, we consider that the discount rate of Baotou Mining was determined based on reasonable estimation and after due and careful consideration and the discount rate adopted by the Valuer for Baotou Mining is fair and reasonable.

(b) Cash flow forecast

We have reviewed the analysis and factors considered by the Valuer in formulating the cash flow forecast of Baotou Mining, which mainly includes (i) forecast of operating income, (ii) forecast of operating costs; and (iii) forecast of capital expenditure and working capital requirements. The Valuer has also assumed that Baotou Mining will continue to maintain the existing business and management model in the future operating period.

The projected operating income was derived based on the expected toll income from expressway business and the rental income from logistics business. We have obtained and reviewed historical financials of the expressway business and logistics business of Baotou Mining and noted that (i) the toll income was calculated based on the traffic volume and the toll rate; (ii) the toll rate is expected to be consistent with the historical rate; and (iii) the traffic volume is expected to be stable, save for the slight decrease from the year end of 2026 taking into account a new expressway that would commence operation and might divert current traffic volume.

For our due diligence purposes to analyze the fairness and the reasonableness of the assumptions and the key inputs adopted by the Valuer, we also conducted the following work:

- We have obtained and review the toll rates standards issued by the local transportation department and noted that the toll rates applied in the abovementioned projection was in line with the toll rates in the Inner Mongolia Autonomous Region.

- We have reviewed the historical traffic volume of Baotou Mining for the two years ended 31 December 2024 and noted that (i) the estimated traffic volume for the year ending 31 December 2025 was in line with the average traffic volume in the previous years; and (ii) the traffic volume is expected to decrease by approximately 2% to 8% per year taking into account the potential negative impact from the new expressway that would commence operation.

The projected operating costs mainly includes maintenance and repair costs, depreciation and amortization, and employee remuneration. We have cross-checked the projection with the historical information and noted that they were in line with the respective average of such costs. The forecasted depreciation is generally in line with the historical data after considering the reasonable remaining life. The projected capital expenditure are mainly based on the estimated inputs for renewal of existing assets, and the acquisition of equipment required for continued operation.

(ii) Port Company

As noted from the Valuer, the income approach was adopted for Port Company as it has an established operating track record. Given the relatively stable income from the port-related services, including the truck coal clearance business, mechanical sampling business, and coal quality quick inspection business, it has a relatively stable revenue foundation in the future, and its future earnings and risks can be estimated. The Valuer has adopted the discounted cash flow model, and selected the free cash flow of the enterprise to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise.

With reference to the letters from Ernst & Young, the reporting accountant of this Transaction, and the Board on the calculations of the discounted cash flow forecasts of Port Company in the section headed "Further Information in Relation to the Target Assets" of the Circular, we understand that Ernst & Young is of the view that, so far as the arithmetical accuracy of the calculations of the forecast is concerned, the forecast has been properly compiled in all material respects, and the Board confirmed that the forecast as contained in the Asset Valuation Reports has been made after due and careful inquiry.

(a) Discount rate

As mentioned above, when applying the income approach using the DCF model, it is necessary to determine an appropriate discount rate. We noted that the Valuer has used the WACC to estimate the required rate of return of Port Company, which we understand from the Valuer, is widely adopted for the purpose of estimating the required rate of return of a company under the DCF model. As advised by the Valuer, as Port Company is principally engaged in the truck coal clearance business, mechanical sampling business, and coal quality quick inspection business in the port-related service industry, a single discount rate could be applied in formulating the DCF model of Port Company. Based on the assumptions and bases as discussed below, a discount rate of 10.21% was applied to the DCF model of Port Company.

As discussed above, WACC is calculated based on the (i) cost of debt, (ii) cost of equity, and (iii) debt-to-equity ratio. Cost of debt was based on interest rate on debt after income tax; and the cost of equity was determined using the CAPM, being the widely accepted model for the purpose of estimating the required rate of return on equity, after taking into account the risk-free rate, market risk premium, expected equity risk coefficient and specific risk premium.

As set out in the Asset Valuation Report, the cost of debt of Port Company was determined with reference to the 5-year Loan Prime Rate (LPR) of 3.50% as announced by the People's Bank of China on 21 July 2025. We noted from the Valuer that the selection of the 5-year LPR, being the longest term for LPR was mainly due to the fact that LPR reflects the market's general interest rate level and is a common market practice to adopt such rates in similar valuation exercises. We performed checking on the data published on the website of the People's Bank of China and noted that the LPR adopted by the Valuer was consistent with the latest published 5-year LPR prior to the Valuation Benchmark Date. We also noted that such rate is within the range of interest rates of the Group's RMB denominated long-term borrowings of 1.80% to 4.41% or LPR-3.22% to LPR-0.56%, as disclosed in the 2024 AR. Given the above and that Port Company is principally operating in the PRC, we believe that it is fair and reasonable to adopt the 5-year LPR as the cost of debt.

In arriving the cost of equity using CAPM, we noted that the Valuer has adopted a risk-free rate of approximately 1.7%, being the yield to maturity of 10-year treasury bonds in the PRC as at the Valuation Benchmark Date. We understand from the Valuer that the 10-year yield to maturity of treasury bonds was adopted as it is a common market practice and the term of 10-year could mitigate and normalise market fluctuations in short term. Given Port Company is principally operating in the PRC, and the expected prolonged operation of the port business, we concur with the Valuer that the adoption of the yield-to-maturity of 10-year PRC government bonds as the risk-free rate is appropriate. We have also (i) cross-checked such a rate from the website of "ChinaBond.com.cn" operated by the Central Depository and Clearing Corporation and noted that it is consistent with the rate adopted by the Valuer, and (ii) obtained information on Bloomberg and noted that the risk-free rate in China in 2025 up to the Valuation Benchmark Date ranged from approximately 1.6% to 1.9% with an average of approximately 1.7%.

On the other hand, the Valuer has derived the market risk premium with reference to the long-term average yield of the Shanghai Composite Index, which is justifiable as Port Company is principally operating in the PRC. In respect of equity risk coefficient for the port-related service industry, we noted that the Valuer has made reference to the average beta coefficients of 16 comparable listed companies in the A-share market. We have reviewed and discussed with the Valuer on the selection criteria of above-mentioned comparable companies to determine the market beta and were given to understand that the selected comparable companies are mainly engaged in the same core business as the respective business sectors of Port Company, being (i) listed on the main board of SSE or the Shenzhen Stock Exchange, and (ii) principally engaged in provision of port-related services in the PRC with at least 40% of revenue generated from such business in their respective latest financial year. Under the CAPM, beta measures the systematic risk of the company relative to the overall market. For a private company, beta was often derived with reference to the betas of listed companies in the same industry, which are considered to have similar operational and financial risks. Based on the same selection criteria, we have performed our independent research on the iFinD Financial Data Terminal and identified the same set of comparable companies used by the Valuer, and reviewed the principal business of such comparable companies based on publicly disclosed information. Given (i) the selection criteria are tailored to identify the betas of listed companies principally engaged in similar business to

Port Company, which represents the closest available parameters to be serve as proxies to the derive the beta of Port Company, being a private company; and (ii) and the result from our independent research is consistent with those of the Valuer, we are of the view that the selected comparable companies in determining the market beta are appropriate. The Valuer has also taken into consideration the specific situation of Port Company in determining the specific risk adjustment of 5% based on the differences in terms of enterprise scale, enterprise development stage, competitiveness, reliance on key customers and suppliers, financing capabilities and financial stabilities etc. between Port Company and comparable companies. Based on the above and the formula of CAPM, the cost of equity used for Port Company was 13.01%. We have reviewed the data published in January 2025 by Aswath Damodaran, a professor at Stern School of Business at New York University whose work in equity risk premium is often adopted by the valuation industry internationally. From such information, we noted that the average cost of equity for the packaging and container, auto and truck and trucking industry in the PRC ranged from approximately 10.75% to 13.85% with an average of approximately 11.81%, and the cost of equity adopted by the Valuer is within the range of such data.

Based on the above, we consider that the discount rate of Port Company was determined based on reasonable estimation and after due and careful consideration and the discount rate adopted by the Valuer for Port Company is fair and reasonable.

(b) Cash flow forecast

We have reviewed the analysis and factors considered by the Valuer in formulating the cash flow forecast of Port Company, which mainly includes (i) forecast of operating income, and (ii) forecast of operating costs. The Valuer has also assumed that Port Company will continue to maintain the existing business and management model in the future operating period.

The projected operating income was derived based on the expected revenue from its coal unloading business, mechanised sampling business, and rapid coal quality inspection business. We have obtained and reviewed historical financials of Port Company and noted that (i) the income was derived based on the processing volume and the unit price; and (ii) the unit price is expected to remain constant with the historical rate.

For our due diligence purposes to analyze the fairness and the reasonableness of the assumptions and the key inputs adopted by the Valuer, we also conducted the following work:

- We have obtained and reviewed two contracts entered between the Port Company and its major clients, being all of the existing contracts of the Port Company as at the Latest Practicable Date. We noted that the projected unit price is in line with the historical price based on such contracts and is expected to remain constant. As the contracts reviewed represents all of the existing contracts on hand of the Port Company, we consider the contracts reviewed are sufficient and representative in evaluating the projected unit price.

- We have obtained and reviewed the budget plan of Port Company for the years ending 31 December 2025 and 2026 and noted that the processing volume adopted in the cash flow forecast used by the Valuers is in line with such plan, and is expected to remain constant since then.

The projected operating costs mainly includes employee remuneration, lease expense, depreciation and amortization, and intermediary service fee. We have cross-checked the projection with the historical information and noted that they were based on the historical average data and terms of existing contracts. The forecasted depreciation is generally in line with the historical data after considering the reasonable remaining life. The Valuer assumed no further capital investment is required for Port Company's existing operating capacity. The projected capital expenditure are mainly based on the estimated inputs for renewal of existing assets and additional working capital required for continued operation.

We have reviewed the Asset Valuation Reports and discussed with the Valuers in respect of the key assumptions adopted for performing the Valuation. We understand from the Valuer that the assumptions are commonly adopted in other valuations of similar assets and there is no unusual assumption which has been adopted during the Valuation. We also consider the assumptions adopted in the Asset Valuation Reports are general in nature and are not aware of any material facts which lead us to doubt the assumptions adopted by the Valuers.

Having taken into account the above, we are of the view that the key inputs and assumptions used in the Asset Valuation Reports were arrived at after due and careful consideration and we concur with the Valuers on the methodologies, key assumptions and input adopted for deriving the appraised value of each of the Target Companies. On this basis, we consider the consideration of the Target Assets, which were based on the respective appraised value, to be fair and reasonable.

3.1.3 Comparable Companies

In order to cross check the appraised value, we have, as part of our independent work done, further assess the fairness and reasonableness of the Valuation of the Target Companies, we have conducted independent research, for reference only, to cross-check the implied valuation multiples of the Target Companies to the comparable companies of the Target Companies. We have conducted research on iFinD Financial Data Terminal to identify comparable companies for Target Companies (collectively, the "**Comparable Companies**") and compared the price-to-earnings multiples (the "**P/E Ratio(s)**") and the price-to-book multiples (the "**P/B Ratio(s)**") of the Target Companies based on the consideration of the Target Companies with those of the Comparable Companies. The P/E Ratios and the P/B Ratios are adopted because they are two of the most widely accepted multiples for valuing businesses and are appropriate multiples to be adopted in this case considering the Target Companies' financial conditions.

Taking into account the different business nature of the Target Companies, we have categorized the Target Companies into 3 groups based on their principal business as follow:

(i) Companies principally engaged in the coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business: Guoyuan Power, Xinjiang Energy, Chemical Company, Wuhai Energy, Pinzhuang Coal, Inner Mongolia Construction Investment, Shenyan Coal, Jinshen Energy and Coal Trading Company (collectively, the "C**oal-related Group**"). As Inner Mongolia Construction Investment recorded a loss in the recent financial year and is in a net liability position, we have extended our research to include price-to-sales multiples (the "**P/S Ratio(s)**") for comparability between Inner Mongolia Construction Investment and the Comparable Companies under the Coal-related Group;

(ii) Companies principally engaged in the transportation industry: Baotou Mining and Shipping Company (collectively, the "**Transportation Group**"); and

(iii) Port Company, which is principally engaged in the cargo handling and warehousing industry.

(a) Coal-related Group

We have identified an exhaustive list of 18 companies which (i) are listed on the main board of SSE or the Shenzhen Stock Exchange; and (ii) principally engaged in coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business in the PRC with at least 80% of revenue generated from such business in their respective latest financial year:

Stock code	**Company name**	**Principal business**	**Market capitalisation** *(RMB million)* *(Note 1)*	**P/S Ratio** *(times)* *(Note 2)*	**P/E Ratio** *(times)* *(Note 3)*	**P/B Ratio** *(times)* *(Note 4)*
601088. SH	China Shenhua Energy Company Limited	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	746,261.6	2.2	12.7	1.9
601225. SH	Shaanxi Coal Industry Company Limited	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	209,121.2	1.1	9.4	2.4
601898. SH	China Coal Energy Company Limited	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	161,490.5	0.9	8.4	1.0
600188. SH	Yankuang Energy Group Company Limited	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	130,989.1	0.9	9.1	1.6
601699. SH	Shanxi Lu'an Environmental Energy Development Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	41,550.7	1.2	17.0	0.9
601001. SH	Jinneng Holding Shanxi Coal Industry Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	23,599.2	1.6	8.4	1.3

Stock code	Company name	Principal business	Market capitalisation *(RMB million)* *(Note 1)*	P/S Ratio *(times)* *(Note 2)*	P/E Ratio *(times)* *(Note 3)*	P/B Ratio *(times)* *(Note 4)*
000937. SZ	Jizhong Energy Resources Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	21,978.7	1.2	18.2	1.2
600546. SH	Shanxi Coal International Energy Group Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	20,677.0	0.7	9.1	1.3
000552. SZ	Gansu Energy Chemical Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	13,540.1	1.4	11.2	0.8
601101. SH	Beijing Haohua Energy Resource Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	11,116.8	1.2	10.7	0.9
600123. SH	Shanxi Lanhua Sci-Tech Venture Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	10,077.0	0.9	14.0	0.6
600403. SH	Henan Dayou Energy Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	8,941.6	1.8	Net loss	1.8
600508. SH	Shanghai Datun Energy Resources Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	8,889.4	0.9	12.4	0.7
600971. SH	Anhui Hengyuan Coal Industry And Electricity Power Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	8,460.0	1.2	7.9	0.7
603071. SH	ZJMI Environmental Energy Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	7,616.1	0.2	10.3	1.4

Stock code	Company name	Principal business	Market capitalisation *(RMB million)* *(Note 1)*	P/S Ratio *(times)* *(Note 2)*	P/E Ratio *(times)* *(Note 3)*	P/B Ratio *(times)* *(Note 4)*
600397. SH	Jiangxi Tungsten Rare and Precious Equipment Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	6,078.4	1.1	Net loss	Net liabilities
600121. SH	Zhengzhou Coal Industry and Electric Power Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	4,971.1	1.2	17.6	3.0
000571. SZ	Sundiro Holding Co., Ltd.	Coal mining, washing and/or processing, distribution and/or sales of coal, power supply and related business	3,776.1	4.6	Net loss	22.0
			Minimum	**0.2**	**7.9**	**0.6**
			Maximum	**4.6**	**18.2**	**22.0**
			Average	**1.3**	**11.8**	**2.6**
			Median	**1.2**	**10.7**	**1.3**
The Coal-related Group *(Note 5)*						
Guoyuan Power		Power, heat production, and supply industry, and coal mining and washing industry	44,582.0	1.7	20.0	1.7
Xinjiang Energy		Coal mining and washing industry	12,121.4	0.7	6.2	1.2
Chemical Company		Petroleum, coal, and other fuel processing industry	24,950.5	0.9	18.3	1.5
Wuhai Energy		Coal mining and washing industry	14,214.3	1.5	11.9	1.2
Pinzhuang Coal		Coal mining and washing industry	5,583.8	0.6	Net loss	1.6
Inner Mongolia Construction Investment		Power, heat production, and supply industry, and coal mining and washing industry	7,727.6	2.5	Net loss	Net liabilities
Shenyan Coal		Coal mining and washing industry	18,760.3	2.7	6.3	1.7
Jinshen Energy		Coal mining and washing industry	7,715.8	2.5	19.5	1.5
Coal Trading Company		Coal wholesale industry	861.0	0.1	14.8	1.1

Notes:

1. *The market capitalisation of the Comparable Companies were based on their respective market capitalisation as at the date of the Asset Purchase Agreement (i.e. 15 August 2025), as extracted from iFinD Financial Data Terminal.*

2. *P/S Ratios of the Comparable Companies were calculated based on their market capitalisation as mentioned in note 1, divided by their respective revenue on their latest published annual results.*

3. *P/E Ratios of the Comparable Companies were calculated based on their market capitalisation as mentioned in note 1, divided by their respective net profit attributable to equity shareholders on their latest published annual results.*

4. *P/B Ratios of the Comparable Companies were calculated based on their market capitalisation as mentioned in note 1, divided by their respective net assets attributable to equity shareholders on their latest published financial results as at 30 June 2025.*

5. *The implied P/S Ratios, P/E Ratios and P/B Ratios of the Target Companies in the Coal-related Group was calculated based on the implied valuation for 100% equity interest of the Target Companies derived from the respective consideration, the respective revenue and respective net profit attributable to equity shareholders for the year ended 31 December 2024, and the net assets attributable to equity shareholders as at 31 July 2025.*

For Inner Mongolia Construction Investment, as mentioned above, the P/E Ratio and P/B Ratio analysis is not applicable. We have conducted the research for the P/S Ratios with the Comparable Companies under the Coal-related Group and the P/S ratios of Inner Mongolia Construction Investment of approximately 2.5 times is within the range of the P/S Ratios of the Comparable Companies from 0.2 times to 4.6 times.

As set out in the table above, the P/E Ratios of the Comparable Companies for the Coal-related Group ranged from approximately 7.9 times to 18.2 times. The average and median of P/E Ratios are approximately 11.8 times and 10.7 times, respectively. Save for Jinshen Energy and Chemical Company, each of the P/E Ratios of the Target Companies under the Coal-related Group is within or below the range of P/E Ratios of the Comparable Companies. The P/E Ratios of Jinshen Energy and Chemical Energy of approximately 19.5 times and 18.3 times, respectively, are slightly higher than the maximum of the P/E Ratios of the Comparable Companies.

The P/B Ratios of the Comparable Companies for the Coal-related Group ranged from approximately 0.6 times to 22.0 times. Excluding the outlier with P/B ratio of over 20 times, the average and median P/B Ratios are approximately 1.3 times and 1.2 times, respectively. Each of the P/B Ratios of the Target Companies under the Coal-related Group is within the range of P/B Ratios of the Comparable Companies, excluding the outlier. As such, we are of the view that the consideration of Target Companies under the Coal-related Group are reasonable.

(b) Transportation Group

We have identified an exhaustive list of 23 companies which (i) are listed on the main board of SSE or the Shenzhen Stock Exchange, (ii) principally engaged in transportation business in the PRC with at least 80% of revenue generated from such business in their respective latest financial year:

Stock code	**Company name**	**Principal business**	**Market capitalisation** *(RMB million)* *(Note 1)*	**P/E Ratio** *(times)* *(Note 2)*	**P/B Ratio** *(times)* *(Note 3)*
601816. SH	Beijing-Shanghai High Speed Railway Co., Ltd.	Freight transportation business and railway operation services	263,709.4	20.7	1.3
601919. SH	Cosco Shipping Holdings Co., Ltd.	Container transportation services and related businesses	232,866.5	4.7	1.0
601006. SH	Daqin Railway Co., Ltd.	Freight transportation business and railway operation services	129,143.4	14.3	0.8
600026. SH	Cosco Shipping Energy Transportation Co., Ltd.	Container transportation services and related businesses	42,743.3	10.6	1.2
000429. SZ	Guangdong Provincial Expressway Development Co. Ltd.	Construction，operation and management of highways	23,748.0	15.2	2.3
603565. SH	Shanghai Zhonggu Logistics Co., Ltd.	Freight transportation business and railway operation services	22,008.7	12.0	2.1
601333. SH	Guangshen Railway Company Limited	Freight transportation business and railway operation services	19,041.5	18.0	0.7
001213. SZ	China Railway Special Cargo Logistics Co., Ltd.	Freight transportation business and railway operation services	18,888.9	28.3	1.0
600428. SH	Cosco Shipping Specialized Carriers Co., Ltd.	Container transportation services and related businesses	18,768.4	12.3	1.2

Stock code	Company name	Principal business	Market capitalisation *(RMB million)* *(Note 1)*	P/E Ratio *(times)* *(Note 2)*	P/B Ratio *(times)* *(Note 3)*
002320. SZ	Hainan Strait Shipping Co., Ltd.	Container transportation services and related businesses	17,586.3	68.5	4.5
601083. SH	Shanghai Jinjiang Shipping(Group) Co., Ltd.	Container transportation services and related businesses	15,956.5	15.6	1.8
601975. SH	Nanjing Tanker Corporation	Container transportation services and related businesses	13,781.3	7.2	1.2
600179. SH	Antong Holdings Co., Ltd.	Container transportation services and related businesses	13,583.2	22.3	1.2
601022. SH	Ningbo Ocean Shipping Co., Ltd.	Container transportation services and related businesses	12,589.1	22.7	2.1
600106. SH	Chongqing Road and Bridge Co., Ltd.	Construction, operation and management of highways	10,379.7	65.9	1.9
600033. SH	Fujian Expressway Development Co., Ltd.	Construction，operation and management of highways	9,578.0	12.3	0.8
603162. SH	Fujian Highton Development Co., Ltd.	Container transportation services and related businesses	8,345.4	15.2	2.0
000557. SZ	Ningxia Western Venture Industrial Co., Ltd.	Freight transportation business and railway operation services	8,254.4	31.4	1.3
000755. SZ	Shanxi Hi-Speed Group Co., Ltd.	Construction，operation and management of highways	7,233.8	15.5	1.4
603209. SH	Xingtong Shipping Co., Ltd.	Container transportation services and related businesses	4,969.3	14.2	1.5
000520. SZ	Phoenix Shipping (Wuhan) Co., Ltd.	Container transportation services and related businesses	4,918.7	Net loss	10.7
600798. SH	Ningbo Marine Company Limited	Container transportation services and related businesses	4,886.5	220.9	1.3
001205. SZ	Nanjing Shenghang Shipping Co., Ltd.	Container transportation services and related businesses	3,085.1	22.5	1.5
			Minimum	**4.7**	**0.7**
			Maximum	**220.9**	**10.7**
			Average	**30.5**	**1.9**
			Median	**15.6**	**1.3**
The Transportation Group: *(Note 4)*					
Baotou Mining		Road transportation industry	4,542.6	1.5	1.0
Shipping Company		Water transportation industry	2,141.8	10.7	1.2

Notes:

1. *The market capitalisation of the Comparable Companies were based on their respective market capitalisation as at the date of the Asset Purchase Agreement (i.e. 15 August 2025), as extracted from iFinD Financial Data Terminal.*

2. *P/E Ratios of the Comparable Companies were calculated based on their market capitalisation as mentioned in note 1, divided by their respective net profit attributable to equity shareholders on their latest published annual results.*

3. *P/B Ratios of the Comparable Companies were calculated based on their market capitalisation as mentioned in note 1, divided by their respective net assets attributable to equity shareholders on their latest published financial results as at 30 June 2025.*

4. *The implied P/E Ratios and P/B Ratios of the Target Companies in the Transportation Group was calculated based on the implied valuation for 100% equity interest of the Target Companies derived from the respective consideration, the respective revenue and respective net profit attributable to equity shareholders for the year ended 31 December 2024, and the net assets attributable to equity shareholders as at 31 July 2025.*

As set out in the table above, the P/E Ratios of the Comparable Companies for the Transportation Group ranged from approximately 4.7 times to 220.9 times. Excluding outliers of over 50 times, the average and median P/E Ratios are approximately 16.6 times and 15.2 times, respectively. Each of the P/E Ratios of the Target Companies under the Transportation Group is below the average and median of P/E Ratios of the Comparable Companies, excluding outliers.

The P/B Ratios of the Comparable Companies for the Transportation Group ranged from approximately 0.7 times to 10.7 times. Excluding outliers of over 10 times, the average and median P/B Ratios are approximately 1.5 times and 1.3 times, respectively. Each of the P/B Ratios of the Target Companies under the Transportation Group is below the average and median of P/B Ratios of the Comparable Companies, excluding outliers. As such, we are of the view that the consideration of Target Companies under the Transportation Group are reasonable.

(c) Port Company

We have identified an exhaustive list of 14 companies which (i) are listed on the main board of SSE or the Shenzhen Stock Exchange, (ii) principally engaged in provision of port-related services in the PRC with at least 80% of revenue generated from such business in their respective latest financial year:

Stock code	Company name	Principal business	Market capitalisation *(RMB million)* *(Note 1)*	P/E Ratio *(times)* *(Note 2)*	P/B Ratio *(times)* *(Note 3)*
S600018. SH	Shanghai International Port (Group) Co., Ltd.	Provision of port-related services	133,169.4	8.9	1.0
601018. SH	Ningbo Zhoushan Port Company Limited	Provision of port-related services	70,814.0	14.5	0.9
601298. SH	Qingdao Port International Co., Ltd.	Provision of port-related services	56,667.3	10.8	1.3
001872. SZ	China Merchants Port Group Co., Ltd.	Provision of port-related services	50,980.7	11.3	0.8
601880. SH	Liaoning Port Co., Ltd.	Provision of port-related services	38,487.8	33.6	1.0
601228. SH	Guangzhou Port Company Limited	Provision of port-related services	25,576.0	26.5	1.2
601000. SH	Tangshan Port Group Co., Ltd.	Provision of port-related services	23,881.5	12.1	1.2
000582. SZ	Beibu Gulf Port Co., Ltd.	Provision of port-related services	19,620.7	16.1	1.0
601326. SH	Qinhuangdao Port Co., Ltd.	Provision of port-related services	18,717.8	12.0	0.9
600017. SH	Rizhao Port Co., Ltd.	Provision of port-related services	9,934.4	15.2	0.7
601008. SH	Jiangsu Lianyungang Port Co., Ltd.	Provision of port-related services	7,481.0	39.2	1.8
600279. SH	Chongqing Port Co., Ltd.	Provision of port-related services	6,765.1	12.8	1.0
000905. SZ	Xiamen Port Development Co., Ltd.	Provision of port-related services	6,090.3	30.5	1.2
002040. SZ	Nanjing Port Co., Ltd.	Provision of port-related services	4,923.4	32.2	1.5
			Minimum	**8.9**	**0.7**
			Maximum	**39.2**	**1.8**
			Average	**19.7**	**1.1**
			Median	**14.8**	**1.0**
Port Company		Cargo handling and warehousing industry	473.6	11.3	2.5

Notes:

1. *The market capitalisation of the Comparable Companies were based on their respective market capitalisation as at the date of the Asset Purchase Agreement (i.e. 15 August 2025), as extracted from iFinD Financial Data Terminal.*

2. *P/E Ratios of the Comparable Companies were calculated based on their market capitalisation as mentioned in note 1, divided by their respective net profit attributable to equity shareholders on their latest published annual results.*

3. *P/B Ratios of the Comparable Companies were calculated based on their market capitalisation as mentioned in note 1, divided by their respective net assets attributable to equity shareholders on their latest published financial results as at 30 June 2025.*

4. *The implied P/E Ratios and P/B Ratios of the Target Companies in the Port Group was calculated based on the implied valuation for 100% equity interest of the Target Companies derived from the respective consideration, the respective revenue and respective net profit attributable to equity shareholders for the year ended 31 December 2024, and the net assets attributable to equity shareholders as at 31 July 2025.*

The P/E Ratios of the Comparable Companies for Port Company ranged from approximately 8.9 times to 39.2 times. The average and median P/E Ratios are approximately 19.7 times and 14.8 times, respectively. The P/E Ratios of Port Company is below the average and median of P/E Ratios of the Comparable Companies for Port Company.

The P/B Ratios of the Comparable Companies for Port Company ranged from approximately 0.7 times to 1.8 times, with an average of approximately 1.1 times and a median of approximately 1.0 times. The implied P/B Ratio of the Port Company exceeds those of the Comparable Companies. As noted earlier, the Port Company benefits from relatively stable future income streams, enhanced by intangible assets such as management expertise, established market channels, and strong customer relationships. Furthermore, since the Valuer employed an income approach to value the Port Company, which inherently focuses on future profitability and cash generation, we place greater reliance on the P/E Ratio, given its direct alignment with profitability metrics. In summary, although the P/B Ratio of the Port Company is higher than those of the Comparable Companies, the supportive P/E Ratio affirms the valuation of the Port Company. Accordingly, we are of the view that the consideration of the Port Company remains reasonable.

4. Principal terms of the Consideration Shares

Details of the plan for the issuance of Consideration Shares are set out in the section headed "2. Plan for the Issuance of Consideration Shares" in the letter from the Board of the Circular. Principal terms of the Consideration Shares are set out as follows:

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

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

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

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

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

The issuance price of RMB30.38 per share represents:

(a) a discount of approximately 25.15% to the closing price of RMB40.59 per A Share as quoted on the SSE on the Latest Practicable Date;

(b) a discount of approximately 19.12% to the closing price of RMB37.56 per A Share as quoted on the SSE on 1 August 2025 (being the Last Trading Day);

(c) a discount of approximately 19.99% to the average closing price of RMB37.97 per A Share for the five consecutive trading days up to and including the Last Trading Day;

(d) a discount of approximately 21.52% to the average closing price of RMB38.71 per A Share for the thirty consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 22.24% to the average closing price of RMB39.07 per A Share for the sixty consecutive trading days up to and including the Last Trading Day;

(f) a premium of approximately 40.52% over the audited consolidated net asset value attributable to shareholders of RMB21.62 per Share as at 31 December 2024 as extracted from the Company's latest annual report published on the Hong Kong Stock Exchange; and

(g) a premium of approximately 49.21% over the unaudited consolidated net asset value attributable to shareholders of RMB20.36 per Share as at 30 June 2025 as extracted from the Company's latest interim report published on the Hong Kong Stock Exchange.

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

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

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

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

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

In the event that the above three items are implemented simultaneously: $P_1=(P_0-D+A\times k)/(1+n+k)$.

Where, "P_0" is the issuance price of the Consideration Shares before adjustment; "n" is the rate of bonus issue or rate of capitalisation issue; "k" is the rights issue ratio; "A" is the subscription price for the rights issue; "D" is the amount of cash dividend per share; and "P_1" is the adjusted issuance price. Except for the adjustment of the issuance price resulting from the aforesaid ex-rights and ex-dividend events, no issuance price adjustment mechanism is set for the Transaction for the time being.

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

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

Number of Consideration Shares to be Issued

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

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

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

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

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

Lock-up Period

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

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

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

Arrangements for Undistributed Accumulated Profit

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

General Mandate

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

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

4.1 Our assessment on the terms of the Consideration Shares

4.1.1 The issuance price

As set out above, issuance price of the Consideration Shares is RMB30.38 per share, which complies with the Administrative Measures for Restructuring, and shall not be lower than the audited net assets per share attributable to shareholders of the listed company, after giving effect to any ex-rights or ex-dividend adjustments, as at the end of the latest period prior to the disclosure of the proposal for the issuance of Consideration Shares (i.e. 31 December 2024), being RMB21.48 per share as calculated in accordance with the PRC Accounting Standards for Business Enterprises. As the Company has implemented the 2025 interim profit distribution, pursuant to which, the Company declared a cash dividend of RMB0.98 (tax inclusive) per Share, based on the total share capital of the Company prior to the implementation of the distribution and in accordance with the pricing principles set out above, the issuance price for the Consideration Shares has been adjusted from RMB30.38 per Share to RMB29.40 per Share.

The issuance price of the Consideration Shares of RMB29.40 per share represented:

i. a discount of approximately 12.54% to the closing price of HK$36.92 per H Share* on the Hong Kong Stock Exchange on 15 August 2025, being the last trading day immediately prior to the Pricing Benchmark Date;

ii. a discount of approximately 13.57% to the average closing price of HK$37.36 per H Share* on the Hong Kong Stock Exchange for the 5 consecutive trading days immediately prior to the Pricing Benchmark Date;

iii. a discount of approximately 12.09% to the average closing price of HK$36.73 per H Share* on the Hong Kong Stock Exchange for the 10 consecutive trading days immediately prior to the Pricing Benchmark Date;

iv. a discount of approximately 5.76% to the average closing price of HK$34.26 per H Share* on the Hong Kong Stock Exchange for the 30 consecutive trading days immediately prior to the Pricing Benchmark Date;

v. a discount of approximately 4.33% to the average closing price of HK$33.75 per H Share* on the Hong Kong Stock Exchange for the 60 consecutive trading days immediately prior to the Pricing Benchmark Date;

vi. a discount of approximately 0.24% to the average closing price of HK$32.37 per H Share* on the Hong Kong Stock Exchange for the 120 consecutive trading days immediately prior to the Pricing Benchmark Date;

vii. a discount of approximately 18.63% to the closing price of HK$39.68 per H Share* on the Hong Kong Stock Exchange on the Latest Practicable Date;

viii. a discount of approximately 21.73% to the closing price of RMB37.56 per A Share as quoted on the SSE on 1 August 2025*, being the last trading day prior to the Pricing Benchmark Date;

ix. a discount of approximately 22.57% to the average closing price of RMB37.97 per A Share on the SSE for the 5 consecutive trading days immediately prior to the Pricing Benchmark Date;

x. a discount of approximately 23.27% to the average closing price of RMB38.32 per A Share on the SSE for the 10 consecutive trading days immediately prior to the Pricing Benchmark Date;

xi. a discount of approximately 24.05% to the average closing price of RMB38.71 per A Share on the SSE for the 30 consecutive trading days immediately prior to the Pricing Benchmark Date;

xii. a discount of approximately 24.76% to the average closing price of RMB39.07 per A Share on the SSE for the 60 consecutive trading days immediately prior to the Pricing Benchmark Date;

xiii. a discount of approximately 23.23% to the average closing price of RMB38.30 per A Share on the SSE for the 120 consecutive trading days immediately prior to the Pricing Benchmark Date;

xiv. a discount of approximately 27.57% to the closing price of RMB40.59 per A Share on the SSE on the Latest Practicable Date;

xv. a premium of approximately 35.99% over the audited consolidated net asset value attributable to shareholders of RMB21.62 per Share as at 31 December 2024 as extracted from the Company's latest annual report; and

xvi. a premium of approximately 44.40% over the unaudited consolidated net asset value attributable to shareholders of RMB20.36 per Share as at 30 June 2025 as extracted from the Company's latest interim report.

* *Exchange rate of HKD:RMB at 1:0.91054, being the central parity rate on 15 August 2025 quoted from the People's Bank of China, was adopted in the calculation of the value comparison.*

4.1.2 Comparable issuance

To assess the fairness and reasonableness of the issuance price and the lock-up period of the Consideration Shares, we have conducted our independent research based on comparable analysis through identifying comparable transactions conducted by companies listed on the main board of the SSE, which (i) were first announced during the period from 1 January 2025 up to and including the Pricing Benchmark Date (being 16 August 2025); and (ii) involved issuance of consideration shares (with cash payments) to connected parties of the relevant listed company. Based on the aforementioned criteria, we have identified an exhaustive list of 12 comparable transactions (together as the "**Comparable Issuances"**) and we consider it is sufficient for the purpose of this analysis and reflects the prevailing market environment at the time of entering into the Asset Purchase Agreement, including the determination of the issue price. As the review period chosen, being approximately eight-month period immediately prior to the date of the Asset Purchase Agreement reflects the prevailing market environment at the time of entering into the Asset Purchase Agreement, we consider the selection criteria of the Comparable Issuances to be fair and reasonable. Notwithstanding that the subject companies constituting the Comparable Issuances may have different principal activities, market capitalization, profitability and financial position as compared with those of the Company, we would still consider, in light of our selection criteria, capturing recent issues of consideration shares to connected parties by listed companies on the main board of the SSE under similar market conditions and sentiments can provide Shareholders with a broad perspective of the recent market trend of this type of transaction (which is similar to that of the issuance of the Consideration Shares).

Date of announcement	Company (Stock code)	Basis of issue price of consideration shares	Premium/ (Discount) of the issue price to the closing price immediately before the price benchmark date *(%)*	Lock-up period
11-Jan-25	Xinjiang Baodi Mining Co., Ltd. (601121. SH)	Not less than 80% of the average trading price of the shares in 120 Trading Days prior to the price benchmark date	(23.2)	12-36 months
21-Feb-25	Inner Mongolia MengDian HuaNeng Thermal Power Corporation Limited (600863. SH)	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	(19.6)	36 months
27-Feb-25	PNC Process Systems Co., Ltd (603690. SH)	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	(16.0)	12-36 months
6-Mar-25	Wuhan Sanzhen Industry Holding Co., Ltd. (600168. SH)	Not less than 80% of the average trading price of the shares in 20, 60, and 120 Trading Days prior to the price benchmark date and not less than the latest audited net assets per share attributable to ordinary shareholders of the parent company after adjusting for ex-dividend and ex-rights payments as of 31 December 2023	15.7	36 months
7-Mar-25	Lionhead Technology Development Co. Ltd. (600539.SH)	Not less than 80% of the average trading price of the shares in 120 Trading Days prior to the price benchmark date	(43.8)	12-36 months

Date of announcement	Company (Stock code)	Basis of issue price of consideration shares	Premium/ (Discount) of the issue price to the closing price immediately before the price benchmark date *(%)*	Lock-up period
24-Apr-25 *(Note)*	NBTM New Materials Group Co., Ltd. (600114. SH)	Not less than 80% of the average trading price of the shares in 120 Trading Days prior to the price benchmark date	(21.9)	12-36 months
5-Jun-25	HMT (Xiamen) New Technical Materials Co., Ltd. (603306. SH)	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	(28.3)	12-36 months
16-Jun-25	Shandong Teamgene Technology Co., Ltd. (603151. SH)	Equal to the average trading price of the shares in 60 Trading Days prior to the price benchmark date	(22.1)	12 months
16-Jun-25	Bohai Automotive Systems Co., Ltd (600960. SH)	Not less than 90% of the average trading price of the shares in 120 Trading Days prior to the price benchmark date	(25.1)	36 months
23-Jun-25	Hunan Huasheng Co., Ltd. (600156. SH)	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	(33.0)	12-36 months
11-Jul-25	Chongqing Qin'an electromechanical Co., Ltd. (603758. SH)	Not less than 80% of the average trading price of the shares in 20 Trading Days prior to the price benchmark date	(22.7)	12-36 months
19-Jul-25	Ningbo Changhong Macromolecule Technology Co. (605008. SH)	Not less than 80% of the average trading price of the shares in 120 Trading Days prior to the price benchmark date	(22.5)	36 months
		Minimum	**(43.8)**	
		Maximum	**15.7**	
		Average	**(21.9)**	

Date of announcement	Company (Stock code)	Basis of issue price of consideration shares	Premium/ (Discount) of the issue price to the closing price immediately before the price benchmark date *(%)*	Lock-up period
	The Consideration Shares	**Not less than 80% of the average trading price of the shares of the Company for the 60 trading days and 120 trading days prior to the Pricing Benchmark Date and not lower than the audited net assets per share attributable to shareholders of the Company as at the end of the latest period before the disclosure of the proposal for the issuance of Consideration Shares (i.e. 31 December 2024), after ex-dividend adjustment by the Company**	**(21.7)**	**36 months**

Source: cninfo.com.cn

Note: the revised announcement was identified as there were significant adjustments in the issuance proposal compared with the first announcement in respect of the relevant comparable transaction.

According to the Measures for the Administration of the Material Asset Restructurings of Listed Companies (《上市公司重大資產重組管理辦法》) as amended by the CSRC on 16 May 2025, (i) the issue price of issuance of consideration shares to target subscribers should not be lower than 80% of the 20-day, 60-day or 120-day average trading price of the shares immediately preceding the price benchmark date (the "**Basic Pricing Criteria**"); and (ii) the lock-up period for issuance of consideration shares to vendor(s) shall be at least 12 months for all vendor(s) and 36 months for vendor(s) who (a) is a controlling shareholder, actual controller, or related party controlled by it; (b) obtains right of actual control of the listed company through the consideration shares; or (c) has less than 12 months ownership on the asset subject to the consideration shares prior to the issuance of shares (the "**Minimum Lock-up Requirement**").

As set out in the table above, all the bases of the issue price of the consideration shares of the Comparable Issuances were in line with the Basic Pricing Criteria. We noted that the issuance price of the Consideration Share of RMB30.38 per share was not less than 80% of the average trading price of the shares of the Company for the 60 trading days and 120 trading days prior to the Pricing Benchmark Date and not lower than the audited net assets per share attributable to shareholders of the Company, after giving effect to any ex-rights or ex-dividend adjustments, as at the end of the latest period prior to the disclosure of the proposal for the issuance of Consideration Shares (i.e. 31 December 2024), being RMB21.48 per share as calculated in accordance with the PRC Accounting Standards for Business Enterprises, such pricing basis is in full compliance with the Basic Pricing Criteria. As the Company has implemented the 2025 interim profit distribution and in accordance with the pricing principles set out above, the issuance price for the Consideration Shares has been adjusted from RMB30.38 per Share to RMB29.40 per Share. We further observed that the discount of approximately 21.7% of the issuance price of the Consideration Shares to the closing price of the A share of the Company immediately prior to the Pricing Benchmark Date is close to the average discount of approximately 21.9% of the issue price of the consideration shares of the Comparable Issuances to the closing price immediately prior to their respective price benchmark date of the Comparable Issuances. Such discount also within the range of discount/premium of the issue price of the consideration shares of the Comparable Issuances to the closing price immediately prior to their respective price benchmark date of the Comparable Issuances.

In view of the reasons including that (i) the basis of issuance price is generally in line with market practice; (ii) the pricing basis for arriving at the issuance price is in full compliance with the Basic Pricing Criteria and the applicable regulatory requirements; (iii) the additional pricing criteria with reference to the audited net assets per share attributable to shareholders of the listed company as at the end of the latest period before the disclosure of the proposal for the issuance of Consideration Shares after ex-dividend adjustment by the Company is in the interest of the Company and the Independent Shareholders as a whole; and (iv) the discount of approximately 21.7% of the issuance price of the Consideration Shares to the closing price of A Share immediately prior to the Price Benchmark Date is close to the average and within the range of those Comparable Issuances, we are of the view that the issuance price of the Consideration Shares and its pricing basis are fair and reasonable.

We also noted that the use of "lock-up" mechanism is common amongst the Comparable Issuances and the range of lock-up periods of the Comparable Issuances is generally between 12 months to 36 months. Since the Consideration Shares imposes a lock-up period requirement of 36 months to the Company, which is in line with that of the Comparable Issuances and satisfy the Minimum Lock-up Requirement, we are therefore of the view that such lock-up period is fair and reasonable.

In light of the above, we are of the view that key terms of the issuance of Consideration Shares, including the Issuance price and lock-up period, are fair and reasonable and in line with the general market.

5. The Performance Compensation Agreement and the Impairment Compensation Undertaking Letter

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

5.1 The Performance Compensation Agreement

The following sets forth a summary of the principal terms of the Performance Compensation Agreement. Detailed terms of the Performance Compensation Agreement are set out in the section headed "4. Performance Commitment and Compensation Arrangements" in the letter from the Board of the Circular.

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

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

Unit: RMB'000

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

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

As set out in the letter from the Board of the Circular, if the Transaction is completed in 2026, (i) for the other Target Companies under the mining rights asset group, except for Xinjiang Energy, Wuhai Energy and Jinshen Energy, China Energy and Western Energy committed to the cumulative net profits achieved by each mining right for the year in which the Transaction is completed and the two subsequent financial years, namely 2026, 2027 and 2028; (ii) for Xinjiang Energy, Wuhai Energy and Jinshen Energy, China Energy and Western Energy committed to the cumulative net profits achieved by each mining right for the year in which the Transaction is completed and the subsequent five financial years, being 2026, 2027, 2028, 2029, 2030 and 2031. For the Target Companies under the equity interest-based group, China Energy committed to the net profits to be achieved by each equity assets for each of the three years during the Performance Commitment Period.

If the Target Companies failed to reach the cumulative committed net profit at the end of the last accounting year of the Performance Commitment Period (for mining rights asset group) or the cumulative realised net profit for each accounting year during the Performance Commitment Period (for equity interest-based group), the Performance Commitment Parties shall compensate the Company in accordance with the provisions of the Performance Compensation Agreement. Among them, China Energy shall first compensate the Company with the Shares of the Company it acquires under the Transaction, and if the number of the Shares of the Company held by China Energy is insufficient (including but not limited to reasons such as the Company's shares being frozen, subject to compulsory enforcement, restricted from transfer or non-transferable for other reasons or the transfer of corresponding shares resulting in insufficient holdings), leading to inadequate compensation, the shortfall shall be compensated to the Company in cash. Western Energy shall compensate the Company in cash. Detailed determination, calculation and implementation method for the compensation are set out in the section headed "4. Performance Commitment and Compensation Arrangements – (D) Performance Compensation and Impairment Test for the Income Approach-Priced Portion" in the letter from the Board of the Circular.

5.2 The Impairment Compensation Undertaking Letter

The following sets forth a summary of the principal terms of the Impairment Compensation Undertaking Letter. Detailed terms of the Impairment Compensation Undertaking Letter are set out in the section headed "4. Performance Commitment and Compensation Arrangements" in the letter from the Board of the Circular.

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

Unit: RMB'000

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

Target Companies	Shareholding Percentage of the Counterparty in the Target Company	Assets Type	Book Value	Assessed Value	Assessed Value Calculated Based on the Target Company's Equity Interest Percentage in the Underlying Impairment Compensation Assets
Pingzhuang Coal	100%	Asset group 1: 1 items of buildings	995.5	938.4	478.6
		Asset group 2: 10 items of land	2,494,759.5	2,511,600.9	1,280,916.5
Inner Mongolia Construction Investment	100%	Asset group:14 items of land	461,449.5	460,064.5	460,064.5
Shenyan Coal	41%	Asset group: 2 item of land	151,053.4	167,647.8	68,735.6
Jinshen Energy	49%	Asset group 1: 2 items of buildings	9,985.8	15,513.1	7,601.4
		Asset group 2: 24 items of land	66,973.6	125,629.6	55,729.2
Shipping Company	100%	Asset group 1: 24 items for buildings	24,209.3	35,627.4	21,376.4
		Asset group 2: 27 items for ships	3,091,207.0	3,408,670.0	2,979,770.0
Coal Trading Company	100%	Asset group: 34 items of buildings	22,160.7	122,676.6	122,676.6

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

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

As set out in the letter from the Board of the Circular, the year in which the Transaction is completed and the two subsequent accounting years shall constitute the Impairment Compensation Period.

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

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

China Energy shall first use the Shares issued to China Energy by the Company under the Transaction for compensation. If such Shares are insufficient, China Energy shall compensate in cash. Western Energy shall compensate in cash. Detailed determination, calculation and implementation method for the compensation are set out in the section headed "4. Performance Commitment and Compensation Arrangements – B. Impairment Compensation Arrangement for the Market Approach-Priced Portion" in the letter from the Board of the Circular.

5.3 Our view on the compensation arrangement

As advised by the management of the Company, the Performance Compensation Agreement is made pursuant to the requirements of Article 35 of the Administrative Measures for Material Asset Restructuring of Listed Companies (the "**Guidelines**") (which are applicable to the Transaction). We have reviewed the Guidelines and noted that, among others, when the transaction consideration is determined based on income approach and under which certain assets(s) is/are valued based on future expected income, the seller shall enter into a compensation agreement with the acquirer regarding any shortfalls of the forecasted profit. As at least part of valuation, and hence the consideration, of each of Guoyuan Power, Xinjiang Energy, Chemical Company, Wuhai Energy, Pingzhuang Coal, Inner Mongolia Construction Investment, Shenyan Coal, Jinshen Energy, Baotou Mining and Port Company was derived based on the income approach, the acquisition of each of such Target Companies is subject to the Guidelines.

For certain assets of the Target Companies which were assessed under the asset-based approach were valued using the market approach, China Energy and Western Energy have provided the Company with the Impairment Compensation Undertaking Letter in order to fully protect the interests of the Company.

As set out in the letter from the Board of the Circular, the Company will comply with the applicable disclosure requirements under Rule 14.36B and Rule 14A.63 of the Hong Kong Listing Rules in the event that any performance commitments set out in the Performance Compensation Agreement and the Impairment Compensation Undertaking Letter are not met by China Energy and Western Energy.

Having considered that (i) the compensation arrangement under the Performance Compensation Agreement and the Impairment Compensation Undertaking Letter safeguards the interest of the Company as China Energy and Western Energy undertakes to compensate the Company if the net profit used in formulating the valuation cannot be achieved/the Transaction incurs an impairment amount (as the case may be) during a period of around three years upon completion of the Transaction; (ii) the compensation arrangement under the Performance Compensation Agreement is in accordance with relevant rules and regulations in the PRC; and (iii) the Company will comply with the applicable disclosure requirements under the Hong Kong Listing Rules in the event that any performance commitments set out in the Performance Compensation Agreement and the Impairment Compensation Undertaking Letter are not met by China Energy and Western Energy, we consider serves as an additional favourable term of the Transaction to the Company and the Shareholders as a whole.

6. Impact of the Transaction on the Group

6.1 Impact on the Company's equity structure

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

For illustration purpose, as set out in the letter from the Board of the Circular, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Transaction (on the basis that the consideration for the purchase of Target Assets to be settled by way of issuance of Consideration Shares is RMB40,079,504.3 thousand, and assuming that (a) there will not be any further adjustments to the issuance price of the Consideration Shares of RMB29.40 per Consideration Share; and (b) there will be no change in the total issued share capital of the Company since the Latest Practicable Date save for the issuance of the A Shares pursuant to the Asset Purchase Agreement (as supplemented by the Supplemental Agreement)):

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

Notes:

1. *As at the Latest Practicable Date and immediately after the completion of the Transaction, Capital Holdings., a wholly-owned subsidiary of China Energy, directly held 11,593,528 A Shares of the Company.*

2. *The approximate percentage figures are rounded to the nearest two decimal places and therefore, may not add up to 100% due to rounding.*

As set out in the table above, immediately after the completion of the Transaction, (i) China Energy will remain as the single largest controlling shareholder of the Company, with its shareholding increasing from approximately 69.58% to approximately 71.53%; (ii) the shareholding of the public A Shareholders will be diluted from approximately 13.42% to approximately 12.56%; and (iii) the shareholding of the public H Shareholders will be diluted from approximately 17.0% to approximately 15.91%.

Although there will be a dilution to the shareholding interest of existing public shareholders as a result of the Transaction as a result of the issuance of the Consideration Shares, taken into account (i) the reasons for and benefits of the Transaction as set out in the section headed "2. Reasons for and benefits of the Transaction", (ii) the fairness and reasonableness of the basis of determining the consideration of the Target Assets as set out in section headed "3.1 Our assessment on the consideration of the Target Assets", and (iii) the fairness and reasonableness on the issuance price of the Consideration Shares as set out in the sections headed "4.1 Our assessment on the terms of the Consideration Shares", we consider that the issuance of the Consideration Shares is an acceptable means for the settlement of part of the consideration payable for the Transaction and the shareholding dilution effects upon completion of the Transaction is acceptable.

6.2 Financial impact of the Transaction

Upon completion of the Transaction, except for Jinshen Energy, each of the Target Companies will become a subsidiary of the Company and their financial statements will be included into the consolidated financial statements of the Group. Jinshen Energy will be recognised as interest in associate of the Company, in which the Company will hold 49% equity interest.

The following sets forth a summary of the key financial impact based on the unaudited pro forma financial information prepared by the Directors for the purpose of illustrating the effects of the Transaction. The unaudited pro forma financial information report of the Enlarged Group is set out in Appendix III to the Circular, and the Independent Shareholders are recommended to read in full.

Assets and liabilities

As set out in the section headed "IMPACT ON THE KEY FINANCIAL INDICATORS OF THE COMPANY" in the letter from the Board of the Circular, for illustrative purposes only, total assets of the Group as at 31 July 2025 would increase by approximately 41.0% from approximately RMB635.9 billion to approximately RMB896.6 billion for the Enlarged Group. Total liabilities of the Group as at 31 July 2025 would increase by approximately 144.5% from approximately RMB159.7 billion to approximately RMB390.5 billion for the Enlarged Group. Equity attributable to equity holders of the Company as at 31 July 2025 would increase by approximately 3.1% from approximately RMB406.5 billion to approximately RMB419.0 billion for the Enlarged Group.

Revenue and earnings

As disclosed in the section headed "1.4 Information on the Target Companies", each of the Target Companies are revenue generating for the year ended 31 December 2024. As set out in the section headed "IMPACT ON THE KEY FINANCIAL INDICATORS OF THE COMPANY" in the letter from the Board of the Circular, for illustrative purposes only, (i) total revenue of the Group would increase by approximately 27.2% from approximately RMB339.7 billion to approximately RMB432.2 billion for the year ended 31 December 2024; and (ii) net profit attributable to equity holders of the Company after excluding non-recurring items would increase by approximately 13.4% from approximately RMB59.0 billion to approximately RMB66.9 billion for the year ended 31 December 2024, after the completion of the Transaction.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial results and financial position of the Group will be upon the completion of the Transaction.

OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that, despite the Transaction is not entered into in the ordinary and usual course of business of the Group, the terms of the Transaction are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Transaction is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the Transaction to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the corporate finance industry.

FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024, and the unaudited interim accounts for the six months ended 30 June 2025 are disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.csec.com:

(1) Annual report of the Company for the year ended 31 December 2022 published on 26 March 2023 (pages 201 to 333):

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0326/2023032600419.pdf

(2) Annual report of the Company for the year ended 31 December 2023 published on 25 March 2024 (pages 217 to 353):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0325/2024032500003.pdf

(3) Annual report of the Company for the year ended 31 December 2024 published on 21 March 2025 (pages 219 to 353):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0321/2025032101835.pdf

(4) Interim report of the Company for the six months ended 30 June 2025 published on 29 August 2025 (pages 102 to 151):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0829/2025082903216.pdf

INDEBTEDNESS

As of 31 October 2025, the Enlarged Group had total issued debts of RMB120,593 million. Details of which are as follows:

1. Borrowings and other loans

The Enlarged Group's borrowings and other loans are as follows:

	31 October 2025 *RMB million*
Borrowing – unsecured	
- Unguaranteed	84,441
Subtotal	84,441
Borrowing – secured	
- Guaranteed *(note1)*	5,802
- Unguaranteed *(note2)*	7,020
Subtotal	12,822
Other loans *(note3)*	1,043
Total	98,306

Note 1: as at 31 October 2025, certain borrowings were guaranteed by China Energy.

Note 2: as at 31 October 2025, borrowings of RMB7,020 million were secured by certain property, plant and equipment, future revenue from electricity and future revenue from coal.

Note 3: other loans were mainly comprised of short-term financing bills.

Note4: as at 31 October 2025, the Enlarged Group's borrowings were with interest rates ranging from 1.82% to 3.45% per annum.

2. Lease liabilities

As at 31 October 2025, The Enlarged Group had lease liabilities of approximately RMB1,586 million.

3. Payables for acquisition of mining rights

As at 31 October 2025, The Enlarged Group had payables for acquisition of mining rights of approximately RMB20,701 million. The payables for acquisition of mining rights is the present value of the payable mining rights. The mining rights payable shall be paid annually during the execution of the contract.

4. Contingent liabilities

(1) Financial guarantees issued

As at 31 October 2025, the Enlarged Group had issued certain guarantees in respect of certain banking facilities granted to an entity which the Enlarged Group held less than 20% equity interest. The maximum amount guaranteed is RMB67 million and will be matured in 2029.

(2) Legal contingencies

The Enlarged Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Enlarged Group.

(3) Environmental contingencies

As at the Latest Practicable Date, the Enlarged Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Enlarged Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required, Accordingly, the outcome of environmental labilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

(4) Other contingencies

In September 2025, Inner Mongolia Construction Investment received a notice from the Ordos Bureau of Natural Resources requiring it to carry out with the payment procedures for the mining rights grant proceeds in respect of the Chahasu Coal Mine. Inner Mongolia Construction Investment and China Energy Investment Corporation Limited ("**China Energy**") are currently engaged in ongoing discussions with the relevant authorities regarding this matter. China Energy has further confirmed that, should Inner Mongolia Construction Investment be required to make any additional payment of mining rights grant proceeds for the Chahasu Coal Mine (License No.: C1500002024071210157148), China Energy will be responsible for coordinating the resolution of such payment obligation.

Save as disclosed above, As of 31 October 2025, the Enlarged Group did not have other debt securities issued and outstanding, and authorised or otherwise created but unissued, outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance (other than normal trade bills) or acceptance credits, guarantees or material contingent liabilities, guaranteed, unguaranteed, secured or unsecured borrowings and debt.

WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that taking into account the cash flows generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds, the effect of the Acquisition and credit facilities available to the Enlarged Group, the working capital available to the Enlarged Group is sufficient for the Enlarged Group's requirements for at least 12 months from the Latest Practicable Date.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial operating position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Based on the consolidated financial information of the Group as at 30 June 2025 (prior to the Transaction) and the aggregated financial information of the Group and the Target Companies as at 31 July 2025 on the assumption that the Transaction had been completed, the Transaction would result in a substantial expansion of the Enlarged Group's resource reserves and operating scale. The proved coal resource reserves will increase from 41.58 billion tonnes to 68.49 billion tonnes, coal reserves will increase from 17.45 billion tonnes to 34.50 billion tonnes, coal production will increase from 327 million tonnes to 512 million tonnes, installed power generation capacity will increase from 47,632 MW to 60,881 MW, and polyolefin production capacity will increase from 0.6 million tonnes to 1.88 million tonnes. The Transaction would therefore significantly enhance the scale of the Group's principal operations and strengthen its overall resource base.

The Enlarged Group's financial performance indicators would also improve, without taking into account the Proposed Issuance of A Shares to raise supporting funds, based on the Review Report of the Pro Forma Financial Information of the Enlarged Group issued by Ernst & Young Hua Ming LLP. For the seven months ended 31 July 2025, according to the financial information prepared in accordance with PRC Accounting Standards for Business Enterprises, revenue would increase from approximately RMB162.3 billion to approximately RMB206.5 billion, and profit attributable to equity holders of the Company after deducting non-recurring gains or losses would increase from approximately RMB29.3 billion to approximately RMB32.6 billion. Basic earnings per Share after deducting non-recurring gains or losses would rise from RMB1.47 to RMB1.54. These enhancements reflect stronger operating scale, improved profitability and greater financial resilience following consolidation of the Target Assets.

The Enlarged Group operates in industries subject to intensive regulatory oversight and cyclical market conditions, and its future profitability may be influenced by a range of special factors. Coal mining, mine-mouth coal-fired power generation and coal-chemical operations are highly regulated sectors, and changes to policy requirements concerning production capacity, energy or water consumption, environmental emissions or electricity pricing may affect project timelines, utilisation levels, cost structures and cash flows. The Group's major products, including coal, electricity and polyolefins, are cyclical, and price movements are affected by macroeconomic trends, supply and demand dynamics, seasonal patterns and market-based trading mechanisms. Declines in product prices without corresponding reductions in operating costs may exert pressure on profit margins.

Operational and safety risks are inherent in coal mining, thermal power generation and coal-chemical facilities. Equipment failures, shortcomings in operational management or deficiencies in emergency response mechanisms may lead to production interruptions or safety incidents. Environmental and energy-consumption requirements are expected to tighten further under China's "dual-carbon" objectives, which may require additional investment or result in temporary production adjustments. As the Group's power generation capacity increases, earnings will become more sensitive to utilisation hours and electricity offtake conditions. Variability in renewable energy output, rapid expansion of regional installed capacity or constraints in transmission infrastructure may result in lower utilisation hours. In addition, given the enlarged fixed-asset base, weaker product prices, adverse industry conditions or policy changes that reduce expected future cash flows may trigger asset impairments and adversely affect financial results.

Currently, the world's profound changes unseen in a century has been accelerating, with increasing uncertainty in the external environment and intensified competition among major powers. The supporting conditions and fundamental trends for the long-term economic growth in China remain unchanged amid unstable foundation for this upward trend, and some deep-seated structural contradictions that have accumulated over time remain to be resolved. From the perspective of industrial development trends, the comprehensive green and low-carbon transformation of economic and social development is driving the accelerated transition of the energy industry towards a low-carbon, diversified, and market-oriented development for the rest of this year. The Company will carefully assess the market and operating conditions, confront challenges with strengthened confidence, and overcome difficulties head-on. Adhering to sustainable growth and promoting high-quality development, the Company will make every effort to achieve its annual goals and tasks with "stabilizing operations, pursuing innovation, optimising investment, strengthening management, and ensuring safety" as its core work guidelines.

Firstly, the Company must firmly secure supply and deepen operation to create efficiency. The Company will continuously optimise the mechanism of securing constant and long-term supply of energy and fully strengthen our integrated advantage in order to ensure stable production and supply of coal. The Company will give full play to our bottom-line guarantee role of coal-fired power, strengthen control of production and operation scheduling, as well as improve reliability management, to ensure stable supply of power and heat. The Company will carefully study the conditions of the market and operation for the rest of this year, respond actively to changes in the situation, and make every effort to expand the market, increase revenue, reduce costs, enhance efficiency, explore potential and create efficacy.

Secondly, the Company will focus on green development and optimise the coal-based industry. Anchoring our "dual carbon" goals, the Company will strengthen the clean and efficient utilisation of coal, systematically promote the greening of the whole chain for coal mining, production, storage, transportation, and utilisation, vigorously develop green mines, low-carbon coal power, high-end chemical industry, and green logistics, and scientifically coordinate efficient production and high-level environmental protection. The Company will actively follow up on capital injection and accelerate the construction of major projects, in an effort to achieve the optimal resource allocation along the industry chain.

Thirdly, the Company will insist on planning as the first priority and emphasise innovation leadership. The Company will strengthen the development of our philosophy that "innovation is the primary driving force of the enterprise" and advocate profound integration of technological innovation and industrial innovation, with focus on cultivating and developing new quality productive forces in the energy sector. The Company will formulate the 15th Five-Year Plan in a scientific way, improve the technological innovation system, make breakthroughs in key core technologies and cutting-edge technologies, and strategically prioritise the development of new quality productive forces based on local conditions.

Fourthly, the Company will enhance benchmarking analysis and improve operation capability. By enhancing the construction of management system and management capability, focusing on key points, making up for weaknesses, strengthening weak points, and promoting improvement, the Company will fully push forward the transformation of quality, efficiency and driving force of enterprises, while benchmarking with regional and industrial advanced and world-class enterprises, identifying the gaps, and implementing targeted policies to comprehensively enhance the value creation capability. The Company will strengthen lean management and adhere to prioritising efficiency and cost, so as to achieve continuous improvement in operation quality.

Fifthly, the Company will firmly build a strong defence line to prevent and resolve risks. The Company will practise the overall national security concept in all aspects such as, strengthening the safety barrier in production, operation and ecology, and escort high-quality development with high-standard safety. The Company will continue to deepen the three-year action of tackling root causes, focus on the implementation of safety production management system, and deepen and implement rectification for safe production project. The Company will strengthen the awareness of risks, compliance and security by reinforcing corporate governance, compliance management and internal control system construction continuously, practically fulfilling regulatory requirements and market rules and actively promoting sustainable corporate development.

GUOYUAN ELECTRIC POWER CO., LTD.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Ernst & Young
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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUOYUAN ELECTRIC POWER CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of Guoyuan Electric Power Co., Ltd. (the "Target Company") and its subsidiaries except for the Excluded Business as defined in note 2.1 to the Historical Financial Information (together, the "Target Group") set out on pages II-A-3 to II-A-123, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-A-3 to II-A-123 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-A-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	30,050	31,096	25,844	15,586	12,468
Cost of sales	6	(22,216)	(22,949)	(19,767)	(11,354)	(8,784)
Gross profit		7,834	8,147	6,077	4,232	3,684
Selling expenses		(67)	(58)	(50)	(35)	(30)
General and administrative expenses		(602)	(1,256)	(572)	(335)	(255)
Other gains and losses	10	(2,815)	(2,066)	(576)	(544)	135
Other income	7	79	139	264	110	61
Loss allowances, net of reversal	10	(118)	(203)	175	174	55
Other expenses		(439)	(237)	(1,028)	(573)	(121)
Interest income	8	24	37	23	14	6
Finance costs	8	(966)	(781)	(630)	(380)	(241)
Share of results of joint ventures and associates		630	303	523	145	247
Profit before income tax		3,560	4,025	4,206	2,808	3,541
Income tax expense	9	(1,166)	(996)	(831)	(505)	(628)
Profit for the year/period	10	2,394	3,029	3,375	2,303	2,913
Other comprehensive income for the year/period		-	-	-	-	-
Total comprehensive income for the year/period		2,394	3,029	3,375	2,303	2,913

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit for the year/period attributable to:					
Equity holders of the Company	1,537	1,997	2,232	1,492	2,378
Non-controlling interests	857	1,032	1,143	811	535
	2,394	3,029	3,375	2,303	2,913
Total comprehensive income for the year/period attributable to:					
Equity holders of the Company	1,537	1,997	2,232	1,492	2,378
Non-controlling interests	857	1,032	1,143	811	535
	2,394	3,029	3,375	2,303	2,913

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	40,183	36,822	33,899	32,607
Construction in progress	15	1,077	4,407	5,164	4,266
Exploration and evaluation assets	16	74	75	78	79
Intangible assets	17	339	393	396	421
Right-of-use assets	21	3,302	3,310	1,819	1,773
Investments in joint ventures and associates	18	2,606	2,994	3,680	4,234
Financial assets at fair value through other comprehensive income		1	2	-	-
Other non-current assets	20	1,346	1,281	3,811	4,676
Deferred tax assets	27	208	354	365	344
Total non-current assets		49,136	49,638	49,212	48,400
Current assets					
Inventories	22	733	703	364	343
Accounts and bills receivables	23	2,802	2,497	2,240	2,564
Financial assets at fair value through other comprehensive income		4	1	-	-
Financial assets at fair value through profit or loss		2	-	-	-
Prepaid expenses and other current assets	24	4,439	5,334	5,114	3,892
Restricted bank deposits	25	42	391	468	501
Cash and cash equivalents	26	2,993	5,046	3,632	4,366
Total current assets		11,015	13,972	11,818	11,666
Current liabilities					
Borrowings	28	14,931	8,030	4,719	7,091
Accounts and bills payables	30	4,394	5,582	5,410	4,160
Accrued expenses and other payables	31	4,929	5,405	3,235	3,360
Current portion of lease liabilities	29	17	29	15	4
Current portion of long-term liabilities	32	305	641	773	872
Income tax payable		125	371	222	199
Contract liabilities		192	129	78	30
Total current liabilities		24,893	20,187	14,452	15,716
Net current liabilities		(13,878)	(6,215)	(2,634)	(4,050)
Total assets less current liabilities		35,258	43,423	46,578	44,350

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Borrowings	28	9,050	13,323	12,581	9,249
Long-term liabilities	32	2,297	3,531	2,714	2,251
Accrued reclamation obligations	33	1,107	1,178	1,097	709
Deferred tax liabilities	27	49	12	19	16
Lease liabilities	29	59	177	41	78
Total non-current liabilities		12,562	18,221	16,452	12,303
Net assets		22,696	25,202	30,126	32,047
Equity					
Paid-up capital	34	47,261	47,261	47,261	47,261
Reserves		(27,707)	(26,320)	(22,336)	(20,486)
Equity attributable to equity holders of the Target Company		19,554	20,941	24,925	26,775
Non-controlling interests	40	3,142	4,261	5,201	5,272
Total equity		22,696	25,202	30,126	32,047

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	47,261	1,090	(12,123)	(17,845)	18,383	3,872	22,255
Profit for the year	-	-	-	1,537	1,537	857	2,394
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,537	1,537	857	2,394
Acquisition of non-controlling interest in subsidiaries	-	-	-	(25)	(25)	25	-
Distributions to non-controlling shareholders	-	-	-	-	-	(1,612)	(1,612)
Disposal of subsidiaries	-	-	-	(190)	(190)	-	(190)
Capital contribution to the carved-out entities	-	-	(198)	-	(198)	-	(198)
Appropriation of maintenance and production funds	-	805	-	(805)	-	-	-
Utilisation of maintenance and production funds	-	(654)	-	654	-	-	-
Others	-	-	47	-	47	-	47
At 31 December 2022	47,261	1,241	(12,274)	(16,674)	19,554	3,142	22,696

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	47,261	1,241	(12,274)	(16,674)	19,554	3,142	22,696
Profit for the year	-	-	-	1,997	1,997	1,032	3,029
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,997	1,997	1,032	3,029
Contributions from non-controlling shareholders	-	-	-	-	-	739	739
Distributions to non-controlling shareholders	-	-	-	-	-	(781)	(781)
Distributions from the carved-out entities	-	-	50	-	50	-	50
Capital contribution to the carved-out entities	-	-	(597)	-	(597)	-	(597)
Appropriation of maintenance and production funds	-	1,120	-	(1,120)	-	-	-
Utilisation of maintenance and production funds	-	(689)	-	689	-	-	-
Others	-	-	16	(79)	(63)	129	66
At 31 December 2023	47,261	1,672	(12,805)	(15,187)	20,941	4,261	25,202

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	47,261	1,672	(12,805)	(15,187)	20,941	4,261	25,202
Profit for the year	-	-	-	2,232	2,232	1,143	3,375
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-		-	2,232	2,232	1,143	3,375
Contributions from non-controlling shareholders	-	-	-	-	-	238	238
Distributions to non-controlling shareholders	-	-	-	-	-	(469)	(469)
Disposal of subsidiaries	-	-	2,534	-	2,534	28	2,562
Distributions from the carved-out entities	-	-	380	-	380	-	380
Capital contribution to the carved-out entities	-	-	(1,162)	-	(1,162)	-	(1,162)
Appropriation of maintenance and production funds	-	818	-	(818)	-	-	-
Utilisation of maintenance and production funds	-	(1,318)	-	1,318	-	-	-
At 31 December 2024	47,261	1,172	(11,053)	(12,455)	24,925	5,201	30,126

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company					Non-controlling interests	Total equity
	Paid-up capital RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million (unaudited)	RMB million (unaudited)	RMB million (unaudited)
At 1 January 2024	47,261	1,672	(12,805)	(15,187)	20,941	4,261	25,202
Profit for the year	-	-	-	1,492	1,492	811	2,303
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,492	1,492	811	2,303
Contributions from non-controlling shareholders	-	-	-	-	-	238	238
Distributions to non-controlling shareholders	-	-	-	-	-	(144)	(144)
Disposal of subsidiaries	-	-	161	-	161	-	161
Capital contribution to the carved-out entities	-	-	(835)	-	(835)	-	(835)
Appropriation of maintenance and production funds	-	501	-	(501)	-	-	-
Utilisation of maintenance and production funds	-	(177)	-	177	-	-	-
At 31 July 2024	47,261	1,996	(13,479)	(14,019)	21,759	5,166	26,925

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	47,261	1,172	(11,053)	(12,455)	24,925	5,201	30,126
Profit for the year			-	2,378	2,378	535	2,913
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,378	2,378	535	2,913
Contributions from non-controlling shareholders	-	-	-	-	-	128	128
Distributions to non-controlling shareholders	-	-	-	-	-	(174)	(174)
Disposal of subsidiaries	-	-	-	-	-	(418)	(418
Capital contribution to the carved-out entities	-	-	(528)	-	(528)	-	(528)
Appropriation of maintenance and production funds	-	428	-	(428)	-	-	-
Utilisation of maintenance and production funds	-	(113)	-	113	-	-	-
At 31 July 2025	47,261	1,487	(11,581)	(10,392)	26,775	5,272	32,047

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit before income tax	3,560	4,025	4,206	2,808	3,541
Adjustments for:					
Depreciation of property, plant and equipment (note 14)	2,993	2,731	2,257	1,766	1,358
Depreciation of right-of-use assets (note 21)	120	252	178	38	37
Amortisation of intangible assets (note 17)	14	25	7	4	17
Amortisation of long-term deferred expenses (note 20)	4	-	82	47	31
Losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	(52)	7	54	27	(16)
Gains on disposal of subsidiaries and associates (note 10)	(27)	-	-	-	(133)
Gains on changes in fair value financial assets at fair value through profit or loss (note 10)	12	-	-	-	-
Impairment losses on property, plant and equipment (note 14)	2,791	2,064	453	379	1
Impairment losses on construction in progress (note 15)	29	35	78	78	-
Impairment losses on intangible assets (note 17)	2	1	-	-	-
Impairment losses on right-of-use assets (note 21)	-	19	140	140	-
Reversal of allowance for prepaid expenses (note 10)	-	-	(8)	(8)	-
Write-down of inventories (note 10)	22	6	-	-	-
Interest income (note 8)	(24)	(37)	(23)	(14)	(6)
Share of results of associates	(630)	(303)	(523)	(121)	(247)
Loss allowances, net of reversal (note 10)	118	203	(167)	(166)	(55)
Financial cost (note 8)	966	781	630	380	241
Operating cash flows before movements in working capital	9,898	9,809	7,364	5,358	4,769
Changes in working capital:					
(Increase)/decrease in inventories	(57)	25	(8)	(371)	16
(Increase)/decrease in accounts and bills receivables	(248)	263	(276)	(459)	(384)
Decrease/(increase) in prepaid expenses and other assets	1,428	(1,096)	(312)	(445)	219
(Increase)/decrease in restricted cash	(3)	32	3	3	6
(Decrease)/increase in accounts and bills payables	(1,933)	1,222	650	(609)	(934)
(Decrease)/increase in accrued expenses and other liabilities	(1,089)	721	(1,723)	531	86
Increase/(decrease) in contract liabilities	3	(63)	(8)	121	(48)
Cash generated from operations	7,999	10,913	5,690	4,129	3,730
Income tax paid	(1,099)	(1,204)	(618)	(361)	(579)
Net cash generated from operating activities	6,900	9,709	5,072	3,768	3,151

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Repayments of entrusted loans	96	1,493	2,520	1,244	555
Income from entrusted loans	69	52	41	26	19
Investments in financial asset at fair value through profit or loss	2	2	-	-	-
Dividend received from associates	-	-	-	-	231
Distributions from the carved-out entities	-	50	380	-	-
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	144	56	272	245	8
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(1,605)	(5,077)	(7,724)	(5,877)	(2,822)
Capital contribution to the carved-out entities	(198)	(597)	(1,162)	(835)	(528)
Entrusted loans to the carved-out entities	(1,275)	(1,250)	(1,765)	(1,244)	(140)
Increase in restricted bank deposits	(20)	(381)	(82)	(94)	(39)
Net cash paid from disposal of subsidiaries	(37)	-	(1,515)	(1,515)	(78)
Investments in associates	(205)	(85)	(163)	(1)	-
Net cash used in investing activities	(3,029)	(5,737)	(9,198)	(8,051)	(2,794)

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Financing activities					
Capital contributions from equity holders	47	16	-	-	-
Contributions from non-controlling shareholders	-	739	238	238	128
New borrowings (note 26(c))	18,276	20,374	16,743	9,768	13,743
Repayments of borrowings (note 26(c))	(22,084)	(21,520)	(12,742)	(7,433)	(13,083)
Interest paid (note 26(c))	(867)	(708)	(509)	(335)	(155)
Distributions to non-controlling shareholders	(881)	(798)	(993)	(425)	(215)
Capital element of lease rentals paid (note 26(c))	(38)	(29)	(32)	(19)	(33)
Interest element of lease rentals paid (note 26(c))	(5)	(6)	(6)	(4)	(1)
Net cash used in financing activities	(5,552)	(1,932)	2,699	1,790	384
(Decrease)/increase in cash and cash equivalents	(1,681)	2,040	(1,427)	(2,493)	741
Cash and cash equivalents, at the beginning of the year/period	4,650	2,993	5,046	5,046	3,632
Effect of foreign exchange rate changes	24	13	13	-	(7)
Cash and cash equivalents, at the end of the year/period	2,993	5,046	3,632	2,553	4,366

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	85	77	72	108
Construction in progress	15	6	6	-	-
Intangible assets	17	20	27	32	39
Right-of-use assets	21	24	18	17	14
Investments in subsidiaries	19	17,895	14,920	15,824	15,792
Investments in joint ventures and associates	18	2,603	2,993	3,680	4,244
Financial assets at fair value through other comprehensive income		1	-	-	-
Other non-current assets	20	3,000	4,240	4,180	2,642
Total non-current assets		23,634	22,281	23,805	22,839
Current assets					
Inventories		-*	-*	-*	-*
Accounts and bills receivables	23	50	6	1	2
Prepaid expenses and other current assets	24	13,184	7,706	2,927	4,300
Cash and cash equivalents	26	535	278	1,347	668
Total current assets		13,769	7,990	4,275	4,970

* Amount smaller than RMB500,000.

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current liabilities					
Borrowings	28	6,257	833	202	1,804
Accounts and bills payables	30	75	22	16	15
Accrued expenses and other payables	31	2,597	1,963	1,888	2,024
Current portion of lease liabilities		-	2	4	-
Contract liabilities		9	9	-	13
Total current liabilities		8,938	2,829	2,110	3,856
Net current assets		4,831	5,161	2,165	1,114
Total assets less current liabilities		28,465	27,442	25,970	23,953
Non-current liabilities					
Borrowings	28	3,199	4,200	2,100	-
Long-term liabilities	32	4	-	-	-
Lease liabilities	29	14	8	3	4
Total non-current liabilities		3,217	4,208	2,103	4
Net assets		25,248	23,234	23,867	23,949
Equity					
Paid-up capital	34	47,261	47,261	47,261	47,261
Reserves		(22,013)	(24,027)	(23,394)	(23,312)
Total equity	43	25,248	23,234	23,867	23,949

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at No. 26, Finance Street, Xicheng District, Beijing, the PRC.

During the Relevant Periods, the Target Group was involved in integrated coal mining and coal-powered electricity generation business as well as coal-powered and solar-powered electricity generation business in the PRC.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at the date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered /paid-up capital RMB million	Proportion of ownership interest held by the Target Group (%)	Principal activities
Shaanxi Deyuan Fugu Energy Co., Ltd. 陝西德源府穀能源有限公司	PRC /Mainland China 23 Aug 2005	2,620	70	Integrated coal mining and coal-powered electricity generation business
Qinhuangdao Power Generation Co., Ltd. 秦皇島發電有限責任公司	PRC /Mainland China 18 Feb 1998	680	50	Integrated coal mining and coal-powered electricity generation business
Guoneng (Tianjin) Dagang Power Plant Co., Ltd. ("Tianjin Dagang Power") 國能（天津）大港發電廠有限公司	PRC /Mainland China 11 Dec 2015	960	94	Integrated coal mining and coal-powered electricity generation business
Guangdong Jinma Tourism Group Co., Ltd. 廣東金馬旅遊集團股份有限公司	PRC /Mainland China 8 Apr 1993	1,009	100	Investment holding
Shanxi Luneng Hequ Power Coal Development Co., Ltd 山西魯能河曲電煤開發有限責任公司	PRC /Mainland China 6 Jun 2002	233	70	Coal mining
Guoneng Shanxi Hequ Power Generation Co., Ltd. 國能山西河曲發電有限公司	PRC /Mainland China 1 Oct 2004	1,766	60	Coal-powered electricity generation business
Guoneng Bozhou New Energy Co., Ltd. 國能博州新能源有限公司	PRC /Mainland China 8 Apr 2023	300	100	Clean energy power generation

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION (CONTINUED)

Principal activities (continued)

Name	Place and date of registration and place of operations	Registered /paid-up capital RMB million	Proportion of ownership interest held by the Target Group (%)	Principal activities
State Grid Energy Hami Coal power Co., Ltd. 國網能源哈密煤電有限公司	PRC /Mainland China 10 Jul 2003	3,666	100	Integrated coal mining and coal-powered electricity generation business
Guoneng Baoqing Coal Electrochemical Co., Ltd. 國能寶清煤電化有限公司	PRC /Mainland China 13 Oct 2004	4,176	55	Integrated coal mining and coal-powered electricity generation business
Zhongneng Fuel Logistics Co., Ltd. 中能燃料配送有限公司	PRC /Mainland China 26 Jun 2001	53	70	Coal sales business
Shenzhen Shandong Nuclear Power Construction Co., Ltd. 深圳山东核电工程有限责任公司	PRC /Mainland China 11 Nov 1991	52	70	Thermal power equipment installation
Shanxi Lujin Wangqu Power Generation Co., Ltd. 山西鲁晋王曲发电有限责任公司	PRC /Mainland China 12 Jan 1998	1,164	75	Coal-powered electricity generation business

Note:

The statutory financial statements of the above entities for the years ended 31 December 2022 prepared under China Accounting Standards were audited by ShineWing Certified Public Accountants LLP, certified public accountants registered in the PRC, and the statutory financial statements of the above entities for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards were audited by Baker Tilly China Certified Public Accountants LLP, certified public accountants registered in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PRESENTATION

Pursuant to the Acquisition, as more fully explained in the paragraph headed "Pre-reorganisation" in the section headed "MAJOR AND CONNECTED TRANSACTION" in the Circular, the Target Company agreed to dispose of its entire equity interests in Guoneng Power Technology Engineering Co., Ltd., Shenhua Guoneng Bayannur Coal Power Co., Ltd., Baotou Luneng Baiyunebo Wind Power Co., Ltd., Urad Zhongqi Luneng Wind Power Co., Ltd., Guoyuan Bayannur Energy Co., Ltd., Guoneng Shanxi Kelan New Energy Co., Ltd., Shanxi Lujin Wangqu Power Generation Co., Ltd. Kang Bao Wind Power Branch, State Grid Energy Xinjiang Zhundong Coal and Electricity Co., Ltd., State Grid Energy HeFeng Coal Power Co., Ltd., Guoneng (Gaomi) New Energy Co., Ltd., State Grid Energy Hami Coal power Co., Ltd. Dananhu Power Plant and State Grid Energy Hami Coal Power Co., Ltd. Coal Mine 1# (collectively, the "Excluded Business") before the Acquisition (the "Disposal"). The Target Group then comprised the Target Company and its subsidiaries except the Excluded Businesses.

The Historical Financial Information excludes the Excluded Business, which are under the control of the ultimate holding company, but are not strategically complementary for the Acquisition purpose. In evaluating whether the Historical Financial Information fairly presents the history of the Target Group's businesses, the directors considered, among others, the following:

1) whether the Excluded Business was in dissimilar businesses;
2) whether the Excluded Business was and would be operated autonomously both before and after the Disposal; and
3) whether the Excluded Business had no more than incidental common facilities and costs.

The Historical Financial Information has been prepared as if the Disposal had been completed at the beginning of the Relevant Periods and accounted for as a distribution to the holding company of Target Company. The Historical Financial Information does not include the assets, liabilities, results of the operations and cash flows of the Excluded Business. The transactions and balances between the Target Group and the Excluded Business have not been eliminated.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 July 2025, the Target Group recorded net current liabilities amounting to RMB4,050 million because there were unutilised banking facilities of RMB8 billion available to the Target Group as at 31 July 2025. In view of the above, the directors of the Target Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared under the historical cost basis, except for certain financial instruments as disclosed in note 36.3 to the Historical Financial Information which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 BASIS OF PREPARATION (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

The Target Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The application of IFRS 18 is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Basis of combination

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries except the Excluded Business. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holder of the Target Company.

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Target Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Target Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate. When the Target Group's share of losses of an associate exceeds the Target Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group reduces its ownership interest in an associate but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's functional currencies (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "OECD").

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment, which consists of buildings, mining structures and mining rights, mining related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Buildings	10 – 55 years
Mining related machinery and equipment	5 – 20 years
Generators related machinery and equipment	5 – 20 years
Furniture, fixtures, motor vehicles and other equipment	5 – 20 years

The directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and does not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Exploration and evaluation assets

Exploration and evaluation assets comprise costs which are directly attributable to the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Expenditure during the initial exploration preparation stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to property, plant and equipment. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Obligations for land reclamation

The Target Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Target Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets (Continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method, first-in first-out method, as well as specific identification method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the "FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable, other receivables, etc.). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.4 to the Historical Financial Information, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimation (see note 3.2 to the Historical Financial Information below), that the Directors have made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Going concern

As described in note 2.2 to the Historical Financial Information, the Target Group's ability to continue as a going concern is dependent on obtaining cash inflows from borrowings to ensure sufficient cash flow to meet its liabilities as they fall due. Should the Target Group be unable to obtain adequate funding, there exists a material uncertainty regarding the Target Group's ability to continue as a going concern. The Historical Financial Information does not include any adjustments that would be necessary to the carrying amounts and classification of assets and liabilities should the Target Group be unable to continue as a going concern.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Target Group's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in joint ventures and associates and other non-current assets, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The Target Group recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 27 to the Historical Financial Information.

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Target Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Target Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Target Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in note 33 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Coal	7,161	6,162	5,026	3,419	1,924
– Power	22,286	24,121	20,589	12,016	10,482
– Others	295	60	50	66	1
Others	308	753	179	85	61
	30,050	31,096	25,844	15,586	12,468

The Target Group's revenues from contracts with customers are RMB30,038 million, RMB31,085 million, RMB25,819 million, RMB15,580 million (unaudited) and RMB12,464 million for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively.

The Target Group produces and sells coal to customers at spot market. For sales of coal, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Target Group's historical experiences, there was no significant exchange or return occurred. There is no sales-related warranties associated with coal.

For sales of power, revenue is recognised upon the transmission of electric power to the power grid companies. Power could not be returned or exchanged and there is also no warranties associated with power sales.

All performance obligations of sales of coal and power are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Group's revenue from external customers was from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of the Target Group's non-current non-financial assets (excluding deferred tax assets) were located in Mainland China as at the end of each of the Relevant Periods.

Revenue derived from single customers which accounted for 10% or more of the Target Group's total revenue is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Customer A	21,794	23,549	19,930	11,627	10,117
Customer B	3,635	4,877	3,252	2,282	1,917

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	11,712	11,948	9,626	5,615	4,275
Personnel expenses	4,215	4,993	4,304	2,811	1,809
Depreciation and amortisation	2,360	2,186	1,959	1,244	921
Repairs and maintenance	552	577	402	280	305
Taxes and surcharges	1,606	1,626	1,542	890	706
Other operating costs	1,771	1,619	1,934	514	768
	22,216	22,949	19,767	11,354	8,784

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Government grants	44	33	17	11	5
Claim income	5	1	3	3	1
Carbon emission quota income	-	57	57	-	-
Others	30	48	187	96	55
	79	139	264	110	61

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	24	37	23	14	6
Total interest income	24	37	23	14	6
Interest on:					
– borrowings	1,133	833	554	352	202
– lease liabilities	5	6	6	4	1
Total finance costs on financial liabilities	1,138	839	560	356	203
Less: Amount capitalised	(210)	(127)	(99)	(62)	(42)
	928	712	461	294	161
Others	3	3	9	3	5
Unwinding of discount	60	81	174	83	68
Exchange loss, net	(25)	(15)	(14)	-	7
Total finance costs	966	781	630	380	241
Net finance costs	942	744	607	366	235

Note:

Borrowing costs capitalised during the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025 arose on the general borrowing pools and were calculated by applying capitalisation rates from 2.3% to 3.6%, from 2.3% to 3.6%, from 2.3% to 4%, from 2.3% to 4% (unaudited) and from 1.86% to 3.6%, respectively, per annum to expenditure on qualifying assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	971	1,179	835	977	610
Deferred tax	195	(183)	(4)	(472)	18
	1,166	996	831	505	628

The tax charge for the year/period can be reconciled to the profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit before income tax	3,560	4,025	4,206	2,808	3,541
Tax at the PRC income tax rate of 25%	890	1,006	1,052	702	885
Tax effects of:					
– different tax rates of subsidiaries	(239)	(463)	(389)	(287)	(306)
– non-deductible expenses	83	120	134	103	37
– share of results of joint ventures and associates	(108)	(58)	(132)	(116)	(45)
– utilisation of tax losses and deductible temporary difference previously not recognised	(6)	(7)	(8)	(18)	(28)
– tax losses and deductible temporary difference not recognised	546	398	174	121	85
Income tax expense	1,166	996	831	505	628

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities were 25% for the Relevant Periods and for the seven months ended 2024 except for subsidiaries operating in the Western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PREIOD

Profit for the year/period has been arrived at after charging/(crediting)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	5,903	5,738	5,012	4,250	2,336
– Contributions to defined contribution plans	671	773	712	511	306
Depreciation of property, plant and equipment (note 14)	2,993	2,731	2,257	1,766	1,358
Depreciation of right-of-use assets (note 21)	120	252	178	38	37
Amortisation of intangible assets (note 17)	14	25	7	4	17
Amortisation of long-term deferred expenses (note 20)	4	-*	82	47	31
Depreciation and amortisation charged for the year	3,131	3,008	2,524	1,855	1,443
Less: amount capitalised	172	241	277	162	28
Depreciation and amortisation	2,959	2,767	2,247	1,693	1,415
Loss allowances					
– Accounts receivable (note 36.2)	79	8	(166)	(166)	(16)
– Other receivables and other loans (note 36.2)	39	195	(1)	-	(39)
– prepaid expenses	-	-	(8)	(8)	-
	118	203	(175)	(174)	(55)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR (CONTINUED)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, represent					
– gains on disposal of subsidiaries	(27)	-	-	-	(133)
– (gains)/losses on entrusted loans	(69)	(52)	(42)	(26)	(19)
– factoring services	3	-	1	-	-
– fair value gains on financial assets at fair value through profit or loss	(2)	(2)	-	-	-
– fair value losses on derivative financial instruments	14	2	-	-	-
– impairment losses on property, plant and equipment (note 14) (note)	2,791	2,064	453	379	1
– impairment losses on intangible assets (note 17) (note)	2	1	-	-	-
– impairment losses on construction in progress (note 15) (note)	29	35	78	78	-
– impairment losses on right-of-use assets (note 21) (note)	-	19	140	140	-
– write-down of inventories (note 22)	22	6	-	-	-
– losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets	52	(7)	(54)	(27)	16
	2,815	2,066	576	544	(135)
Carrying amount of inventories sold	22,216	22,949	19,767	11,354	9,858
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	12	12	9	9	3
Auditors' remuneration					
– audit service	2	-*	1	1	-*

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR (CONTINUED)

Note:

The Target Group has recorded impairment losses for certain long-term assets.

The recoverable amount is the higher of the fair value of the cash generating units ("CGU") less costs to sell and value in use ("VIU") of the CGUs.

Recoverable amount by calculating fair value less costs to sell:

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement.

Recoverable amount by calculating present value of estimated future cash flow:

The Target Group had treated companies with impairment indicators as individual cash-generating units and had made relevant impairment assessment by calculating the present value of estimated future cash flow of each cash generating unit.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS', CHIEF EXECUTIVE AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Xu Xiaohui	(iii)	-	0.06	0.15	0.01	0.22
Li Kan	(ii)&(iii)	-	0.29	0.74	0.12	1.15
Fang Chunyang	(i)&(iii)	-	-	-	-	-
Wang Zhilu	(iii)	-	0.34	0.89	0.15	1.38
Zhao Jian	(i)	-	-	-	-	-
Zhao Jianjun	(i)&(iii)	-	-	-	-	-
Sub-total		-	0.69	1.78	0.28	2.75
Supervisors						
Zhou Yanbin	(i)&(iii)	-	-	-	-	-
Total		-	0.69	1.78	0.28	2.75

		Year ended 31 December 2023				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Li Kan	(ii)&(iii)	-	0.29	0.69	0.13	1.11
Fang Chunyang	(i)&(iii)	-	-	-	-	-
Zhao Jianjun	(i)&(iii)	-	-	-	-	-
Chen Ai	(ii)	-	0.06	0.15	0.03	0.24
Wan Jinmei	(i)&(ii)	-	-	-	-	-
Wang Zhilu	(iii)	-	0.09	0.23	0.04	0.36
Zhou Dayu	(i)&(ii)	-	-	-	-	-
Zhao Jian	(i)	-	-	-	-	-
Chen Jianqiang	(ii)	-	0.03	0.08	0.01	0.12
Sub-total		-	0.47	1.15	0.21	1.83
Supervisors						
Zhou Yanbin	(i)&(iii)	-	0.18	0.41	0.08	0.67
Total		-	0.65	1.56	0.29	2.50

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Chen Ai	(ii)	-	0.26	0.86	0.16	1.28
Wan Jinmei	(i)&(ii)	-	-	-	-	-
Zhou Dayu	(i)&(ii)	-	-	-	-	-
Chen Jianqiang	(ii)	-	0.26	0.86	0.16	1.28
Zhao Jian	(i)	-	-	-	-	-
Total		-	0.52	1.72	0.32	2.56

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Chen Ai	(ii)	-	0.15	0.42	0.09	0.66
Wan Jinmei	(i)&(ii)	-	-	-	-	-
Zhou Dayu	(i)&(ii)	-	-	-	-	-
Chen Jianqiang	(ii)	-	0.15	0.67	0.10	0.92
Zhao Jian	(i)	-	-	-	-	-
Total		-	0.30	1.09	0.19	1.58

		Seven months ended 31 July 2025				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Chen Ai	(ii)	-	0.15	0.31	0.10	0.56
Wan Jinmei	(i)&(ii)	-	-	-	-	-
Zhou Dayu	(i)&(ii)	-	-	-	-	-
Chen Jianqiang	(ii)	-	0.15	0.31	0.10	0.56
Zhao Jian	(i)	-	-	-	-	-
Total		-	0.30	0.62	0.20	1.12

Discretionary bonuses were determined in accordance with the relevant human resources policies.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

Notes:

(i) The emoluments of these directors were borne by China Energy Group during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. Li Kan was appointed as a director on 21 February 2022.
Mr. Zhou Dayu was appointed as a director on 8 October 2023.
Mr. Chen Ai was appointed as a director on 30 October 2023.
Mr. Chen Jianqiang was appointed as a director on 6 November 2023.
Ms. Wan Jinmei was appointed as a director on 27 December 2023.

(iii) Mr. Xu Xiaohui ceased to serve as a director on 26 February 2022.
Mr. Wang Zhilu ceased to serve as a director on 21 March 2023.
Mr. Zhou Yanbin ceased to serve as a supervisor on 12 June 2023.
Mr. Zhao Jianjun ceased to serve as a director on 8 October 2023.
Mr. Li Kan ceased to serve as a director on 30 October 2023.
Mr. Fang Chunyang ceased to serve as a director on 27 December 2023.

Except for those emoluments of directors or supervisors whose emoluments were borne by China Energy Group, the directors' and supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Target Company and the Target Group.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Target Group, one, nil, two, nil and two were directors of the Target Company whose emoluments are disclosed in note 11 to the Historical Financial Information for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025. The emoluments of other four, five, three, five and three highest paid individuals are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	1.34	1.72	0.84	1.21	0.36
Discretionary bonuses	3.05	4.58	2.53	4.10	0.75
Retirement scheme contributions	0.59	0.87	0.55	0.56	0.29
Total	4.98	7.17	3.92	5.87	1.40

Their emoluments are within the following band:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
HKD500,001 to HKD1,000,000	-	-	-	-	3
HKD1,000,001 to HKD1,500,000	3	1	2	5	-
HKD1,500,001 to HKD2,000,000	1	4	1	-	-
Total	4	5	3	5	3

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2022	14,152	6,092	5,282	47,280	4,238	77,044
Additions	1	239	730	63	33	1,066
Transferred from construction in progress (note 15)	867	-	178	2,434	182	3,661
Reclassification	(183)	-	-	(1,477)	1,660	-
Disposals or write-off	(146)	(58)	(16)	(361)	(50)	(631)
Others	-	443	15	5	5	468
At 31 December 2022 and 1 January 2023	14,691	6,716	6,189	47,944	6,068	81,608
Additions	54	-	297	4	29	384
Transferred from construction in progress (note 15)	26	-	186	777	101	1,090
Reclassification	(581)	292	126	4	159	-
Disposals or write-off	(21)	-	(375)	(275)	(26)	(697)
Others	(35)	20	(20)	(2)	7	(30)
At 31 December 2023	14,134	7,028	6,403	48,452	6,338	82,355

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2024	14,134	7,028	6,403	48,452	6,338	82,355
Additions	3	-	496	24	36	559
Transferred from construction in progress (note 15)	488	-	92	3,418	171	4,169
Reclassification	(1,399)	-	29	990	380	-
Disposals or write-off	(49)	(718)	(183)	(226)	(80)	(1,256)
Disposals of subsidiaries (note 42)	(4,204)	(749)	(2,241)	(6,993)	(2,244)	(16,431)
Others	31	32	2	17	47	129
At 31 December 2024 and 1 January 2025	9,004	5,593	4,598	45,682	4,648	69,525
Additions	-	-	271	-	7	278
Transferred from construction in progress (note 15)	42	-	35	2,466	39	2,582
Reclassification	6	-	-	(7)	1	-
Disposals or write-off	(33)	-	(1)	(69)	(71)	(174)
Disposals of subsidiaries (note 42)	(301)	-	-	(2,139)	(100)	(2,540)
Others	39	(313)	33	(3)	(1)	(245)
At 31 July 2025	8,757	5,280	4,936	45,930	4,523	69,426

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2022	4,346	1,517	3,277	23,572	3,371	36,083
Charge for the year	372	222	363	1,827	209	2,993
Reclassification	7	-	-	(626)	619	-
Impairment losses	673	20	123	1,945	30	2,791
Disposals or write-off	(69)	(37)	(13)	(275)	(49)	(443)
Others	(2)	-	3	-	-	1
At 31 December 2022 and 1 January 2023	5,327	1,722	3,753	26,443	4,180	41,425
Charge for the year	359	218	422	1,534	198	2,731
Reclassification	(160)	107	22	5	26	-
Impairment losses	504	319	495	700	46	2,064
Disposals or write-off	(14)	-	(365)	(267)	(25)	(671)
Others	(14)	(2)	(5)	-	5	(16)
At 31 December 2023	6,002	2,364	4,322	28,415	4,430	45,533

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2024	6,002	2,364	4,322	28,415	4,430	45,533
Charge for the year	251	129	221	1,538	118	2,257
Reclassification	(98)	-	(3)	73	28	-
Impairment losses	1	147	172	127	6	453
Disposals or write-off	(33)	(518)	(173)	(220)	(78)	(1,022)
Disposals of subsidiaries (note 42)	(2,691)	(669)	(1,976)	(4,964)	(1,297)	(11,597)
Others	(6)	-	-	1	7	2
At 31 December 2024	3,426	1,453	2,563	24,970	3,214	35,626
Charge for the period	111	80	190	851	126	1,358
Reclassification	1	-	-	(1)	-	-
Impairment losses	-	1	-	-	-	1
Disposals or write-off	(28)	-	(1)	(53)	(69)	(151)
Disposals of subsidiaries (note 42)	(1)	-	-	(15)	(6)	(22)
Others	-	-	7	-	-	7
At 31 July 2025	3,509	1,534	2,759	25,752	3,265	36,819
Net carrying amounts						
At 31 December 2022	9,364	4,994	2,436	21,501	1,888	40,183
At 31 December 2023	8,132	4,664	2,081	20,037	1,908	36,822
At 31 December 2024	5,578	4,140	2,035	20,712	1,434	33,899
At 31 July 2025	5,248	3,746	2,177	20,178	1,258	32,607

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

Notes:

(i) The Target Group was in the process of applying for the title certificates of certain of its properties with aggregate carrying amounts of RMB1,207 million, RMB1,157 million, RMB1,126 million and RMB1,099 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There is no pledged property, plant and equipment of the Target Group to secure the banking facilities granted to the Target Group at 31 December 2022, 2023 and 2024 and 31 July 2025.

(iii) Due to certain indicators of impairment for some assets, management performed an impairment assessments on the related assets and concluded that impairment provisions of RMB2,791 million, RMB1,954 million, RMB452 million, and RMB16 million were required, which were recognised in profit or loss for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2025, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company

	Buildings RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost				
At 1 January 2022	183	1	43	227
Additions	-	-	2	2
Disposals or write-off	-	-	(1)	(1)
At 31 December 2022 and 1 January 2023	183	1	44	228
Transferred from construction in progress (note 15)	-	-	3	3
Disposals or write-off	(12)	-	(1)	(13)
At 31 December 2023 and 1 January 2024	171	1	46	218
Additions	-	-	3	3
At 31 December 2024 and 1 January 2025	171	1	49	221
Others	39	-	1	40
At 31 July 2025	210	1	50	261

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Buildings RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2022	108	1	27	136
Charge for the year	4	-	4	8
Disposals or write-off	-	-	(1)	(1)
At 31 December 2022 and 1 January 2023	112	1	30	143
Charge for the year	4	-	4	8
Disposals or write-off	(9)	-	(1)	(10)
At 31 December 2023 and 1 January 2024	107	1	33	141
Charge for the year	4	-	4	8
At 31 December 2024 and 1 January 2025	111	1	37	149
Charge for the period	2	-	2	4
At 31 July 2025	113	1	39	153
Net carrying amounts				
At 31 December 2022	71	-	14	85
At 31 December 2023	64	-	13	77
At 31 December 2024	60	-	12	72
At 31 July 2025	97	-	11	108

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate carrying amounts of RMB0.21 million, RMB0.21 million, RMB0.20 million and RMB0.20 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There is no pledged property, plant and equipment of the Target Company to secure the banking facilities granted to the Target Company at 31 December 2022, 2023 and 2024 and 31 July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	3,764	1,077	4,407	5,164
Additions	1,633	5,311	6,037	1,684
Transferred to property, plant and equipment (note 14)	(3,661)	(1,090)	(4,169)	(2,582)
Impairment losses (note)	(29)	(35)	(78)	-
Others	(630)	(856)	(1,033)	-
At the end of the year/period	1,077	4,407	5,164	4,266

Note:

As a result of deferral of certain projects, management performed impairment assessments on the related construction in progress and concluded that impairment provisions of RMB29 million, RMB35 million, RMB78 million and nil were required which were recognised in profit or loss for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2025, respectively.

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	261	6	6	-
Transferred to property, plant and equipment (note 14)	-	(3)	-	-
Others	(255)	3	(6)	-
At the end of the year/period	6	6	-	-

16. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Target Group. As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amounts of the exploration and evaluation assets were RMB74 million, RMB75 million, RMB78 million and RMB79 million, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INTANGIBLE ASSETS

The Target Group

The movements of intangible assets, mainly software, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	344	339	393	396
Additions	20	80	114	64
Amortisation	(14)	(25)	(7)	(17)
Disposals	(9)	-	(104)	(22)
Impairment losses	(2)	(1)	-	-
At the end of the year/period	339	393	396	421

The Target Company

The movements of intangible assets, mainly software, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	21	20	27	32
Additions	2	11	8	11
Amortisation	(3)	(4)	(3)	(4)
At the end of the year/period	20	27	32	39

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted shares, at cost	1,991	2,691	3,157	4,137
Share of post-acquisition profits and other comprehensive income, net of dividend received	615	303	523	97
	2,606	2,994	3,680	4,234

The Target Group's Joint ventures and associates are unlisted and established in the PRC. The following list contains only the particulars of joint ventures and associates, which principally affect the results or assets of the Target Group:

Name of entities	Proportion of ownership interest and voting power held by the Target Group				Principal activities
	31 December 2022 %	31 December 2023 %	31 December 2024 %	31 July 2025 %	
Joint ventures and associates					
China Energy Group Inner Mongolia Shanghai Temple Power Co. Ltd. ("Shanghai Temple Power") (note)	50	50	50	50	Thermal power generation
Ningxia Ninglu Coal and Power Co., Ltd. ("Ningxia Ninglu") (note)	50	50	50	50	Thermal power generation
Shanxi Hexin Electric Power Development Co., Ltd. ("Shanxi Hexin") (note)	29.5	29.5	29.5	29.5	Wind power generation
Shaanxi Binchang Wenjiapo Mining Co., Ltd. ("Wenjiapo Mining") (note)	49	49	49	49	Coal mining and dressing
Shaanxi Binchang Wenjiapo Power Generation Co., Ltd. ("Wenjiapo Power Generation") (note)	-	-	-	49	Wind power generation

Note: The equity interests of these entities are directly held by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material joint ventures and associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below:

	Shanghai Temple Power			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	273	824	1,366	1,794
Non-current assets	4,049	4,758	4,677	4,566
Total assets	4,322	5,582	6,043	6,360
Current liabilities	822	1,861	2,220	2,446
Non-current liabilities	2,844	2,890	2,595	2,433
Total liabilities	3,666	4,751	4,815	4,879
Net assets	656	831	1,228	1,481
Target Group's proportion of ownership interest	50%	50%	50%	50%
Carrying amount of equity investment in a joint venture	328	416	614	741

	Shanghai Temple Power				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	30	2,524	3,278	2,742	2,020
Profit/(loss) for the year/period	(43)	24	198	120	258
Total comprehensive income/(loss) for the year/period	(43)	24	198	120	258

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material joint ventures and associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below: (continued)

	Ningxia Ninglu			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	614	755	861	744
Non-current assets	2,539	2,528	2,532	2,487
Total assets	3,153	3,283	3,393	3,231
Current liabilities	1,053	864	877	728
Non-current liabilities	202	117	92	29
Total liabilities	1,255	981	969	757
Net assets	1,898	2,302	2,424	2,474
Target Group's proportion of ownership interest	50%	50%	50%	50%
Carrying amount of equity investment in a joint venture	949	1,151	1,212	1,237

	Ningxia Ninglu				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	1,492	1,708	1,328	829	753
Profit for the year/period	598	404	122	95	34
Total comprehensive income for the year/period	598	404	122	95	34

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material joint ventures and associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below: (continued)

	Shanxi Hexin			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	1,007	621	528	494
Non-current assets	5,983	1,571	1,870	1,710
Total assets	6,990	2,192	2,398	2,204
Current liabilities	1,008	716	729	457
Non-current liabilities	481	370	542	614
Total liabilities	1,489	1,086	1,271	1,071
Non-controlling interests	4,774	149	71	87
Net assets	727	957	1,056	1,046
Target Group's proportion of ownership interest	29.5%	29.5%	29.5%	29.5%
Carrying amount of equity investment in an associate	215	282	312	309

	Shanxi Hexin				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	1,506	1,319	985	571	558
Profit/(loss) for the year/period	(212)	162	84	80	4
Total comprehensive income/(loss) for the year/period	(212)	162	84	80	4

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material joint ventures and associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below: (continued)

	Wenjiapo Mining			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	601	228	793	337
Non-current assets	6,923	6,999	7,175	7,542
Total assets	7,524	7,227	7,968	7,879
Current liabilities	4,694	4,266	4,244	4,138
Non-current liabilities	560	629	698	821
Total liabilities	5,254	4,895	4,942	4,959
Net assets	2,270	2,332	3,026	2,920
Target Group's proportion of ownership interest	49%	49%	49%	49%
Carrying amount of equity investment in an associate	1,112	1,143	1,483	1,431

	Wenjiapo Mining				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	2,559	1,968	2,158	1,362	1,190
Profit for the year/period	596	70	713	246	217
Total comprehensive income for the year/period	596	70	713	246	217

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material joint ventures and associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below: (continued)

	Wenjiapo Power Generation			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	-	-	-	515
Non-current assets	-	-	-	2,931
Total assets	-	-	-	3,446
Current liabilities	-	-	-	636
Non-current liabilities	-	-	-	1, 874
Total liabilities	-	-	-	2, 510
Net assets	-	-	-	936
Target Group's proportion of ownership interest	-	-	-	49%
Carrying amount of equity investment in an associate	-	-	-	458

	Wenjiapo Power Generation				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	-	-	-	-	450
Profit for the year/period	-	-	-	-	15
Total comprehensive income for the year/period	-	-	-	-	15

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The Target Group (continued)

Aggregate information of joint ventures and associates that are not individually immaterial:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Aggregate carrying amount of individually immaterial associates	2	2	59	58

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Aggregate amounts of the Target Group's share of individually immaterial associates:					
– Profit for the year/period	15	15	-	-	-
– Total comprehensive income/(loss) for the year/period	(7)	(6)	-	-	-

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted shares, at cost	1,985	2,688	3,157	3,991
Share of post-acquisition profits and other comprehensive income, net of dividend received	618	305	523	253
	2,603	2,993	3,680	4,244

19. INVESTMENTS IN SUBSIDIARIES

The Target Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	30 June 2025 RMB'000
Investments, at cost	28,376	28,200	15,861	15,829
Less: Impairment	(10,481)	(13,280)	(37)	(37)
Net carrying amount	17,895	14,920	15,824	15,792

The Target Company's balances with subsidiaries are unsecured, interest-free and repayable on demand. Further details of the Target Company's balances with subsidiaries are included in note 41 to the Historical Financial Information.

Particulars of the Target Company's principal subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. OTHER NON-CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	77	139	1,923	2,859
Entrusted loan	1,269	1,140	1,490	1,450
Long-term deferred expenses	-	2	398	367
	1,346	1,281	3,811	4,676

Note: As at the end of each of the Relevant Periods, the entrusted loans provided by the Target Group to the Excluded Business were 1 year loan and born the interest rates ranging from 3.15% to 4.35% per annum, 2.40% to 2.80% per annum, 2.10% to 3.65% per annum and 1.80% to 2.55% per annum, respectively.

The movements of long-term deferred expense during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	4	-	2	398
Additions	-	2	476	-
Amortisation	(4)	-	(80)	(31)
At the end of the year/period	-	2	398	367

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Entrusted loan	3,000	4,240	4,180	2,642

21. RIGHT-OF-USE ASSETS

The Target Group

The right-of-use assets represent the considerations of land use rights paid to the PRC's government authorities and the amounts of leased assets. The Target Group is in the process of applying for the title certificates of certain land use rights with aggregate carrying amounts of RMB89 million, RMB139 million and RMB138 million as at 31 December 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Group (continued)

The Target Group leases assets including buildings, machinery, equipment and other properties, and land use rights. Information about leases for which the Target Group is a lessee is presented below.

	Buildings RMB million	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Cost				
At 1 January 2022	30	420	3,493	3,943
Additions	-	-	474	474
Disposals	-	(323)	-	(323)
At 31 December 2022 and 1 January 2023	30	97	3,967	4,094
Additions	4	155	144	303
Disposals	-	-	(27)	(27)
At 31 December 2023 and 1 January 2024	34	252	4,084	4,370
Additions	8	-	349	357
Disposals	-	(155)	(2,097)	(2,252)
At 31 December 2024 and 1 January 2025	42	97	2,336	2,475
Additions	-	-	63	63
Disposals	-	-	(80)	(80)
At 31 July 2025	42	97	2,319	2,458
Accumulated depreciation				
At 1 January 2022	8	48	592	648
Depreciation	8	14	98	120
Disposals	-	(35)	-	(35)
At 31 December 2022 and 1 January 2023	16	27	690	733
Depreciation	10	25	217	252
Disposals	-	-	(3)	(3)
At 31 December 2023 and 1 January 2024	26	52	904	982
Depreciation	8	18	152	178
Disposals	-	(15)	(489)	(504)
At 31 December 2024 and 1 January 2025	34	55	567	656
Depreciation	3	8	26	37
Disposals	-	-	(8)	(8)
At 31 July 2025	37	63	585	685

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Group (continued)

	Buildings RMB million	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Impairment losses				
At 1 January 2022, 31 December 2022 and 1 January 2023	-	-	59	59
Additions	-		19	19
At 31 December 2023 and 1 January 2024	-		78	78
Additions	-	140	-	140
Disposals	-	(140)	(78)	(218)
At 31 December 2024, 1 January 2025 and 31 July 2025	-	-	-	-
Net carrying amounts				
At 31 December 2022	14	70	3,218	3,302
At 31 December 2023	8	200	3,102	3,310
At 31 December 2024	8	42	1,769	1,819
At 31 July 2025	5	34	1,734	1,773

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company

As at December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

The Target Company leases assets including buildings and land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Buildings RMB million	Land use rights RMB million	Total RMB million
Cost			
At 1 January 2022	30	14	44
At 31 December 2022 and 1 January 2023	30	14	44
Additions	4	-	4
At 31 December 2023 and 1 January 2024	34	14	48
Additions	8	-	8
At 31 December 2024 and 1 January 2025	42	14	56
At 31 July 2025	42	14	56
Accumulated depreciation			
At 1 January 2022	8	4	12
Depreciation	8	-	8
At 31 December 2022 and 1 January 2023	16	4	20
Depreciation	10	-	10
At 31 December 2023 and 1 January 2024	26	4	30
Depreciation	8	1	9
At 31 December 2024 and 1 January 2025	34	5	39
Depreciation	3	-	3
At 31 July 2025	37	5	42
Net carryng amounts			
At 31 December 2022	14	10	24
At 31 December 2023	8	10	18
At 31 December 2024	8	9	17
At 31 July 2025	5	9	14

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. INVENTORIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	425	417	216	176
Materials and supplies	363	342	182	201
	788	759	398	377
Less: write-down of inventories	(55)	(56)	(34)	(34)
	733	703	364	343

The movements in write-down of inventories during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	76	55	56	34
Write-down of inventories	22	6	-	-
Write-off of inventories	(43)	(5)	(22)	-
At the end of the year/period	55	56	34	34

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	-*	-	-	-*
Materials and supplies	-	-*	-*	-*
	-*	-*	-*	-*
Less: write-down of inventories	-	-	-	-
	-*	-*	-*	-*

* Amount smaller than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	183	34	57	306
– Associates	268	236	3	98
– Third parties	2,526	2,038	1,736	2,161
	2,977	2,308	1,796	2,565
Less: Allowance for credit losses	323	281	17	1
	2,654	2,027	1,779	2,564
Bills receivable				
– China Energy Group and fellow subsidiaries	-	-	200	-
– Third parties	148	470	261	-
	148	470	461	-
	2,802	2,497	2,240	2,564

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by PRC banks and others financial institutions, which would expire within one year. As at the end of each of the Relevant Periods, the Target Group had no bills pledged to secure bills payable.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and/or acceptance date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	2,432	1,915	1,737	2,482
One to two years	96	58	11	40
Two to three years	91	9	-	11
More than three years	35	45	31	31
	2,654	2,027	1,779	2,564

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Group (continued)

As at the end of each of the Relevant Periods, there were no accounts and bills receivables of the Target Group that were past due.

Details of credit risks of accounts and bills receivables as at the end of each of the Relevant Periods are set out in note 36.2 to the Historical Financial Information.

All accounts and bills receivables are denominated in RMB.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	50	5	1	2
– Third parties	-	1	-	-
	50	6	1	2
Less: allowance for credit losses	-	-	-	-
	50	6	1	2

As at the end of each of the Relevant Periods, all accounts receivable are from contracts with customers.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and/or acceptance date and net of loss allowance, is less than one year.

As at the end of each of the Relevant Periods, there were no accounts receivable of the Target Company that were past due.

Details of credit risks of accounts receivable as at the end of each of the Relevant Periods are set out in note 36.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost	-	-	-	-
– Entrusted loan	8	700	516	144
– Other receivables due from associates	303	353	353	273
– Other receivables	2,959	3,450	3,224	3,065
	3,270	4,503	4,093	3,482
Less: impairment losses	370	551	82	40
	2,900	3,952	4,011	3,442
Prepaid expenses and deposits	654	1,094	679	323
Deductible VAT and other taxes	885	288	424	127
	4,439	5,334	5,114	3,892

Note: As at 31 December 2022, 2023 and 31 July 2025, the entrusted loans provided by the Target Group to the Excluded Business were 1 year loan and born the interest rates at 3.65% per annum, ranging from 2.10% to 3.92% per annum and 2.10% per annum, respectively. As at 31 December 2024, the RMB516 million entrusted loans provided by the Target Group to Inner Mongolia Dayan Mining Group Co., Ltd. ("Inner Mongolia Dayan") were 1 year loan and born the interest rate at 2.50% per annum.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loan	9,745	4,563	1,118	2,244
– Other receivables	3,435	2,972	1,800	2,032
	13,180	7,535	2,918	4,276
Less: impairment losses	-	-	-	-
	13,180	7,535	2,918	4,276
Prepaid expenses and deposits	4	8	8	24
Deductible VAT and other taxes	-	163	1	-
	13,184	7,706	2,927	4,300

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. RESTRICTED BANK DEPOSITS

The Target Group

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines and restoration development deposits.

The Target Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 36.2 to the Historical Financial Information.

26. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statement of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	3,035	5,437	4,100	4,867
Less: Restricted bank deposits	42	391	468	501
Cash and cash equivalents	2,993	5,046	3,632	4,366

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 36.2 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	535	278	1,347	668

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 36.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Major non-cash transaction

During the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2024 and 2025, the Target Group had non-cash additions to right-of-use assets and lease liabilities of nil, RMB159 million, RMB8 million, RMB8 million and RMB59 million, respectively, in respect of lease arrangements.

(c) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 28)	Sale-leaseback RMB million (note 32)	Lease liabilities RMB million (note 29)	Total RMB million
At 1 January 2022	28,642	-	351	28,993
Capital element of lease rentals paid	-	-	(38)	(38)
Interest element of lease rentals paid	-	-	(5)	(5)
Interest paid	(867)	-	-	(867)
New borrowings	18,046	230	-	18,276
Repayments of borrowings	(22,079)	(5)	-	(22,084)
Interest expenses	239	5	5	249
Disposal of subsidiaries	-	-	(15)	(15)
Revision of a lease term arising from a change in the non-cancellable period of a lease	-	-	(222)	(222)
At 31 December 2022	23,981	230	76	24,287
At 1 January 2023	23,981	230	76	24,287
Capital element of lease rentals paid	-	-	(29)	(29)
Interest element of lease rentals paid	-	-	(6)	(6)
Interest paid	(708)	-	-	(708)
New borrowings	18,874	1,500	-	20,374
Repayments of borrowings	(21,500)	(20)	-	(21,520)
Interest expenses	706	27	6	739
Increase in lease liabilities from entering into new leases during the year	-	-	159	159
At 31 December 2023	21,353	1,737	206	23,296

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Borrowings RMB million (note 28)	Sale-leaseback RMB million (note 32)	Lease liabilities RMB million (note 29)	Total RMB million
At 1 January 2024	21,353	1,737	206	23,296
Capital element of lease rentals paid	-	-	(32)	(32)
Interest element of lease rentals paid	-	-	(6)	(6)
Interest paid	(509)	-	-	(509)
New borrowings	14,453	2,290	-	16,743
Repayments of borrowings	(11,739)	(1,003)	-	(12,742)
Interest expenses	504	74	6	584
Disposal of subsidiaries	(6,762)	(905)	(126)	(7,793)
Increase in lease liabilities from entering into new leases during the year	-	-	8	8
At 31 December 2024	17,300	2,193	56	19,549
At 1 January 2025	17,300	2,193	56	19,549
Capital element of lease rentals paid	-	-	(33)	(33)
Interest element of lease rentals paid	-	-	(1)	(1)
Interest paid	(155)	-	-	(155)
New borrowings	13,743	-	-	13,743
Repayments of borrowings	(12,615)	(468)	-	(13,083)
Interest expenses	184	31	1	216
Disposal of subsidiaries	(2,117)	-	-	(2,117)
Increase in lease liabilities from entering into new leases during the period	-	-	59	59
At 31 July 2025	16,340	1,756	82	18,178

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. CASH AND CASH EQUIVALENTS (CONTINUED)

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Within operating cash flows	12	12	9	9	3
Within financing cash flows	43	35	38	23	34
	55	47	47	32	37

These amounts relate to the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Lease rental paid	55	47	47	32	37

27. DEFERRED TAXATION

The Target Group

For the purpose of the presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million (unaudited)	31 July 2025 RMB million
Deferred tax assets	208	354	365	344
Deferred tax liabilities	(49)	(12)	(19)	(16)
	159	342	346	328

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION (CONTINUED)

The Target Group (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2022 RMB million
Provision for asset impairment	342	(144)	198
Long-term assets (reclamation expenses)	-	(31)	(31)
Lease transactions	-	(2)	(2)
Others	12	(18)	(6)
Net deferred tax assets	354	(195)	159

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2023 RMB million
Provision for asset impairment	198	98	296
Long-term assets (reclamation expenses)	(31)	80	49
Lease transactions	(2)	4	2
Others	(6)	1	(5)
Net deferred tax assets	159	183	342

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2024 RMB million
Provision for asset impairment	296	1	297
Long-term assets (reclamation expenses)	49	12	61
Lease transactions	2	(13)	(11)
Others	(5)	4	(1)
Net deferred tax assets	342	4	346

	1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	31 July 2025 RMB million
Provision for asset impairment	297	35	332
Long-term assets (reclamation expenses)	61	(53)	8
Lease transactions	(11)	(5)	(16)
Others	(1)	5	4
Net deferred tax assets	346	(18)	328

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION (CONTINUED)

The Target Group (continued)

As at 31 December 2022, 2023, 2024 and 31 July 2025, the Target Group had unused tax losses of RMB2,932 million, RMB2,881 million, RMB2,289 million and RMB2,522 million, respectively, and unrecognised deductible temporary differences of RMB4,908 million, RMB6,552 million, RMB3,300 million and RMB3,411 million, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RMB2,932 million, RMB2,881 million, RMB2,289 million and RMB2,522 million losses at 31 December 2022, 2023, 2024 and 31 July 2025, respectively, due to the unpredictability of future profit streams.

The expiry dates of the tax losses of the Target Group for which no deferred income tax assets were recognised are summarised as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
2023	357	-	-	-
2024	678	678	-	-
2025	856	856	856	856
2026	491	491	479	479
2027	550	550	535	535
2028	-	306	202	202
2029 and thereafter	-	-	217	450
	2,932	2,881	2,289	2,522

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. BORROWINGS

The Target Group

An analysis of the Target Group's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	4,546	3,068	3,490	4,167
Current portion of long-term borrowings	10,385	4,962	1,229	2,924
	14,931	8,030	4,719	7,091
Non-current borrowings:				
Long-term borrowings, less current portion	9,050	13,323	12,581	9,249
	9,050	13,323	12,581	9,249
Secured	1,836	762	183	153
Unsecured	22,145	20,591	17,117	16,187
	23,981	21,353	17,300	16,340

As at 31 December 2022, the Target Group's short-term borrowings bore interest at rates ranging from 1.97% to 3.60% per annum, and long-term borrowings bore interest at fixed rates ranging from 2.50% to 4.10% per annum, and at floating rates ranging from LPR-0.80% to LPR+0.35% per annum.

As at 31 December 2023, the Target Group's short-term borrowings bore interest at rates ranging from1.97% to 3.65% per annum, and long-term borrowings bore interest at fixed rates ranging from 2.40% to 3.65% per annum, and at floating rates ranging from LPR-1.80% to LPR+0.35% per annum.

As at 31 December 2024, the Target Group's short-term borrowings bore interest at rates ranging from 2.10% to 2.60% per annum, and long-term borrowings bore interest at fixed rates ranging from 2.50% to 2.70% per annum, and at floating rates ranging from LPR-1.80% to LPR-0.01% per annum.

As at 31 July 2025, the Target Group's short-term borrowings bore interest at rates ranging from 2.11% to 2.60% per annum, and long-term borrowings bore interest at fixed rates ranging from 2.50% to 2.70% per annum, and at floating rates ranging from LPR-1.80% to LPR-0.1% per annum.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. BORROWINGS (CONTINUED)

The Target Group (continued)

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	10,385	4,962	1,229	2,924
More than one year, but not exceeding two years	2,828	797	4,340	5,013
More than two years, but not exceeding five years	3,560	8,705	2,693	2,157
More than five years	2,662	3,821	5,548	2,079
	19,435	18,285	13,810	12,173

The Target Group's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rates ranging from 1.97% to 4.10% per annum with maturities through 15 June 2038	4,168	2,584	-	-
RMB denominated	Interest rates ranging from LPR-1.80% to LPR+0.35% per annum with maturities through 27 December 2039	14,925	15,435	13,627	12,020
Japanese Yen ("JPY") denominated	Interest rates of 2.50% per annum with maturities through 20 March 2031	342	266	183	153
		19,435	18,285	13,810	12,173
Less: current portion of long-term borrowings		10,385	4,962	1,229	2,924
		9,050	13,323	12,581	9,249

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. BORROWINGS (CONTINUED)

The Target Group (Continued)

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the above outstanding long-term borrowings, were borrowings from China Energy Group and fellow subsidiaries amounting to RMB6,205 million, RMB12,319 million, RMB9,018 million and RMB7,650 million, respectively, born interest at fixed rates ranging from 2.88% to 3.25% per annum, 2.50% to 2.88% per annum, nil and nil, and at floating rates ranging from LPR-0.65% to LPR-0.10% per annum, LPR-1.80% to LPR-0.10% per annum, LPR-1.80% to LPR-1.10% per annum and LPR-1.70% to LPR-0.40% per annum, respectively.

The Target Company

An analysis of the Target Company's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	500	330	-	-
Current portion of long-term borrowings	5,757	503	202	1,804
	6,257	833	202	1,804
Non-current borrowings:				
Long-term borrowings, less current portion	3,199	4,200	2,100	-
	3,199	4,200	2,100	-
Unsecured	9,456	5,033	2,302	1,804

As at 31 December 2022, the Target Company's short-term borrowings were unsecured and bore interest at a rate of 3.30% per annum, and long-term borrowings were unsecured and bore interest at fixed rates ranging from 3.25% to 3.30% per annum, and at floating rates ranging from LPR-0.80% to LPR-0.25% per annum.

As at 31 December 2023, the Target Company's short-term borrowings were unsecured and bore interest at a rate of 2.25% per annum, and long-term borrowings were unsecured and bore interest at floating rates ranging from LPR-1.80% to LPR-0.25% per annum.

As at 31 December 2024, the Target Company's long-term borrowings were unsecured and bore interest at floating rates ranging from LPR-1.80% to LPR-0.80% per annum.

As at 31 July 2025, the Target Company's long-term borrowings were unsecured and bore interest at a floating rate of LPR-1.80% per annum.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. BORROWINGS (CONTINUED)

The Target Company (continued)

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	5,757	503	202	1,804
More than one year, but not exceeding two years	2,999	200	2,100	-
More than two years, but not exceeding five years	200	4,000	-	-
More than five years				
	8,956	4,703	2,302	1,804

The Target Company's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rates ranging from 2.25% to 3.30% per annum with maturities through 28 August 2038	4,950	-	-	-
RMB denominated	Interest rates ranging fromLPR-1.80% to LPR-0.25% per annum with maturities through 2 June 2026	4,006	4,703	2,302	1,804
		8,956	4,703	2,302	1,804
Less: current portion of long-term borrowings		5,757	503	202	1,804
		3,199	4,200	2,100	-

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the above outstanding long-term borrowings, were borrowings from China Energy Group and fellow subsidiaries amounting to RMB2,000 million, RMB4,200 million, RMB2,100 million and nil, respectively, born interest at fixed rates at 3.25% per annum, nil, nil and nil, and at floating rates at LPR-0.75 per annum, ranging from LPR-1.80% to LPR-0.80% per annum, at LPR-1.80% per annum, and at LPR-1.80% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. LEASE LIABILITIES

The Target Group

The lease liabilities were repayable as follow:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million
Within 1 year	17	17	29	32	15	16	4	4
After 1 year but within 2 years	27	30	19	21	15	17	25	26
After 2 years but within 5 years	22	26	24	40	26	27	28	38
After 5 years	10	13	134	138	-	-	25	35
	76	86	206	231	56	60	82	103
Less: total future interest expenses		(10)		(25)		(4)		(21)
Present value of lease liabilities		76		206		56		82

The Target Company

The lease liabilities were repayable as follow:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million
Within 1 year	-	-	2	2	4	4	-	-
After 1 year but within 2 years	14	15	8	8	3	3	4	4
	14	15	10	10	7	7	4	4
Less: total future interest expenses		(1)		-*		-*		-*
Present value of lease liabilities		14		10		7		4

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. ACCOUNTS AND BILLS PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	253	624	622	527
– Associates	150	476	110	100
– Third parties	3,873	4,476	4,114	3,434
	4,276	5,576	4,846	4,061
Bills payable				
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	-	-	264	99
–Third parties	118	6	300	-
	118	6	564	99
	4,394	5,582	5,410	4,160

As at the end of each of the Relevant Periods, the ageing analysis of accounts and bills payables, based on the invoice date and/or acceptance date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	2,035	4,773	5,063	3,839
One to two years	453	470	252	253
Two to three years	1,464	117	54	45
More than three years	442	222	41	23
	4,394	5,582	5,410	4,160

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. ACCOUNTS AND BILLS PAYABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	-	2	2	2
– Associates	-	3	4	2
– Third parties	75	17	10	11
	75	22	16	15

As at the end of each of the Relevant Periods, the ageing analysis of accounts payable, based on the invoice date and/or acceptance date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	18	16	12	10
One to two years	6	1	3	3
Two to three years	2	1	-	1
More than three years	49	4	1	1
	75	22	16	15

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	523	591	205	853
Taxes payable other than income tax	676	798	745	526
Dividends payable	1,278	1,262	738	697
Other accrued expenses and payables (note)	2,452	2,754	1,547	1,284
	4,929	5,405	3,235	3,360

Note:

Other accrued expenses and payables of the Target Group included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	141	347	56	310

The above balances are unsecured, interest-free and payable on demand.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	4	5	6	17
Taxes payable other than income tax	12	7	9	1
Dividends payable	199	199	199	199
Other accrued expenses and payables (note)	2,382	1,752	1,674	1,807
	2,597	1,963	1,888	2,024

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	-	33	35	300

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Sale-leaseback	230	1,737	2,193	1,756
Payables for acquisition of mining rights (note (i))	1,265	1,265	1,121	1,143
Deferred income (note (ii))	171	155	146	143
Defined benefit plans	598	947	-	-
Others	338	68	27	81
	2,602	4,172	3,487	3,123
Analysed for reporting purpose as:				
Current liabilities	305	641	773	872
Non-current liabilities	2,297	3,531	2,714	2,251
	2,602	4,172	3,487	3,123

Notes:

(i) The payables for acquisition of mining rights is the present value of the annual payment mining rights during the execution of the contract.

(ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred income (note)	4	-	-	-
Analysed for reporting purpose as:				
Non-current liabilities	4	-	-	-

Note:

Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. ACCRUED RECLAMATION OBLIGATIONS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	828	1,107	1,178	1,097
Adjustment for the year/period	350	83	31	(344)
Accretion expense	55	53	48	11
Accrued reclamation obligations utilised	(126)	(65)	(71)	(55)
Disposal of subsidiaries	-	-	(89)	-
At the end of the year/period	1,107	1,178	1,097	709

34. PAID-UP CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Paid-up capital	47,261	47,261	47,261	47,261

35. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31 December 2022, 2023 and 2024 and 31 July 2025 was 62.3%, 60.4%, 50.6% and 46.6%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS

36.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	10,329	13,307	11,858	12,324
Financial assets at fair value through other comprehensive income	5	3	-	-
Financial assets measured at fair value through profit or loss	2	-	-	-
	10,336	13,310	11,858	12,324
Financial liabilities				
Amortised cost	33,676	34,159	28,365	25,447

36.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts and bills payables, borrowings, other payables, long-term liabilities and bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of the Target Group entities is RMB in which most of the transactions are denominated. However, certain of the Target Group's bank balances and borrowings are denominated in foreign currencies other than the functional currency in which they are measured.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

The carrying amounts of the Target Group's foreign currency denominated monetary assets and monetary liabilities at the end of each of the Relevant Periods are as follows:

	Liabilities			
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
JPY	342	266	183	153

	Assets			
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
JPY	2	-*	-*	-*
INR	34	196	81	83

* Amount smaller than RMB500,000.

Sensitivity analysis

The following table details the Target Group's sensitivity to a 10% increase or decrease in exchange rate of each foreign currency against RMB, while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of each of the Relevant Periods.

	JPY				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Increase/(decrease) in profit for the year/period					
– if RMB weakens against foreign currencies	(26)	(20)	(14)	(16)	(11)
– if RMB strengthens against foreign currencies	26	20	14	16	11

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Currency risk (continued)

	INR				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Increase/(decrease) in profit for the year/period					
– if RMB weakens against foreign currencies	3	15	6	9	6
– if RMB strengthens against foreign currencies	(3)	(15)	(6)	(9)	(6)

(ii) Interest rate risk

The Target Group is exposed to fair value interest rate risk in relation to fixed-rate loan and borrowings.

The Target Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and variable-rate loans. Other than the concentration of interest rate risk related to the movements in Secured Overnight Financing Rate and the loan interest published by the People's Bank of China ("PBOC"), the Target Group has no significant concentration of interest rate risk.

The Target Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings at the end of the reporting period.

The analysis is prepared assuming variable-rate borrowings outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Target Group's profit for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025 would decrease/increase by RMB127 million, RMB129 million, RMB118 million, RMB69 million (unaudited) and RMB101 million, respectively.

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group arising from the amount of financial guarantees provided by the Target Group is none. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Target Group's credit risk is significantly reduced.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables represent pledge and guarantee deposit, dividend receivables and interest receivables. The pledge and guarantee deposit is paid for regular businesses. The dividend receivables relate to the investments of the Target Company and the interest receivables mainly relate to related parties and stated owned entities. Thus, the credit risk on other receivables are limited.

The tables below detail the credit risk exposures of the Target Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Entrusted loan	24	N/A	12-month ECL	8	700	516	140
Restricted bank deposits	25	N/A	12-month ECL	42	391	468	501
Cash and cash equivalents	26	N/A	12-month ECL	2,993	5,046	3,632	4,366
Other receivables	24	N/A	12-month ECL	-	-	-	-
			Credit-impaired	3,262	3,803	3,576	3,338
Accounts receivable (note)	23	N/A	Provision matrix	2,703	2,075	1,779	2,564
			Credit-impaired	274	233	17	1
Bills receivable	23	N/A	Credit-impaired	148	470	461	-

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Target Group determines the ECL on these items by using a provision matrix, grouped by debtors' aging.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal and power because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). Accounts receivable with credit-impaired with gross carrying amounts of RMB274 million, RMB233 million, RMB17 million and RMB1 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, were assessed individually.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	2	2,703	2	2,075	-	1,779	-	2,564

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 2025, the Target Group provided RMB81 million, RMB9 million, nil and nil impairment allowance for accounts receivable, reversed RMB2 million, RMB1 million, RMB166 million, and RMB16 million and written off nil, RMB50 million, RMB16 million, and nil, respectively, based on the provision matrix.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	-	244	244
Impairment losses recognised	-	81	81
Impairment losses reversed	-	(2)	(2)
As at 31 December 2022 and 1 January 2023	-	323	323
Impairment losses recognised	-	9	9
Impairment losses reversed	-	(1)	(1)
Write-offs	-	(50)	(50)
As at 31 December 2023 and 1 January 2024	-	281	281
Impairment losses reversed	-	(166)	(166)
Write-offs	-	(16)	(16)
Other reductions		(82)	(82)
As at 31 December 2024 and 1 January 2025	-	17	17
Impairment losses reversed	-	(16)	(16)
As at 31 July 2025	-	1	1

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	-	331	331
– Impairment losses recognised	-	39	39
As at 1 January 2023	-	370	370
– Impairment losses recognised	-	195	195
– Write-offs	-	(14)	(14)
As at 1 January 2024	-	551	551
– Impairment losses recognised	-	1	1
– Impairment losses reversed		(2)	(2)
– Write-offs	-	(468)	(468)
As at 1 January 2025	-	82	82
– Impairment losses reversed	-	(39)	(39)
– Write-offs	-	(3)	(3)
As at 31 July 2025	-	40	40

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each of the Relevant Periods) and the earliest date the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	NA	8,156	44	293	1,478	9,972	9,695
Borrowings variable interest rate	2.96%	10,013	2,377	1,966	2,761	17,117	16,076
Borrowings fixed interest rate	3.45%	5,670	768	1,810	-	8,248	7,905
		23,839	3,189	4,069	4,239	35,337	33,676

	31 December 2023						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	NA	10,899	77	1,264	2,427	14,667	12,806
Borrowings variable interest rate	2.72%	4,352	1,109	8,948	3,957	18,366	16,976
Borrowings fixed interest rate	3.05%	4,295	69	131	-	4,495	4,377
		19,546	1,255	10,343	6,384	37,528	34,159

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	31 December 2024						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	NA	9,257	934	1,937	2,164	14,292	11,065
Borrowings variable interest rate	2.40%	1,948	4,673	2,880	5,719	15,220	14,060
Borrowings fixed interest rate	2.88%	3,194	62	60	-	3,316	3,240
		14,399	5,669	4,877	7,883	32,828	28,365

	31 July 2025						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	NA	7,805	1,350	238	2,595	11,988	9,107
Borrowings variable interest rate	2.32%	3,380	5,167	2,231	2,131	12,909	12,302
Borrowings fixed interest rate	2.31%	4,024	69	31	-	4,124	4,038
		15,209	6,586	2,500	4,726	29,021	25,447

Saved as discussed above, the Target Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.3 Fair value measurements

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:								
Borrowings-fixed interests rates	896	838	192	177	118	112	97	93

The fair value of fixed rate bank borrowings above in the Level 2 category is measured using discounted cash flow method where the future cash flows are estimated based on the contract and discounted at a rate that reflects the credit risk of the banks.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. COMMITMENTS AND CONTINGENT LIABILITIES

37.1 Capital commitments

At the end of each of the Relevant Periods, the Target Group had capital commitments for land, buildings and mining rights, exploration and evaluation assets, equipment and other as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Land, buildings and exploration and evaluation assets	7,246	4,899	3,896	5,412
– Equipment	1,349	1,147	5,866	6,931
	8,595	6,046	9,762	12,343

37.2 Environmental contingencies

To date, the Target Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Target Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Target Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

38. EMPLOYEE BENEFITS PLAN

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2025 were RMB718 million, RMB773 million, RMB712 million, and RMB306 million, respectively.

39. RELATED PARTY TRANSACTIONS

39.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, an associate of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Target Group also has entered into transactions with its associates, over which the Target Group can exercise significant influence.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (CONTINUED)

39.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

The Target Group had the following transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	10	15	12	4	2
Income from entrusted loans	(ii)	69	52	41	26	19
Interest expense	(iii)	500	676	393	138	132
Purchases of ancillary materials and spare parts	(iv)	425	106	142	103	232
Ancillary and social services	(v)	496	96	460	250	168
Sale of coal	(vi)	2,798	4,779	1,840	865	1,907
Purchase of coal	(vii)	5,058	6,391	5,260	3,166	1,900
Property leasing	(viii)	-	-	-	-	2
Purchase of equipment and construction work	(ix)	143	184	514	56	404
Other income	(x)	269	108	94	1	44
Net deposits placed with Finance Company	(xi)	(1,421)	1,949	(1,265)	248	848
Granting of loans from China Energy Group	(xii)	6,930	13,214	2,880	2,680	250
Repayment of loans to China Energy Group	(xiii)	9,440	14,099	3,099	-	347
Granting of loans to China Energy Group	(xiv)	1,959	1,300	1,605	1,055	140
Repayment of loans from China Energy Group	(xv)	2,083	1,493	2,520	1,170	555
Bills receivables discounted from Finance Company*	(xvi)	136	-	230	-	230
Factoring services	(xvii)	-	200	1,580	780	460

* China Energy Group Finance Co., Ltd.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (CONTINUED)

39.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Income from an entrusted loan represents interest earned from an entrusted loan to an associate of the Target Group. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iv) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Group's operations from fellow subsidiaries and associates of China Energy Group.

(v) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.

(vi) Sale of coal represents income from sale of coal to fellow subsidiaries and associates of China Energy Group.

(vii) Purchase of coal represents coal purchased from associates of the Target Group, associates of China Energy Group and fellow subsidiaries.

(viii) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.

(ix) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(x) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, financial service income, lease income, etc. earned from China Energy Group, an associate of China Energy Group and fellow subsidiaries.

(xi) Net deposits placed with Finance Company represents net deposits placed by the Target Group with Finance Company.

(xii) Granting of loans from China Energy Group and fellow subsidiaries.

(xiii) Repayment of loans from China Energy Group and fellow subsidiaries.

(xiv) Granting of loans to China Energy Group and fellow subsidiaries.

(xv) Recover the loan from China Energy Group and fellow subsidiaries.

(xvi) Bills receivables discounted from Finance Company represents bill acceptance and discount services provided by Finance Company to the Target Group.

(xvii) Factoring services refer to receiving factoring services from China Energy Group and fellow subsidiaries.

The directors are of the opinion that the above transactions with related parties were in accordance with the agreements governing such transactions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (CONTINUED)

39.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

Amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cash and time deposits at bank	2,740	4,690	3,424	4,273
Accounts and bills receivables	451	270	260	404
Prepaid expenses and other current assets	4,685	5,463	5,641	5,005
Other non-current assets	1,515	1,140	1,490	1,450
Total amounts due from China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Target Group	9,391	11,563	10,815	11,132
Borrowings	15,380	15,326	12,290	12,156
Accounts and bills payable	403	1,100	996	726
Accrued expenses and other payables	340	546	255	509
Contract liabilities	15	71	19	-
Long-term liabilities	230	1,737	2,193	1,756
Total amounts due to China Energy Group, an associate of China Energy Group and fellow subsidiaries, and associates of the Target Group	16,368	18,780	15,753	15,147

Other than those disclosed in notes 20, 23, 24, 28, 30, 31 and 32 to the Historical Financial Information, amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group bear no interest, are unsecured and are repayable in accordance.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (CONTINUED)

39.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	10	9	9	7	4
Post-employment benefits	*	1	1	*	*
	10	10	10	7	4

Total remuneration is included in "personnel expenses" as disclosed in note 10 to the Historical Financial Information.

39.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 38 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (CONTINUED)

39.4 Transactions with other government-related entities in the PRC (continued)

The Target Company is ultimately controlled by the PRC government and the Target Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, fellow subsidiaries and associates of the Target Group as disclosed above, the Target Group conducts business with other government-related entities which include but are not limited to the following:

- Sales and purchases of coal;
- Transportation services;
- Construction work;
- Purchases of ancillary materials and spare parts;
- Ancillary and social services; and
- Financial services arrangements.

These transactions are conducted in the ordinary course of the Target Group's business on terms comparable to those with other entities that are not government-related. The Target Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

The balances with government-related enterprises also included the accounts receivable due from sales of electricity and coal, the bank deposits placed with and loans from government-related financial institutions as well as accounts payable and other payables arising from the purchases of coal and property, plant and equipment construction and related labour service provided by other government-related enterprises.

40. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wenjiapo Power Generation (note)	PRC /Mainland China	49%	-	98
Guoneng Baoqing Coal Electrochemical Co., Ltd.	PRC /Mainland China	10%	34	37
Guoneng Shanxi Hequ Power Generation Co., Ltd.	PRC /Mainland China	40%	320	1,252
Shanxi Luneng Hequ Power Coal Development Co., Ltd	PRC /Mainland China	30%	127	373
Shaanxi Deyuan Fugu Energy Co., Ltd.	PRC /Mainland China	30%	847	1,431
Individually immaterial subsidiaries with non-controlling interests				(49)
				3,142

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wenjiapo Power Generation (note)	PRC /Mainland China	49%	-	323
Guoneng Baoqing Coal Electrochemical Co., Ltd.	PRC /Mainland China	45%	97	740
Guoneng Shanxi Hequ Power Generation Co., Ltd.	PRC /Mainland China	40%	193	1,445
Shanxi Luneng Hequ Power Coal Development Co., Ltd	PRC /Mainland China	30%	106	484
Shaanxi Deyuan Fugu Energy Co., Ltd.	PRC /Mainland China	30%	787	1,494
Individually immaterial subsidiaries with non-controlling interests				(225)
				4,261

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wenjiapo Power Generation (note)	PRC /Mainland China	49%	6	331
Guoneng Baoqing Coal Electrochemical Co., Ltd.	PRC /Mainland China	45%	69	1,111
Guoneng Shanxi Hequ Power Generation Co., Ltd.	PRC /Mainland China	40%	124	1,281
Shanxi Luneng Hequ Power Coal Development Co., Ltd	PRC /Mainland China	30%	116	509
Shaanxi Deyuan Fugu Energy Co., Ltd.	PRC /Mainland China	30%	720	2,158
Individually immaterial subsidiaries with non-controlling interests				(189)
				5,201

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Guoneng Baoqing Coal Electrochemical Co., Ltd.	PRC /Mainland China	45%	65	1,191
Guoneng Shanxi Hequ Power Generation Co., Ltd.	PRC /Mainland China	40%	109	1,398
Shanxi Luneng Hequ Power Coal Development Co., Ltd	PRC /Mainland China	30%	52	578
Shaanxi Deyuan Fugu Energy Co., Ltd.	PRC /Mainland China	30%	329	2,550
Individually immaterial subsidiaries with non-controlling interests				(445)
				5,272

Note:

The Group disposed of its 2% equity interests in Wenjiapo Power Generation, reducing its holding to 49% and leading to its reclassification as an associate accounted for under the equity method.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Wenjiapo Power Generation

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	45	250	499	/
Non-current assets	750	1,986	2,969	/
Current liabilities	94	405	758	/
Non-current liabilities	501	1,170	2,035	/
Total equity	200	661	675	/

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	-	-	206	206	/
Expenses	-	-	193	193	/
Profit and total comprehensive income for the year/period	-	-	13	13	/
Dividend paid to non-controlling interests	-	-	-	-	/
Net cash inflow from operating activities	-	-	73	70	/
Net cash outflow from investing activities	(376)	(989)	(842)	(73)	/
Net cash inflow from financing activities	287	1,049	814	-	/
Net cash inflow/(outflow)	(89)	60	45	(3)	/

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Guoneng Baoqing Coal Electrochemical Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	336	505	385	548
Non-current assets	7,227	6,963	7,128	6,949
Current liabilities	4,892	1,962	2,172	2,065
Non-current liabilities	2,303	3,861	2,873	2,786
Total equity	368	1,645	2,468	2,646

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	1,814	1,941	2,019	1,068	1,114
Expenses	1,474	1,726	1,866	992	970
Profit and total comprehensive income for the year/period	340	215	153	76	144
Dividend paid to non-controlling interests	-	-	-	-	-
Net cash inflow from operating activities	981	825	998	319	478
Net cash outflow from investing activities	(354)	(193)	(870)	(354)	(74)
Net cash outflow from financing activities	(664)	(515)	(257)	(178)	(241)
Net cash inflow/(outflow)	(37)	117	(129)	(213)	163

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Guoneng Shanxi Hequ Power Generation Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	553	828	886	984
Non-current assets	5,887	5,613	5,678	5,549
Current liabilities	2,751	1,627	2,267	2,009
Non-current liabilities	559	1,202	1,094	1,028
Total equity	3,130	3,612	3,203	3,496

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	4,365	4,441	4,206	2,329	2,432
Expenses	3,564	3,958	3,896	2,078	2,159
Profit and total comprehensive income for the year/period	801	483	310	251	273
Dividend paid to non-controlling interests	-	-	180	180	-
Net cash inflow from operating activities	1,149	1,224	959	688	571
Net cash outflow from investing activities	(630)	(379)	(397)	(269)	(144)
Net cash outflow from financing activities	(891)	(524)	(635)	(431)	(551)
Net cash inflow/(outflow)	(372)	321	(73)	(12)	(124)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Shanxi Luneng Hequ Power Coal Development Co., Ltd

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	679	1,113	1,120	1,320
Non-current assets	1,131	1,136	1,229	1,352
Current liabilities	452	505	524	616
Non-current liabilities	114	132	128	128
Total equity	1,244	1,612	1,697	1,928

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	1,784	1,736	1,726	974	1,077
Expenses	1,361	1,383	1,339	745	906
Profit and total comprehensive income for the year/period	423	353	387	229	171
Dividend paid to non-controlling interests	217	-	-	-	-
Net cash inflow/(outflow) from operating activities	445	641	(119)	3	246
Net cash outflow from investing activities	(64)	(106)	(176)	(74)	(104)
Net cash outflow from financing activities	(377)	(1)	(246)	-	(106)
Net cash inflow/(outflow)	4	534	(541)	(71)	36

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Shaanxi Deyuan Fugu Energy Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	1,262	1,559	1,683	3,183
Non-current assets	8,946	8,751	8,741	8,523
Current liabilities	4,674	4,516	2,419	2,726
Non-current liabilities	764	815	812	481
Total equity	4,770	4,979	7,193	8,499

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	6,529	6,517	6,509	3,823	3,571
Expenses	3,707	3,894	4,110	2,286	2,475
Profit and total comprehensive income for the year/period	2,822	2,623	2,399	1,537	1,096
Dividend paid to non-controlling interests	1,350	640	914	-	-
Net cash inflow from operating activities	3,028	3,712	2,832	2,123	1,880
Net cash outflow from investing activities	(532)	(861)	(723)	(382)	(333)
Net cash outflow from financing activities	(2,587)	(2,451)	(2,390)	(1,321)	(200)
Net cash inflow/(outflow)	(91)	400	(281)	420	1,347

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. DISPOSAL OF SUBSIDIARIES

42.1 Disposal of Sichuan Baima, Inner Mongolia Dayan and its subsidiaries.

In January 2024, the Target Group disposed of its entire interests in Sichuan Baima, a subsidiary of the Target Company, to a related party with nil consideration. In August 2024, the Target Group disposed of its entire interests in Inner Mongolia Dayan, Hulunbuir Dayan Survey, Design & Planning Co., Ltd., Shenhua Dayan Engineering Construction Co., Ltd., Inner Mongolia Xingguan Safety & Energy Conservation Co., Ltd., and Inner Mongolia East Energy Co., Ltd., subsidiaries of the Target Company, to related parties with nil consideration. Consequently, the aforementioned entities were not accounted as subsidiaries of the Target Company.

	2024 RMB million
Net assets disposed of:	
Non-current assets	6,174
Current assets	3,114
Current liabilities	(6,555)
Non-current liabilities	(5,323)
Non-controlling interests	28
Subtotal	2,562
Gain on disposal of a subsidiary	-
Total consideration	-
Satisfied by:	
Cash	-

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows.

	2024 RMB million
Cash consideration	-
Cash and bank balances disposed of	(1,515)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(1,515)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. DISPOSAL OF SUBSIDIARIES (CONTINUED)

42.2 Disposal of Wenjiapo Power Generation

In February 2025, the Target Company disposed of its 2% equity interests of Wenjiapo Power Generation to Shaanxi Binchang Mining Group Co., Ltd., another shareholder of Wenjiapo Power Generation. Upon completion of this disposal transaction, the Target Company's interests in Wenjiapo Power Generation decreased from 51% to 49%, and Wenjiapo Power Generation has no longer been accounted for as a subsidiary of the Target Company.

	31 July 2025 RMB million
Net assets disposed of:	
Non-current assets	2,936
Current assets	497
Current liabilities	(635)
Non-current liabilities	(2,119)
Non-controlling interests	(794)
Subtotal	(114)
Gain on disposal of a subsidiary	133
Total consideration	19
Satisfied by:	
Cash	19

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows.

	31 July 2025 RMB million
Cash consideration	19
Cash and bank balances disposed of	(97)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(78)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY

	Paid-up capital RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2022	47,261	27	(15,567)	31,721
Profit for the year	-	-	(6,509)	(6,509)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(6,509)	(6,509)
Share of reserves of joint ventures and associates	-	184	-	184
Disposal of subsidiaries		-	(195)	(195)
Others	-	47	-	47
At 31 December 2022	47,261	258	(22,271)	25,248

	Paid-up capital RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2023	47,261	258	(22,271)	25,248
Profit for the year	-	-	(1,602)	(1,602)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(1,602)	(1,602)
Share of reserves of joint ventures and associates	-	73	-	73
Capital contribution to the carved-out entities	-	(504)	-	(504)
Others	-	19	-	19
At 31 December 2023	47,261	(154)	(23,873)	23,234

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

	Paid-up capital RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2024	47,261	(154)	(23,873)	23,234
Profit for the year	-	-	1,234	1,234
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,234	1,234
Share of reserves of joint ventures and associates	-	53	-	53
Disposal of subsidiaries	-	-	(354)	(354)
Capital contribution to the carved-out entities	-	(324)	-	(324)
Others	-	24	-	24
At 31 December 2024	47,261	(401)	(22,993)	23,867

	Paid-up capital RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2024	47,261	(154)	(23,873)	23,234
Profit for the period (unaudited)	-	-	246	246
Other comprehensive income for the year (unaudited)	-	-	-	-
Total comprehensive income for the period (unaudited)	-	-	246	246
Capital contribution to the carved-out entities (unaudited)	-	(324)	-	(324)
At 31 July 2024 (unaudited)	47,261	(478)	(23,627)	23,156

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

	Paid-up capital RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2025	47,261	(401)	(22,993)	23,867
Profit for the period	-	-	343	343
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the period	-	-	343	343
Share of reserves of joint ventures and associates	-	68	-	68
Capital contribution to the carved-out entities	-	(473)	-	(473)
Disposal of subsidiaries	-	-	144	144
At 31 July 2025	47,261	(806)	(22,506)	23,949

China Energy Xinjiang Energy & Chemical Co., Ltd.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHINA ENERGY XINJIANG ENERGY & CHEMICAL CO.,LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of China Energy Xinjiang Energy & Chemical Co., Ltd. (the "Target Company") and its subsidiaries except for the Excluded Businesses as defined in note 2.1 to the Historical Financial Information (together, the "Target Group") set out on pages II-B-3 to II-B-134, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-B-3 to II-B-134 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-B-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	18,543	19,423	18,232	10,443	6,990
Cost of sales	6	(11,100)	(14,314)	(14,680)	(7,880)	(5,964)
Gross profit		7,443	5,109	3,552	2,563	1,026
Selling expenses		(97)	(106)	(128)	(75)	(62)
General and administrative expenses		(618)	(1,466)	(618)	(462)	(446)
Other gains and losses	10	13	(18)	33	23	36
Other income	7	13	34	81	27	15
Loss allowances, net of reversal	10	21	-*	1	-	-
Other expenses		(478)	(232)	(163)	(63)	(44)
Interest income	8	18	9	9	4	3
Finance costs	8	(284)	(201)	(218)	(63)	(133)
Share of results of associates		174	165	153	60	(38)
Profit before income tax		6,205	3,294	2,702	2,014	357
Income tax expense	9	(980)	(683)	(557)	(235)	(181)
Profit for the year/period	10	5,225	2,611	2,145	1,779	176
Other comprehensive income for the year/period		-	-	-	-	-
Total comprehensive income for the year/period		5,225	2,611	2,145	1,779	176

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit for the year/period attributable to:					
Equity holders of the Target Company	4,464	2,147	1,940	1,550	140
Non-controlling interests	761	464	205	229	36
	5,225	2,611	2,145	1,779	176
Total comprehensive income for the year/period attributable to:					
Equity holders of the Target Company	4,464	2,147	1,940	1,550	140
Non-controlling interests	761	464	205	229	36
	5,225	2,611	2,145	1,779	176

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Property, plant and equipment	14	10,234	13,180	14,146	13,946
Construction in progress	15	1,262	1,869	2,396	3,138
Exploration and evaluation assets	16	331	425	348	375
Intangible assets	17	226	231	271	277
Right-of-use assets	22	589	1,036	1,493	1,350
Investments in associates and joint ventures	18	1,033	1,156	1,545	1,508
Deferred tax assets	28	436	454	493	496
Other non-current assets	21	282	334	1,425	1,109
Total non-current assets		14,393	18,685	22,117	22,199
Current assets					
Inventories	23	43	124	327	502
Accounts and bills receivables	24	1,695	1,457	1,634	1,626
Financial assets at fair value through other comprehensive income	20	249	335	90	208
Prepaid expenses and other current assets	25	3,544	2,916	3,729	4,155
Restricted bank deposits	26	9	8	4	12
Time deposits with original maturity over three months	27	48	159	11	112
Cash and cash equivalents	27	1,585	3,039	2,946	2,281
Total current assets		7,173	8,038	8,741	8,896
Current liabilities					
Borrowings	29	1,192	1,182	99	1,989
Accounts and bills payables	31	3,471	5,344	7,952	5,361
Accrued expenses and other payables	32	2,479	1,974	2,096	2,238
Current portion of lease liabilities	30	67	197	421	195
Current portion of long-term liabilities	33	99	111	237	369
Income tax payable		417	407	426	264
Contract liabilities		1,016	1,222	680	1,325
Total current liabilities		8,741	10,437	11,911	11,741
Net current assets/(liabilities)		(1,568)	(2,399)	(3,170)	(2,845)
Total assets less current liabilities		12,825	16,286	18,947	19,354

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Borrowings	29	2,587	858	1,134	2,088
Long-term liabilities	33	759	3,904	4,733	4,402
Accrued reclamation obligations	34	367	407	900	862
Deferred tax liabilities	28	-	28	75	102
Lease liabilities	30	152	406	216	66
Total non-current liabilities		3,865	5,603	7,058	7,520
Net assets		8,960	10,683	11,889	11,834
Equity					
Paid-up capital	35	9,125	9,213	9,213	9,213
Reserves		(1,715)	(158)	1,097	1,109
Equity attributable to equity holders of the Target Company		7,410	9,055	10,310	10,322
Non-controlling interests		1,550	1,628	1,579	1,512
Total equity		8,960	10,683	11,889	11,834

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	8,305	55	600	(6,697)	2,263	902	3,165
Profit for the year	-	-	-	4,464	4,464	761	5,225
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,464	4,464	761	5,225
Capital contribution from equity holders	820	72	-	-	892	-	892
Appropriation of maintenance and production funds (note)	-	-	1,236	(1,236)	-	-	-
Utilisation of maintenance and production funds (note)	-	-	(343)	343	-	-	-
Share of reserves of associates	-	25	-		25	-	25
Capital contribution to the carved-out entities	-	(343)	-	-	(343)	-	(343)
Contributions from non-controlling shareholders	-	-	-	-	-	113	113
Distributions to non-controlling shareholders	-	-	-	-	-	(226)	(226)
Capital contribution of the business combinations under common control	-	180	-	-	180	-	180
Others	-	(45)	-	(26)	(71)	-	(71)
At 31 December 2022	9,125	(56)	1,493	(3,152)	7,410	1,550	8,960

Note:

Pursuant to the relevant PRC regulations, the Target Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as, production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance, funds utilised would be transferred from the specific reserve account to retained earnings/accumulated losses.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	9,125	(56)	1,493	(3,152)	7,410	1,550	8,960
Profit for the year	-	-	-	2,147	2,147	464	2,611
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,147	2,147	464	2,611
Capital contribution from equity holders	88	(73)	-	-	15	-	15
Contributions from non-controlling shareholders	-	-	-	-	-	253	253
Appropriation of maintenance and production funds (note)	-	-	1,535	(1,535)	-	-	-
Utilisation of maintenance and production funds (note)	-	-	(621)	621	-	-	-
Capital contribution to the carved-out entities	-	(385)	-	-	(385)	-	(385)
Share of reserves of associates	-	(1)	-	-	(1)	-	(1)
Distributions to non-controlling shareholders	-	-	-	-	-	(639)	(639)
Others	-	(44)	-	(87)	(131)	-	(131)
At 31 December 2023	9,213	(559)	2,407	(2,006)	9,055	1,628	10,683

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	9,213	(559)	2,407	(2,006)	9,055	1,628	10,683
Profit for the year	-	-	-	1,940	1,940	205	2,145
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,940	1,940	205	2,145
Capital contribution from equity holders	-	-	-	-	-	5	5
Appropriation of maintenance and production funds (note)	-	-	1,427	(1,427)	-	-	-
Utilisation of maintenance and production funds (note)	-	-	(648)	648	-	-	-
Capital contribution to the carved-out entities	-	(597)	-	-	(597)	-	(597)
Share of reserves of associates	-	56	-	-	56	-	56
Disposal of subsidiary	-	30	-	-	30	66	96
Distributions to non-controlling shareholders	-	-	-	-	-	(325)	(325)
Others	-	(45)	-	(129)	(174)	-	(174)
At 31 December 2024	9,213	(1,115)	3,186	(974)	10,310	1,579	11,889

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	9,213	(559)	2,407	(2,006)	9,055	1,628	10,683
Profit for the period	-	-	-	1,550	1,550	229	1,779
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,550	1,550	229	1,779
Appropriation of maintenance and production funds (note)	-	-	833	(833)	-	-	-
Utilisation of maintenance and production funds (note)	-	-	(378)	378	-	-	-
Capital contribution to the carved-out entities	-	(220)	-	-	(220)	-	(220)
Disposal of subsidiary	-	30	-	-	30	66	96
Distributions to non-controlling shareholders	-	-	-	-	-	(309)	(309)
At 31 July 2024	9,213	(749)	2,862	(911)	10,415	1,614	12,029

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	9,213	(1,115)	3,186	(974)	10,310	1,579	11,889
Profit for the period	-	-	-	140	140	36	176
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	140	140	36	176
Contributions from non-controlling shareholders	-	-	-	-	-	52	52
Appropriation of maintenance and production funds (note)	-	-	644	(644)	-	-	-
Utilisation of maintenance and production funds (note)	-	-	(372)	372	-	-	-
Capital contribution to the carved-out entities	-	(91)	-	-	(91)	-	(91)
Share of reserves of associates	-	8	-	-	8	-	8
Distributions to non-controlling shareholders	-	-	-	-	-	(155)	(155)
Others	-	(45)	-	-	(45)	-	(45)
At 31 July 2025	9,213	(1,243)	3,458	(1,106)	10,322	1,512	11,834

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOW

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit before income tax	6,205	3,294	2,702	2,014	357
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	671	1,065	931	435	597
Depreciation of right-of-use assets (note 10)	73	133	267	156	163
Amortisation of intangible assets (note 10)	11	12	2	1	7
Amortisation of long-term deferred expenses (note 10)	22	29	2	1	1
(Gains)/losses on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	2	1	11	-	(5)
Income from entrusted loans (note 10)	(15)	(61)	(44)	(23)	(31)
Impairment losses on property, plant and equipment (note 10)	-	79	-	-	-
Interest income (note 8)	(18)	(9)	(9)	(4)	(3)
Share of results of associates	(174)	(165)	(153)	(60)	38
Loss allowances, net of reversal (note 10)	(21)	-*	(1)	-	-
Provision for impairment of inventories (note 10)	-	(1)	-*	-	-*
Interest expenses	256	141	96	52	65
Other income	-	(86)	(128)	-	-
Operating cash flows before movements in working capital	7,012	4,432	3,676	2,572	1,189
Changes in working capital:					
Increase in inventories	(1)	(80)	(204)	(279)	(175)
(Increase)/decrease in accounts and bills receivables	108	150	70	741	(1,378)
Increase in prepaid expenses and other assets	(616)	(30)	(282)	(1,242)	(358)
Increase/(decrease) in accounts and bills payables	(33)	1,872	1,725	(1,356)	(1,127)
Increase/(decrease) in accrued expenses and other liabilities	185	(540)	135	1,429	261
Increase/(decrease) in contract liabilities	252	206	(535)	796	637
Cash generated from/(used in) operations	6,907	6,010	4,585	2,661	(951)
Income tax paid	(808)	(696)	(531)	(494)	(318)
Net cash generated from/(used in) operating activities	6,099	5,314	4,054	2,167	(1,269)

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOW (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(1,377)	(1,727)	(1,108)	(703)	(1,789)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	422	93	14	-	8
Net cash paid from disposal of subsidiaries	-	-	(20)	(20)	-
Investments in a joint venture	-	-	(200)	(5)	-
Dividend received from associates	22	41	19	19	7
Interest received	15	60	44	23	30
Increase/(decrease) in restricted bank deposits	1	1	4	3	(9)
Placement of time deposits with original maturity over three months	(48)	(111)	148	148	(101)
Increase/(decrease) in entrusted loan	(1,405)	595	(1,049)	(179)	203
Net cash used in investing activities	(2,370)	(1,048)	(2,148)	(714)	(1,651)

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOW (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Financing activities					
Capital element of lease rentals paid (note 27(b))	(64)	(176)	(271)	(321)	(370)
Interest element of lease rentals paid (note 27(b))	(12)	(17)	(28)	(57)	(12)
Interest paid (note 27(b))	(246)	(124)	(69)	(43)	(57)
Proceeds from borrowings (note 27(b))	950	226	1,134	1,118	3,475
Repayments of borrowings (note 27(b))	(5,673)	(1,965)	(1,848)	(208)	(738)
Proceeds from bills discounted	-	-	-	-	151
Contributions from non-controlling shareholders	113	253	5	-	52
Capital contribution from equity holders	892	15	-	-	-
Distributions to non-controlling shareholders	(226)	(639)	(325)	(309)	(155)
Capital contribution of the business combination under common control	180	-	-	-	-
Capital contribution to the carved-out entities	(343)	(385)	(597)	(220)	(91)
Net cash generated from/(used in) financing activities	(4,429)	(2,812)	(1,999)	(40)	2,255
Increase /(decrease) in cash and cash equivalents	(700)	1,454	(93)	1,413	(665)
Cash and cash equivalents, at the beginning of the year/period	2,285	1,585	3,039	3,039	2,946
Cash and cash equivalents, at the end of the year/period	1,585	3,039	2,946	4,452	2,281

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	2,899	2,908	5,049	4,946
Construction in progress	15	100	92	265	303
Exploration and evaluation assets	16	43	75	98	98
Intangible assets	17	23	36	71	77
Right-of-use assets	22	83	80	104	109
Investments in subsidiaries	19	4,107	5,384	5,106	5,174
Investments in associates and joint ventures	18	1,033	1,156	1,545	1,508
Other non-current assets	21	242	278	263	258
Total non-current assets		8,530	10,009	12,501	12,473
Current assets					
Inventories	23	18	21	48	38
Accounts and bills receivables	24	803	540	604	904
Financial assets at fair value through other comprehensive income	20	233	291	83	159
Prepaid expenses and other current assets	25	6,353	5,696	5,192	4,740
Restricted bank deposits	26	5	8	-	-
Time deposits with original maturity over three months	27	-	-	-	101
Cash and cash equivalents	27	1,003	2,128	1,452	1,284
Total current assets		8,415	8,684	7,379	7,226

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current liabilities					
Borrowings	29	1,192	1,181	99	1,962
Accounts and bills payables	31	5,525	6,874	8,257	4,914
Accrued expenses and other payables	32	733	1,452	1,453	1,796
Current portion of long-term liabilities	33	14	14	132	185
Income tax payable		13	13	13	-
Contract liabilities		971	1,179	660	1,287
Total current liabilities		8,448	10,713	10,614	10,144
Net current assets/(liabilities)		(33)	(2,029)	(3,235)	(2,918)
Total assets less current liabilities		8,497	7,980	9,266	9,555
Non-current liabilities					
Borrowings	29	1,954	226	1,100	1,334
Lease liabilities		-	-	19	15
Long-term liabilities	33	240	230	1,329	1,350
Accrued reclamation obligations	34	63	65	470	436
Total non-current liabilities		2,257	521	2,918	3,135
Net assets		6,240	7,459	6,348	6,420
Equity					
Paid-up capital	35	9,125	9,213	9,213	9,213
Reserves		(2,885)	(1,754)	(2,865)	(2,793)
Total equity		6,240	7,459	6,348	6,420

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at No. 518 Midong Middle Road, Midong District, Urumqi City, Xinjiang Uygur Autonomous Region, the PRC.

During the Relevant Periods, the Target Group was involved in coal mining activities in the PRC.

In the opinion of the directors, the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Paid-up capital (RMB million)	Proportion of ownership interest held by the Target Group (%)	Principal activities
Guoneng Xinjiang Hongshaquan Energy Co., Ltd. ("Hongshaquan Energy") 国能新疆红沙泉能源有限责任公司	PRC/Mainland China 26 July 2012	1,100	100	Coal mining
Guoneng Xinjiang Zhundong Energy Co., Ltd. ("Zhundong Energy") 国能新疆准东能源有限责任公司	PRC/Mainland China 7 August 2012	1,921	100	Coal mining
Guoneng Xinjiang Toksun Energy Co., Ltd. ("Toksun Energy") 国能新疆托克逊能源有限责任公司	PRC/Mainland China 9 June 2013	1,400	75	Coal mining

Note:

The statutory financial statements of the above entities for the years ended 31 December 2022 prepared under China Accounting Standards were audited by PKF Daxin Certified Public Accountants, certified public accountants registered in the PRC. The statutory financial statements of the above entities for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards were audited by BDO CHINA GUANG DONG SHU LUN PAN Certified Public Accountants, certified public accountants registered in the PRC.

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PRESENTATION

Pursuant to the Acquisition, as more fully explained in the paragraph headed "Pre-reorganisation" in the section headed "MAJOR AND CONNECTED TRANSACTION" in the Circular, the Target Company agreed to dispose of its equity interests in Guoneng Xinjiang Kuangou Mining Co., Ltd., Manas County Laobawan Coal Mine Branch of China Energy Xinjiang Energy & Chemical Co., Ltd. Guoneng Urumqi New Energy Development Co., Ltd., Guoneng Zhongji Qitai New Energy Co., Ltd., Guoneng Xinjiang Wenquan Power Generation Co., Ltd., Guoneng Urumqi Photovoltaic Power Generation Co., Ltd., Guoneng Kuitun New Energy Development Co., Ltd., Guoneng Zele Energy Co., Ltd., Guoneng Luopu Energy Co., Ltd., Guoneng Moyu Energy Co., Ltd., Guoneng Bole Energy Co., Ltd., the Activated Carbon Branch of China Energy Xinjiang Energy & Chemical Co., Ltd. and Guoneng Xinjiang Ganquanpu Comprehensive Energy Co., Ltd. (collectively, the "Excluded Business") before the Acquisition (the "Disposal"). The Target Group then comprised the Target Company and its subsidiaries except the Excluded Businesses.

The Historical Financial Information excludes the Excluded Business, which are under the control of the ultimate holding company, but are not strategically complementary for the Acquisition purpose. In evaluating whether the Historical Financial Information fairly presents the history of the Target Group's businesses, the directors considered, among others, the following:

1) whether the Excluded Business was in dissimilar businesses;
2) whether the Excluded Business was and would be operated autonomously both before and after the Disposal; and
3) whether the Excluded Business had no more than incidental common facilities and costs.

The Historical Financial Information has been prepared as if the Disposal had been completed at the beginning of the Relevant Periods and accounted for as a distribution to the holding company of Target Company. The Historical Financial Information does not include the assets, liabilities, results of the operations and cash flows of the Excluded Business. The transactions and balances between the Target Group and the Excluded Business have not been eliminated.

For business combination under common control in which subsidiaries directly or indirectly held by the ultimate holding company of the Target Company (the "Common Control Acquiree Entities") are acquired by the Target Group, it is accounted for using the principles of merger accounting. The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for the Relevant Periods and the seven months ended 31 July 2024 include the results and cash flows of the Common Control Acquiree Entities from the beginning of the Relevant Periods or since the date when the Common Control Acquiree Entities first came under the common control of the ultimate holding company, where this is a shorter period. The consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 July 2025 have been prepared to present the assets and liabilities of the Common Control Acquiree Entities using the existing book values from the ultimate holding company's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the business combination under common control.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 July 2025, the Target Group and the Target Company recorded net current liabilities amounting to RMB2,845 million and RMB2,918 million, respectively, because (i) there were unutilised banking facilities of RMB1,800 million available to the Target Group as at 31 July 2025, and (ii) it is expected that there would be sufficient cash inflows to be generated from the Target Group's operation based on the Target Group's cash flow projection prepared by management of the Target Group, which covered a period of not less than twelve months from 31 July 2025. In view of the above, the directors of the Target Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments as disclosed in note 37.3 to the Historical Financial Information, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 BASIS OF PREPARATION (CONTINUED)

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries except the Excluded Business. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holder of the Target Company.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Target Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Target Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the Target Group of cash-generating units) retained.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Target Group's share of losses of an associate or a joint venture exceeds the Target Group's interest in that associate or joint venture(which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate or joint venture, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investments in associates and joint ventures. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group reduces its ownership interest in an associate or a joint venture but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Target Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Historical Financial Information only to the extent of interests in the associate and joint venture that are not related to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at the point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered services entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investments in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Target Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment, which consist of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for freehold land, and mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation
Land and buildings	8 to 55 years
Mining structures and mining rights	3 – 30 years and production-based depreciation
Mining related machinery and equipment	3 to 30 years
Generators related machinery and equipment	12 to 20 years
Railway and port	6 to 25 years
Coal chemical related machinery and equipment	15 to 20 years
Furniture, fixtures, motor vehicles and other equipment	3 to 45 years

The directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a unit-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a unit-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and do not provide any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Exploration and evaluation assets

Exploration and evaluation assets comprise costs which are directly attributable to the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Expenditure during the initial exploration preparation stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to property, plant and equipment. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Obligations for land reclamation

The Target Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Target Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the unit-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or a rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the end of the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets (continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-lease is classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made at the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset, the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are performed based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets is assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collateral held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or caters for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e., the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loan receivables are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables, other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2 to the Historical Financial Information, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimation (see note 3.2 below), that the directors have made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Going concern

As described in note 2.1 of the Historical Financial Information, the Target Group's ability to continue as a going concern is dependent on generating cash inflows from its operating activities and obtaining cash inflows from borrowings to ensure sufficient cash flow to meet its liabilities as they fall due. Should the Target Group be unable to obtain adequate funding, there exists a material uncertainty regarding the Target Group's ability to continue as a going concern. The Historical Financial Information does not include any adjustments that would be necessary to the carrying amounts and classification of assets and liabilities should the Target Group be unable to continue as a going concern.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Target Group's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated on a regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised costs of mining structures and mining rights are amortised based on the units of coal produced.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates and joint ventures and other non-current assets, the recoverable amounts of the assets need to be determined. The recoverable amount is the higher of fair value less cost of disposal and value in use. It is difficult to precisely estimate the fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The Target Group recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 28 to the Historical Financial Information.

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Target Group considers the factors including the development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Target Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Target Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in note 34 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Coal	17,913	19,025	17,808	10,289	6,820
Others	630	398	424	154	170
	18,543	19,423	18,232	10,443	6,990

The Target Group's revenues are all derived from contracts with customers.

The Target Group produces and sells coal to customers at spot market. For sales of coal, revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the customers' specific location. According to the Target Group's historical experiences, there was no significant exchange or return of coal occurred. There are no sales-related warranties associated with coal.

The Target Group provides railway transportation services, shipment transportation services as well as port loading and storage services to customers. Such services are recognised as a performance obligation satisfied over time as the Target Group rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using output method.

All performance obligations of sales of coal, railway and shipment transportation services, and port loading and storage services are part of the contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Group's revenue from external customers was from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of the Target Group's non-current and non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

No single customer's revenue was accounted for 10% or more of the Target Group's total revenue during the Relevant Periods and the seven months ended 31 July 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	160	213	253	129	154
Personnel expenses	757	816	867	563	536
Repairs and maintenance	35	96	86	57	25
Depreciation and amortisation	622	1,190	1,141	478	588
Transportation charges	-	1,229	1,683	680	215
Stripping expenses	4,742	7,794	7,156	4,189	2,793
Tax and surcharges	903	706	1,004	218	538
Other operating costs	3,881	2,270	2,490	1,566	1,115
	11,100	14,314	14,680	7,880	5,964

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Government grants	3	5	31	-*	3
Compensation and penalty income	9	14	26	14	10
Others	1	15	24	13	2
	13	34	81	27	15

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	18	9	9	4	3
Total interest income	18	9	9	4	3
Interest on:					
– borrowings	246	124	69	43	57
– lease liabilities	12	17	28	9	12
Total finance costs on financial liabilities	258	141	97	52	69
Less: amount capitalised	(2)	-*	(1)	-*	(4)
	256	141	96	52	65
Other	2	2	3	1	3
Unwinding of discount	26	58	119	10	65
Total finance costs	284	201	218	63	133
Net finance costs	266	192	209	59	130

* Amount less than RMB500,000

Borrowing costs capitalised during the year ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025 arose on the general borrowing pools and were calculated by applying capitalisation rates 2.19%, 0.62%, from 0.88% to 1.45%, from 0.88% to 1.45% (unaudited), from 0.43% to 1.10%, respectively per annum to expenditure on qualifying assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	1,019	673	549	235	157
Deferred tax	(39)	10	8	-	24
	980	683	557	235	181

The tax charge for the year/period can be reconciled to the profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit before income tax	6,205	3,294	2,702	2,014	357
Tax at the PRC income tax rate of 25%	1,551	824	676	504	89
Tax effects of:					
– different tax rates of subsidiaries	(794)	(524)	(433)	(180)	(43)
– non-deductible expenses	402	418	309	56	38
– share of results of associates	(44)	(41)	(38)	15	9
– utilisation of tax losses and deductible temporary difference previously not recognised	(166)	(21)	-	-	-
– tax losses and deductible temporary difference not recognised	31	27	43	(160)	88
Income tax expense	980	683	557	235	181

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Periods and for the seven months ended 31 July 2024, except for subsidiaries operating in the Western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging/(crediting):

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	1,362	2,428	1,618	1,195	1,028
– Contributions to defined contribution plans	149	164	179	158	122
Depreciation of property, plant and equipment (note 14)	671	1,065	931	435	597
Depreciation of right-of-use assets (note 22)	73	133	267	156	163
Amortisation of intangible assets (note 17)	11	12	2	1	7
Amortisation of long-term deferred expenses (note 21)	22	29	2	1	1
Depreciation and amortisation	777	1,239	1,202	593	768
Loss allowances					
– Accounts receivable (note 37.2)	(5)	-	-	-	-
– Other receivables and other loans (note 37.2)	(16)	-*	(1)	-	-
	(21)	-*	(1)	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PERIOD (CONTINUED)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, represent					
– gains on disposal of property, plant and equipment, intangible assets and non-current assets	2	1	11	-	(5)
– income from entrusted loans	(15)	(61)	(44)	(23)	(31)
– impairment losses on property, plant and equipment (note 14)	-	79	-	-	-
– provision for impairment of inventories	-	(1)	-*	-	-*
	(13)	18	(33)	(23)	(36)
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	2	3	4	2	2
Auditors' remuneration					
– audit service	-*	-*	-*	-*	-*

* Amount less than RMB500,000

Note:

The Target Group has recorded impairment losses for certain long-term assets.

The recoverable amount is the higher of the fair value of the cash generating units ("CGU") less costs to sell and value in use ("VIU") of the CGUs.

Recoverable amount by calculating fair value less costs to sell:

As at 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025, the Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement.

Recoverable amount by calculating present value of estimated future cash flow:

The Group had treated companies with impairment indicators as individual cash-generating units and had made relevant impairment assessment by calculating the present value of estimated future cash flow of each cash generating unit.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Note	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Li Haichao	ii	-	0.41	0.48	-	0.89
Xu Kaiyu	ii	-	0.35	0.19	-	0.54
Total		-	0.76	0.67	-	1.43

		Year ended 31 December 2023				
	Note	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Li Haichao	ii	-	0.45	0.93	-	1.38
Yang Shuan	i	-	0.14	0.07	-	0.21
Total		-	0.59	1.00	-	1.59

		Year ended 31 December 2024				
	Note	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Yang Shuan	i	-	0.35	0.60	-	0.95
Li Guozhi	i	-	0.11	0.11	-	0.22
Total		-	0.46	0.71	-	1.17

		Seven months ended 31 July 2024 (unaudited)				
	Note	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Li Haichao	ii	-	0.03	0.91	-	0.94
Yang Shuan	i	-	0.03	0.33	-	0.36
Total		-	0.06	1.24	-	1.30

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Note	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Yang Shuan	i	-	0.03	0.03	-	0.06
Li Guozhi	i	-	0.03	0.03	-	0.06
Yan Shiping	i	-	0.02	0.02	-	0.04
Total		-	0.08	0.08	-	0.16

Discretionary bonuses were determined in accordance with the relevant human resources policies.

Notes:

(i) Mr. Yang Shuan was appointed as a director on 4 April 2023.
Mr. Li Guozhi was appointed as a director on 26 August 2024.
Mr. Yan Shiping was appointed as a director on 1 January 2025.

(ii) Mr. Li Haichao ceased to serve as a director on 25 August 2024.
Mr. Xu Kaiyu ceased to serve as a director on 3 April 2023.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Target Group, one, one, one, one and two were directors of the Target Company whose emoluments are disclosed in note 12 to the Historical Financial Information for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025, respectively. The emoluments of other four, four, four, four and three highest paid individuals are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	1.44	1.47	1.07	0.07	0.07
Discretionary bonuses	1.76	3.14	3.80	2.93	0.09
Total	3.20	4.61	4.87	3.00	0.16

The emoluments are within the following bands:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Nil to HKD500,000	-	-	-	-	3
HKD500,001 to HKD1,000,000	4	-	-	4	-
HKD1,000,001 to HKD1,500,000	-	4	4	-	-
Total	4	4	4	4	3

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost							
At 1 January 2022	7,623	5,668	3,971	98	23	2	17,385
Additions	3	392	333	7	21	1	757
Transferred from construction in progress (note 15)	586	14	136	31	18	1	786
Disposals or write-off	(40)	(365)	(10)	-	-	-	(415)
At 31 December 2022 and 1 January 2023	8,172	5,709	4,430	136	62	4	18,513
Additions	1	2,960	363	1	-	3	3,328
Transferred from construction in progress (note 15)	844	-	14	-	-	-	858
Disposals or write-off	(14)	-	(236)	(79)	-	-	(329)
At 31 December 2023	9,003	8,669	4,571	58	62	7	22,370

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost							
At 1 January 2024	9,003	8,669	4,571	58	62	7	22,370
Additions	1	2,194	272	-	10	7	2,484
Transferred from construction in progress (note 15)	322	-	247	8	-	-	577
Disposals or write-off	(267)	(1,009)	(163)	(4)	-	-	(1,443)
Reclassification	95	-	(95)	-	-	-	-
At 31 December 2024 and 1 January 2025	9,154	9,854	4,832	62	72	14	23,988
Additions	-	108	261	-	2	2	373
Transferred from construction in progress (note 15)	26	-	-	-	-	-	26
Disposals or write-off	-	-	(22)	-	-	-	(22)
Reclassification	22	-	(22)	-	-	-	-
At 31 July 2025	9,202	9,962	5,049	62	74	16	24,365

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment							
At 1 January 2022	3,164	1,667	2,700	20	7	-	7,558
Charge for the year	166	316	181	4	3	1	671
Impairment losses	56	3	5	-	-	-	64
Disposals or write-off	(7)	-	(7)	-	-	-	(14)
At 31 December 2022 and 1 January 2023	3,379	1,986	2,879	24	10	1	8,279
Charge for the year	173	502	374	10	5	1	1,065
Impairment losses	73	-	6	-	-	-	79
Disposals or write-off	(1)	-	(232)	-	-	-	(233)
At 31 December 2023	3,624	2,488	3,027	34	15	2	9,190

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment							
At 1 January 2024	3,624	2,488	3,027	34	15	2	9,190
Charge for the year	180	431	309	4	5	2	931
Reclassification	1	-	(1)	-	-	-	-
Disposals or write-off	(131)	-	(148)	-	-	-	(279)
At 31 December 2024 and 1 January 2025	3,674	2,919	3,187	38	20	4	9,842
Charge for the period	99	318	170	3	5	2	597
Reclassification	2	-	(2)	-	-	-	-
Disposals or write-off	-	-	(20)	-	-	-	(20)
At 31 July 2025	3,775	3,237	3,335	41	25	6	10,419
Net carrying amounts							
At 31 December 2022	4,793	3,723	1,551	112	52	3	10,234
At 31 December 2023	5,379	6,181	1,544	24	47	5	13,180
At 31 December 2024	5,480	6,935	1,645	24	52	10	14,146
At 31 July 2025	5,427	6,725	1,714	21	49	10	13,946

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

Notes:

(i) The Target Group was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB1,026 million, RMB1,105 million, RMB1,168 million and RMB1,194 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There was no pledged property, plant and equipment of the Target Group to secure the bank facilities granted to the Target Group as at 31 December 2022, 2023 and 2024 and 31 July 2025.

(iii) Due to certain indicators of impairment for some assets, management performed impairment assessments on the related assets and concluded that impairment provisions of RMB64 million , RMB79 million, nil, and nil were required, which were recognised in profit or loss for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2025, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost							
At 1 January 2022	1,630	1,469	2,306	1	11	1	5,418
Additions	-	131	150	-	-	-	281
Transferred from construction in progress (note 15)	241	-	173	-	-	1	415
Disposals or write-off	(1)	(1)	(6)	-	-	-	(8)
Others	-	-	31	-	-	-	31
At 31 December 2022 and 1 January 2023	1,870	1,599	2,654	1	11	2	6,137
Additions	-	23	190	-	-	-	213
Transferred from construction in progress (note 15)	112	-	-	-	-	-	112
Disposals or write-off	(2)	-	(202)	-	-	-	(204)
Others	4	-	(21)	-	-	2	(15)
At 31 December 2023	1,984	1,622	2,621	1	11	4	6,243

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost							
At 1 January 2024	1,984	1,622	2,621	1	11	4	6,243
Additions	466	1,555	398	15	4	-	2,438
Transferred from construction in progress (note 15)	9	-	89	-	-	-	98
Disposals or write-off	(3)	-	(145)	-	-	-	(148)
Others	-	450	-	-	-	-	450
At 31 December 2024 and 1 January 2025	2,456	3,627	2,963	16	15	4	9,081
Additions	-	-	9	-	-	-	9
Transferred from construction in progress (note 15)	-	-	-	-	-	-	-
Disposals or write-off	-	-	(12)	-	-	-	(12)
Others	3	24	41	-	2	2	72
At 31 July 2025	2,459	3,651	3,001	16	17	6	9,150

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment							
At 1 January 2022	591	515	1,697	1	5	-	2,809
Charge for the year	49	199	126	-	1	1	376
Impairment losses	54	-	-	-	-	-	54
Disposals or write-off	-	(2)	-	-	-	-	(2)
Others	-	-	1	-	-	-	1
At 31 December 2022 and 1 January 2023	694	712	1,824	1	6	1	3,238
Charge for the year	53	74	168	-	1	-	296
Disposals or write-off	-	-	(199)	-	-	-	(199)
At 31 December 2023	747	786	1,793	1	7	1	3,335

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment							
At 1 January 2024	747	786	1,793	1	7	1	3,335
Charge for the period	217	257	367	3	1	-	845
Disposals or write-off	(1)	-	(147)	-	-	-	(148)
At 31 December 2024 and 1 January 2025	963	1,043	2,013	4	8	1	4,032
Charge for the period	28	56	95	-	2	1	182
Disposals or write-off	-	-	(10)	-	-	-	(10)
At 31 July 2025	991	1,099	2,098	4	10	2	4,204
Net carrying amounts							
At 31 December 2022	1,176	887	830	-	5	1	2,899
At 31 December 2023	1,237	836	828	-	4	3	2,908
At 31 December 2024	1,493	2,584	950	12	7	3	5,049
At 31 July 2025	1,468	2,552	903	12	7	4	4,946

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB663 million, RMB443 million, RMB443 million and RMB443 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above-mentioned properties.

(ii) There was no pledged property, plant and equipment of the Target Company to secure the bank facilities granted to the Target Company as at December 2022, 2023 and 2024 and 31 July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	1,444	1,262	1,869	2,396
Additions	604	1,465	1,577	768
Transferred to property, plant and equipment (note 14)	(786)	(858)	(577)	(26)
Disposal	-	-	(473)	-
Others	-	-	-*	-
At the end of the year/period	1,262	1,869	2,396	3,138

* Amount less than RMB500,000

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	179	100	92	265
Additions	273	56	271	38
Transferred to property, plant and equipment (note 14)	(415)	(112)	(98)	-
Impairment losses	63	48	-*	-
At the end of the year/period	100	92	265	303

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

16. EXPLORATION AND EVALUATION ASSETS

The Target Group

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Target Group. As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amounts of the exploration and evaluation assets were RMB331 million, RMB425 million, RMB348 million and RMB375 million, respectively.

The Target Company

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Target Company. As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amounts of the exploration and evaluation assets were RMB43 million, RMB75 million, RMB98 million and RMB98 million, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INTANGIBLE ASSETS

The Target Group

The movements of intangible assets, mainly licenses, software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	223	226	231	271
Additions	14	17	42	13
Amortisation	(11)	(12)	(2)	(7)
Disposal	-*	-*	-*	-
At the end of the year/period	226	231	271	277

* Amount less than RMB500,000

The Target Company

The movements of intangible assets, mainly licenses, software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	15	23	36	71
Additions	11	15	37	8
Amortisation	(3)	(2)	(2)	(2)
At the end of the year/period	23	36	71	77

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	662	662	862	862
Share of post-acquisition profits and other comprehensive income, net of dividend received	371	494	683	646
	1,033	1,156	1,545	1,508

The Target Group's associates and joint ventures are unlisted and established in the PRC. The following list contains only the particulars of associates and joint ventures, which principally affect the results or assets of the Target Group:

Name of entities	Proportion of ownership interest and voting power held by the Target Group				Principal activities
	31 December 2022 %	31 December 2023 %	31 December 2024 %	31 July 2025 %	
Investments in associates					
Wuzhun Railway Co., Ltd. ("Wuzhun Railway")(note)	11.40	11.40	10.66	10.66	Freight forwarding Industry
Xinjiang Shenhua Zhongshun Logistics Co., Ltd. ("Zhongshun")(note)	40	40	40	40	Logistics and transportation services
Investments in joint ventures					
Guoneng Xinjiang Coal-to-Gas Co., Ltd.("Xinjiang Coal-to-Gas")(note)	-	-	47.11	47.11	Sales of coal and coal products

Note: The equity interests of these entities are directly hold by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material associates and joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below:

	Wuzhun Railway			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	2,601	4,120	2,703	2,188
Non-current assets	7,977	7,945	7,706	7,507
Total assets	10,578	12,065	10,409	9,695
Current liabilities	1,612	1,968	476	132
Non-current liabilities	3,254	3,491	1,189	1,089
Total liabilities	4,866	5,459	1,665	1,221
Equity	5,712	6,606	8,744	8,474
The Target Group's proportion of ownership interest	11.40%	11.40%	10.66%	10.66%
Carrying amount of equity investment in an associate	651	753	932	903

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	8,483	10,833	11,067	5,459	6,900
Profit/(loss) for the year/period	1,267	1,589	1,386	671	(102)
Total comprehensive income/(loss) for the year/period	1,267	1,589	1,386	671	(102)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material associates and joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below: (continued)

	Zhongshun			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	1,978	1,509	1,866	1,699
Non-current assets	634	630	630	600
Total assets	2,612	2,139	2,496	2,299
Current liabilities	1,945	1,395	1,572	1,136
Non-current liabilities	14	41	184	423
Total liabilities	1,959	1,436	1,756	1,559
Equity	653	703	740	740
The Target Group's proportion of ownership interest	40%	40%	40%	40%
Carrying amount of equity investment in an associate	261	281	296	296

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	2,288	3,091	3,123	1,173	1,762
Profit for the year/period	40	50	42	25	13
Total comprehensive income for the year/period	40	50	42	25	13

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Target Group (continued)

Summarised financial information of the material associates and joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below: (continued)

	Xinjiang Coal-to-Gas	
	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	388	141
Non-current assets	201	406
Total assets	589	547
Current liabilities	164	122
Non-current liabilities	-	-
Total liabilities	164	122
Equity	425	425
Target Group's proportion of ownership interest	47.11%	47.11%
Carrying amount of equity investment in a joint venture	200	200

	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	-	-	-
Profit for the year/period	-	-	-
Total comprehensive income for the year/period	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

The Target Group (continued)

Aggregate information of associates and joint ventures that are not individually material:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Aggregate carrying amount of individually immaterial associates	121	122	117	109

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Aggregate amounts of the Group's share of associates:					
– Profit/(loss) for the year/period	15	13	11	4	(2)
– Total comprehensive income/(loss) for the year/period	-	-	-	-	-

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	662	662	862	862
Share of post-acquisition profits and other comprehensive income, net of dividend received	371	494	683	646
	1,033	1,156	1,545	1,508

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. INVESTMENTS IN SUBSIDIARIES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	4,107	5,384	5,106	5,174

The Target Company's balances with subsidiaries are unsecured, interest-free and repayable on demand. Further details of the Target Company's balances with subsidiaries are included in note 42 to the Historical Financial Information.

Particulars of the Target Company's principal subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets				
Accounts and bills receivables	249	335	90	208

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets				
Accounts and bills receivables	233	291	83	159

Note:

As at 31 December 2022, 2023 and 2024 and 31 July 2025, certain accounts and bills receivables were classified as financial assets at FVTOCI, as the Target Company's and certain subsidiaries' business model is achieved both by collecting contractual cash flows and selling of these assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. OTHER NON-CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others (note (i))	236	287	292	293
Deductible Value-added Tax ("VAT")	17	37	24	9
Goodwill	2	2	2	2
Long-term loan (note (ii))	-	-	1,101	800
Long-term deferred expenses (note (iii))	27	8	6	5
	282	334	1,425	1,109

Notes:

(i) At 31 December 2024 and 31 July 2025, the Target Group had prepayments to China Energy Group and fellow subsidiaries amounting to RMB1 million and RMB1 million, respectively.

(ii) At 31 December 2024 and 31 July 2025, the Target Group had an 1.95% interest-bearing long-term loans of RMB800 million and RMB800 million, respectively, to Guoneng Xinjiang Ganquanpu Integrated Energy Co., Ltd, a subsidiary being disposed of as Excluded Business. The loan had a repayment term of 3 years and would become mature on 30 May 2027.

At 31 December 2024, the Target Group had an 1.95% interest-bearing long-term loan of RMB300 million to Guoneng Urumqi Photovoltaic Power Generation Co., Ltd, a subsidiary being disposed of as Excluded Business. The loan had a repayment term of 3 years and would become mature on 30 May 2027. The loan had been early repaid to the Target Group on 28 May 2025.

(iii) The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	48	27	8	6
Additions	1	10	-	1
Amortisation	(22)	(29)	(2)	(1)
Disposal	-	-	-	(1)
At the end of the year/period	27	8	6	5

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. OTHER NON-CURRENT ASSETS (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
VAT	2	39	25	21
Long-term deferred expenses (note)	7	6	5	4
Others	233	233	233	233
	242	278	263	258

Note:

The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	8	7	6	5
Amortisation	(1)	(1)	(1)	(1)
At the end of the year/period	7	6	5	4

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. RIGHT-OF-USE ASSETS

The Target Group

The right-of-use assets represent of considerations of land use rights paid to the PRC's government authorities and the amounts of leased assets. The Target Group is in the process of applying for the title certificates of certain land use rights with aggregate carrying amounts of RMB43 million, RMB45 million, RMB70 million and RMB71 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2022, the Target Group had bank loans secured by the Target Group's right-of-use assets with net carrying amounts of RMB3 million. As at 31 December 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

The Target Group leases assets including machinery, equipment and other properties and land use rights. Information about leases for which the Target Group is a lessee is presented below.

	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Cost			
At 1 January 2022	343	402	745
Additions	-	47	47
At 31 December 2022 and 1 January 2023	343	449	792
Additions	193	387	580
At 31 December 2023 and 1 January 2024	536	836	1,372
Additions	-	752	752
Disposals	-	(30)	(30)
At 31 December 2024 and 1 January 2025	536	1,558	2,094
Additions	-	20	20
At 31 July 2025	536	1,578	2,114
Accumulated depreciation			
At 1 January 2022	63	54	117
Depreciation	64	9	73
At 31 December 2022 and 1 January 2023	127	63	190
Depreciation	86	47	133
At 31 December 2023 and 1 January 2024	213	110	323
Depreciation	130	137	267
Disposals	-	(2)	(2)
At 31 December 2024 and 1 January 2025	343	245	588
Depreciation	75	88	163
At 31 July 2025	418	333	751

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Group (continued)

	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Impairment losses			
At 1 January 2022, 31 December 2022, 2023 and 2024 and 31 July 2025	-	(13)	(13)
Net carrying amounts			
At 31 December 2022	216	373	589
At 31 December 2023	323	713	1,036
At 31 December 2024	193	1,300	1,493
At 31 July 2025	118	1,232	1,350

The Target Company

As at 31 December 2022, the Target Company had bank loans secured by the Target Company's right-of-use assets with net carrying amounts of RMB3 million. As at 31 December 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company (continued)

The Target Company leases assets including machinery, equipment and other properties and land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Cost			
At 1 January 2022, 31 December 2022 and 2023 and 1 January 2024	-	127	127
Additions	35	3	38
At 31 December 2024 and 1 January 2025	35	130	165
Additions	-	10	10
At 31 July 2025	35	140	175
Accumulated depreciation			
At 1 January 2022	-	41	41
Depreciation	-	3	3
At 31 December 2022 and 1 January 2023	-	44	44
Depreciation	-	3	3
At 31 December 2023 and 1 January 2024	-	47	47
Depreciation	10	4	14
At 31 December 2024 and 1 January 2025	10	51	61
Depreciation	4	1	5
At 31 July 2025	14	52	66

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company (continued)

	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Net carrying amounts			
At 31 December 2022	-	83	83
At 31 December 2023	-	80	80
At 31 December 2024	25	79	104
At 31 July 2025	21	88	109

23. INVENTORIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	9	94	300	469
Materials and supplies	38	33	30	36
	47	127	330	505
Less: write-down of inventories	4	3	3	3
	43	124	327	502

The movements of write-down of inventories during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	4	4	3	3
Write-down of inventories	-	-	-	1
Write-off of inventories	-	(1)	-*	(1)
At the end of the year/period	4	3	3	3

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. INVENTORIES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	1	11	36	21
Materials and supplies	21	13	15	20
	22	24	51	41
Less: write-down of inventories	4	3	3	3
	18	21	48	38

The movements in write-down of inventories during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	4	4	3	3
Write-down of inventories	-	-	-	1
Write-off of inventories	-	(1)	-*	(1)
At the end of the year/period	4	3	3	3

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	34	78	197	329
– Third parties	272	207	262	509
	306	285	459	838
Bills receivable				
– Third parties	1,389	1,172	1,175	788
	1,695	1,457	1,634	1,626

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by PRC banks and others financial institutions, which would expire within one year. As at the end of each of the Relevant Periods, the Target Group had no bills pledged to secure bills payable.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	302	285	459	836
One to two years	4	-	-	2
More than three years	-*	-*	-*	-*
	306	285	459	838

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Group (continued)

As at the end of each of the Relevant Periods, there were no accounts and bills receivables of the Target Group that were past due.

Details of credit risks of accounts and bills receivables as at the end of each of the Relevant Periods are set out in note 37.2 to the Historical Financial Information.

All amounts in accounts and bills receivables are denominated in RMB.

Transfers of financial assets

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group endorsed bills receivable amounting to RMB4,763 million, RMB5,267 million, RMB4,478 million and RMB1,696 million, respectively, to suppliers to settle the accounts payable of same amounts. In accordance to the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Target Group if the issuing banks default payment (the "Continuing Involvement"). In the opinion of the directors, the fair values of the Continuing Involvement are insignificant, and the Target Group has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, and in the case of bills receivable being endorsed to suppliers, derecognised the associated accounts payable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	191	82	263	414
– Third parties	184	129	129	353
	375	211	392	767
Bills receivable				
– Third parties	428	329	212	137
	803	540	604	904

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by PRC banks and others financial institutions, which would expire within one year. As at the end of each of the Relevant Periods, the Target Company had no bills pledged to secure bills payable.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	371	211	392	765
One to two years	4	-	-	2
More than three years	-*	-*	-*	-*
	375	211	392	767

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Company (continued)

As at the end of each of the Relevant Periods, there were no accounts and bills receivables of the Target Company that were past due.

Details of credit risks of accounts and bills receivables as at the end of each of the Relevant Periods are set out in note 37.2 to the Historical Financial Information.

Transfers of financial and assets

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company endorsed bills receivable amounting to RMB584 million, RMB686 million, RMB364 million and RMB1,696 million, respectively, to suppliers to settle the accounts payable of same amounts. In accordance to the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Target Company if the issuing banks default payment (the "Continuing Involvement"). In the opinion of the directors, the fair values of the Continuing Involvement are insignificant, and the Target Company has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, in case of bills receivable endorsed to suppliers, derecognised the associated accounts payable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loan (note)	2,023	1,427	2,009	2,107
– Other receivables due from associates	-*	-*	-*	-*
– Other receivables	1,205	929	688	1,171
	3,228	2,356	2,697	3,278
Less: impairment losses	37	38	37	37
	3,191	2,318	2,660	3,241
Prepaid expenses and deposits	341	545	925	723
Deductible VAT and other taxes	12	53	144	191
	3,544	2,916	3,729	4,155

* Amount less than RMB500,000

Note:

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had a short-term entrusted loan of RMB956 million, RMB1,137 million, RMB1,342 million and RMB1,440 million, respectively, to Guoneng Xinjiang Kuangou Mining Co., Ltd., a subsidiary being disposed of as Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 2.3% per annum. The entrusted loan had a term of 1 year and the balance at 31 July 2025 would become mature on 19 July 2026.

As at 31 December 2024 and 31 July 2025, the Target Group had a short-term entrusted loan of RMB667 million and RMB668 million to Guoneng Western Energy Qingsong Xinjiang Mining Co., Ltd., a subsidiary being disposed of as the Excluded Business, through Industrial and Commercial Bank of China, with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 July 2025 would become mature on 15 November 2025.

As at 31 December 2022 and 2023, the Target Group had a short-term entrusted loan of RMB541 million and RMB290 million to Guoneng Xinjiang Ganquanpu Integrated Energy Co., Ltd, a subsidiary being disposed of as the Excluded Business, through Industrial and Commercial Bank of China and China Energy Group Finance Co., Ltd., with an interest rate of 3.05% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2023 had become mature on 27 June 2024.

As at 31 December 2022, the Target Group had a short-term entrusted loan of RMB195 million to Guoneng Urumqi Photovoltaic Power Generation Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 17 October 2023.

As at 31 December 2022, the Target Group had a short-term entrusted loan of RMB50 million to Guoneng Cele Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 29 November 2023.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. PREPAID EXPENSES AND OTHER CURRENT ASSETS (CONTINUED)

As at 31 December 2022, the Target Group had a short-term entrusted loan of RMB105 million to Guoneng Bole Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 28 November 2023.

As at 31 December 2022, the Target Group had a short-term entrusted loan of RMB108 million to Guoneng Moyu Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 29 November 2023.

As at 31 December 2022, the Target Group had a short-term entrusted loan of RMB67 million to Guoneng Luopu Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 29 November 2023.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loan (note)	3,082	4,089	2,317	2,371
– Other receivables due from associates	-	-	-	-
– Other receivables	2,910	1,348	1,864	2,045
	5,992	5,437	4,181	4,416
Less: impairment losses	33	33	33	33
	5,959	5,404	4,148	4,383
Prepaid expenses and deposits	385	265	987	311
Deductible VAT and other taxes	9	27	57	46
	6,353	5,696	5,192	4,740

Note:

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had a short-term entrusted loan of RMB420 million, RMB1,137 million, RMB1,342 million and RMB1,440 million, respectively, to Guoneng Xinjiang Kuangou Mining Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 2.3% per annum. The entrusted loan had a term of 1 year and the balance at 31 July 2025 would become mature on 19 July 2026.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had a short-term entrusted loan of RMB187 million, RMB627 million, RMB667 million and RMB668 million to Guoneng Western Energy Qingsong Xinjiang Mining Co., Ltd., a subsidiary being disposed of as the Excluded Business, through Industrial and Commercial Bank of China, with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 July 2025 would become mature on 15 November 2025.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had a short-term entrusted loan of RMB386 million, RMB328 million, RMB308 million and RMB264 million to China Energy Group Xinjiang Mining Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 2.3% per annum. The entrusted loan had a term of 1 year and the balance at 31 July 2025 would become mature on 19 November 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. PREPAID EXPENSES AND OTHER CURRENT ASSETS (CONTINUED)

The Target Company (continuted)

As at 31 December 2022 and 2023, the Target Company had a short-term entrusted loan of RMB1,023 million and RMB1,157 million to China Energy Group Xinjiang Tunbao Mining Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 2.3% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2023 would become mature on 9 November 2024.

As at 31 December 2022 and 2023, the Target Company had a short-term entrusted loan of RMB541 million and RMB290 million to Guoneng Xinjiang Ganquanpu Integrated Energy Co., Ltd, a subsidiary being disposed of as the Excluded Business, through Industrial and Commercial Bank of China and China Energy Group Finance Co., Ltd., with an interest rate of 3.05% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2023 had become mature on 27 June 2024.

As at 31 December 2023, the Target Company had a short-term entrusted loan of RMB550 million to Guoneng Xinjiang Zhundong Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2023 had become mature on 31 January 2024.

As at 31 December 2022, the Target Company had a short-term entrusted loan of RMB195 million to Guoneng Urumqi Photovoltaic Power Generation Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 17 October 2023.

As at 31 December 2022, the Target Company had a short-term entrusted loan of RMB50 million to Guoneng Cele Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 29 November 2023.

As at 31 December 2022, the Target Company had a short-term entrusted loan of RMB105 million to Guoneng Bole Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 28 November 2023.

As at 31 December 2022, the Target Company had a short-term entrusted loan of RMB108 million to Guoneng Moyu Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 29 November 2023.

As at 31 December 2022, the Target Company had a short-term entrusted loan of RMB67 million to Guoneng Luopu Energy Co., Ltd., a subsidiary being disposed of as the Excluded Business, through China Energy Group Finance Co., Ltd., with an interest rate of 3.65% per annum. The entrusted loan had a term of 1 year and the balance at 31 December 2022 had become mature on 29 November 2023.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. RESTRICTED BANK DEPOSITS

The Target Group

Restricted bank deposits mainly include the loan deposits, collaterals for bills payable and litigation freezing deposits.

The Target Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 37.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at banks and on hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	1,642	3,206	2,961	2,405
Less: Restricted bank deposits	9	8	4	12
Less: Time deposits with original maturity over three months	48	159	11	112
Cash and cash equivalents	1,585	3,039	2,946	2,281

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of default of the counterparty banks is insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 37.2 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	1,008	2,136	1,452	1,385
Less: Restricted bank deposits	5	8	-	-
Less: Time deposits with original maturity over three months	-	-	-	101
Cash and cash equivalents	1,003	2,128	1,452	1,284

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of default of the counterparty banks is insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 37.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (CONTINUED)

(b) Major non-cash transaction

During the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, the Target Group had non-cash additions to right-of-use assets and lease liabilities of nil, RMB560 million, RMB305 million and nil, respectively, in respect of lease arrangements.

(c) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 29)	Lease liabilities RMB million (note 30)	Long-term liabilities RMB million (note 33)	Total RMB million
At 1 January 2022	7,609	283	1,472	9,364
Capital element of lease rentals paid	-	(64)	-	(64)
Interest element of lease rentals paid	-	(12)	-	(12)
Interest paid	(240)	-	(6)	(246)
Proceeds from borrowings	950	-	-	950
Repayments of borrowings	(4,780)	-	(893)	(5,673)
Interest expenses	240	12	6	258
At 31 December 2022	3,779	219	579	4,577
At 1 January 2023	3,779	219	579	4,577
Capital element of lease rentals paid	-	(176)	-	(176)
Interest element of lease rentals paid	-	(17)	-	(17)
Interest paid	(100)	-	(24)	(124)
Proceeds from borrowings	226	-	-	226
Repayments of borrowings	(1,965)	-	-	(1,965)
Increase in lease liabilities from entering into new leases during the year	-	560	-	560
Increase in long-term liabilities from obtaining new mining rights during the year	-	-	3,158	3,158
Interest expenses	100	17	24	141
At 31 December 2023	2,040	603	3,737	6,380

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Borrowings RMB million (note 29)	Lease liabilities RMB million (note 30)	Long-term liabilities RMB million (note 33)	Total RMB million
At 1 January 2024	2,040	603	3,737	6,380
Capital element of lease rentals paid	-	(271)	-	(271)
Interest element of lease rentals paid	-	(28)	-	(28)
Interest paid	(14)	-	(55)	(69)
Proceeds from borrowings	1,041	-	93	1,134
Repayments of borrowings	(1,848)	-	-	(1,848)
Increase in lease liabilities from entering into new leases during the year	-	305	-	305
Increase in long-term liabilities from obtaining new mining rights during the year	-	-	781	781
Interest expenses	14	28	55	97
At 31 December 2024	1,233	637	4,611	6,481
At 1 January 2025	1,233	637	4,611	6,481
Capital element of lease rentals paid		(370)	-	(370)
Interest element of lease rentals paid	-	(12)	-	(12)
Interest paid	(12)		(45)	(57)
Proceeds from borrowings	3,475	-	-	3,475
Repayments of borrowings	(631)	-	(107)	(738)
Interest expenses	12	12	45	69
Disposal of lease	-	(6)	-	(6)
At 31 July 2025	4,077	261	4,504	8,842

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (CONTINUED)

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Within operating cash flows	2	3	4	2	2
Within financing cash flows	75	192	644	301	385
	77	195	648	303	387

These amounts relate to the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Lease rental paid	77	195	648	303	387

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. DEFERRED TAXATION

The Target Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	436	454	493	496
Deferred tax liabilities	-	(28)	(75)	(102)
	436	426	418	394

The following are the major deferred tax assets and liabilities recognised and the movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2022 RMB million
Allowances, primarily for receivables and inventories	395	(14)	381
Accrued reclamation obligations and related assets	1	2	3
Depreciation of property, plant and equipment	1	-	1
Others	-	51	51
Net deferred tax assets	397	39	436

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2023 RMB million
Allowances, primarily for receivables and inventories	381	(10)	371
Accrued reclamation obligations and related assets	3	(23)	(20)
Depreciation of property, plant and equipment	1	-	1
Others	51	23	74
Net deferred tax assets	436	(10)	426

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. DEFERRED TAXATION (CONTINUED)

The Target Group (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period: (continued)

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2025 RMB million
Allowances, primarily for receivables and inventories	371	4	375
Accrued reclamation obligations and related assets	(20)	(43)	(63)
Depreciation of property, plant and equipment	1	-	1
Others	74	31	105
Net deferred tax assets	426	(8)	418

	1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	31 July 2025 RMB million
Allowances, primarily for receivables and inventories	375	(1)	374
Accrued reclamation obligations and related assets	(63)	(23)	(86)
Depreciation of property, plant and equipment	1	-	1
Others	105	-	105
Net deferred tax assets	418	(24)	394

The following are unused tax losses and unrecognised deductible temporary differences available for offset against future profits as of 31 December 2022, 2023 and 2024 and 31 July 2025.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unused tax losses	813	539	629	997
Unrecognised deductible temporary differences	543	135	67	243
	1,356	674	696	1,240

The unrecognised tax losses will expire in the following years:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
2024	280	6	-	-
2025	191	191	157	-
2026	342	342	334	334
2029 and thereafter	-	-	138	663
	813	539	629	997

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. BORROWINGS

The Target Group

An analysis of the Target Group's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	-	-	-	1,927
Current portion of long-term borrowings	1,192	1,182	99	62
	1,192	1,182	99	1,989
Non-current borrowings:				
Long-term borrowings, less current portion	2,587	858	1,134	2,088
	3,779	2,040	1,233	4,077
Secured	82	-	-	-
Unsecured	3,697	2,040	1,233	4,077
	3,779	2,040	1,233	4,077

As at 31 July 2025, the Target Group's short-term borrowings bore interest at rates ranging from 1.98% to 2.11% per annum.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group's long-term borrowings bore interest at rates ranging from 2.80% to 4.99% per annum, 2.80% to 3.90% per annum, 2.30% to 3.45% per annum and LPR-1.65% to LPR-0.75% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. BORROWINGS (CONTINUED)

The Target Group (continued)

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	1,192	1,182	99	62
More than one year, but not exceeding two years	950	226	3	1,155
More than two years, but not exceeding five years	1,637	632	1,100	564
More than five years	-	-	31	369
	3,779	2,040	1,233	2,150

The Target Group's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rates ranging 2.80% per annum with maturities through 14 December 2023	82	-	-	-
RMB denominated	Interest rates ranging from LPR-1.65% to LPR-0.75% per annum with maturities through 9 July 2027	3,697	2,040	1,233	2,150
Total		3,779	2,040	1,233	2,150
Less: current portion of long-term borrowings		1,192	1,182	99	62
		2,587	858	1,134	2,088

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the above outstanding long-term borrowings were borrowings from China Energy Group and fellow subsidiaries amounting to RMB2,050 million, RMB950 million, RMB1,100 million and RMB1,100 million, which bore interest at rates ranging from 3.00% to 3.20% per annum, 3.00% to 3.20% per annum, 2.30% to 2.90% per annum, LPR-1.65% to LPR-0.75% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. BORROWINGS (CONTINUED)

The Target Company

An analysis of the Target Company's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	-	-	-	1,928
Current portion of long-term borrowings	1,192	1,181	99	34
	1,192	1,181	99	1,962
Non-current borrowings:				
Long-term borrowings, less current portion	1,954	226	1,100	1,334
	3,146	1,407	1,199	3,296
Secured	82	-	-	-
Unsecured	3,064	1,407	1,199	3,296
	3,146	1,407	1,199	3,296

As at 31 July 2025, the Target Company's short-term borrowings bore interest at rates ranging from 1.98% to 2.11% per annum.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company's long-term borrowings bore interest at rates ranging from 2.80% to 4.99% per annum, 2.80% to 3.90% per annum, 2.30% to 3.45% per annum and LPR-1.65% to LPR-0.8% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. BORROWINGS (CONTINUED)

The Target Company (continued)

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	1,192	1,181	99	34
More than one year, but not exceeding two years	1,428	226	-	1,334
More than two years, but not exceeding five years	526	-	1,100	-
More than five years	-	-	-	-
	3,146	1,407	1,199	1,368

The Target Company's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rates ranging 2.80% per annum with maturities through 14 December 2023	82	-	-	-
RMB denominated	Interest rates ranging from LPR-1.65% to LPR-0.8% per annum with maturities through 9 July 2027	3,064	1,407	1,199	1,368
Total		3,146	1,407	1,199	1,368
Less: current portion of long-term borrowings		1,192	1,181	99	34
		1,954	226	1,100	1,334

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the above outstanding long-term borrowings were borrowings from China Energy Group and fellow subsidiaries amounting to RMB2,054 million, nil, RMB1,101 million and RMB1,102 million, which bore interest at rates ranging from 3.00% to 3.20% per annum, nil, 2.30% to 2.90% per annum, LPR-1.65% to LPR-0.8% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. LEASE LIABILITIES

The Target Group

The lease liabilities were repayable as follow:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million
Within 1 year	67	75	197	219	421	439	195	204
After 1 year but within 2 years	67	73	193	210	124	128	59	64
After 2 years but within 5 years	85	88	213	216	92	95	7	8
	219	236	603	645	637	662	261	276
Less: total future interest expenses		(17)		(42)		(25)		(15)
Present value of lease liabilities		219		603		637		261

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. ACCOUNTS AND BILLS PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, and fellow subsidiaries	370	428	622	528
– Associates	4	2	2	2
– Third parties	3,097	3,536	4,384	2,864
	3,471	3,966	5,008	3,394
Bills payable	-	1,378	2,944	1,967
	3,471	5,344	7,952	5,361

As at the end of each of the Relevant Periods, the ageing analysis of accounts and bills payables, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	3,243	3,658	4,621	2,879
One to two years	59	124	219	326
Two to three years	55	44	36	64
More than three years	114	140	132	125
	3,471	3,966	5,008	3,394

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. ACCOUNTS AND BILLS PAYABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, and fellow subsidiaries	5,019	5,853	6,530	4,443
– Associates	1	1	-	-
– Third parties	505	510	549	471
	5,525	6,364	7,079	4,914
Bills payable	-	510	1,178	-
	5,525	6,874	8,257	4,914

As at the end of each of the Relevant Periods, the ageing analysis of accounts and bills payables, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	5,395	6,241	6,899	4,703
One to two years	28	35	87	107
Two to three years	40	21	19	31
More than three years	62	67	74	73
	5,525	6,364	7,079	4,914

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	132	1,128	1,142	1,367
Taxes payable other than income tax	1,318	361	494	216
Other accrued expenses and payables	1,029	485	460	655
	2,479	1,974	2,096	2,238

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	100	1,104	1,122	1,284
Taxes payable other than income tax	39	43	64	46
Other accrued expenses and payables	594	305	267	466
	733	1,452	1,453	1,796

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of mining rights (note (i))	579	3,082	3,757	3,594
Deferred income (note (ii))	139	140	140	159
Others	140	793	1,073	1,018
	858	4,015	4,970	4,771
Analysed for reporting purpose as:				
Current liabilities	99	111	237	369
Non-current liabilities	759	3,904	4,733	4,402
	858	4,015	4,970	4,771

Notes:

(i) The payables for acquisition of mining rights represent the present value of the annual payments of mining rights during the execution of the contract.

(ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of mining rights (note (i))	88	80	1,166	1,171
Deferred income (note (ii))	123	139	140	158
Others	43	25	155	206
	254	244	1,461	1,535
Analysed for reporting purposes as:				
Current liabilities	14	14	132	185
Non-current liabilities	240	230	1,329	1,350
	254	244	1,461	1,535

Notes:

(i) The payables for acquisition of mining rights represent the present value of the annual payments of mining rights during the execution of the contract.

(ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. ACCRUED RECLAMATION OBLIGATIONS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	40	367	407	900
Adjustment for the year/period	301	(18)	374	(104)
Accretion expense	26	58	119	66
At the end of the year/period	367	407	900	862

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	29	63	65	470
Adjustment for the year/period	32	–	401	(41)
Accretion expense	2	2	4	7
At the end of the year/period	63	65	470	436

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. PAID-UP CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Paid-up capital	9,125	9,213	9,213	9,213

36. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain the investors', creditors' and market's confidence and to sustain the future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31 December 2022, 2023 and 2024 and 31 July 2025 were 58.5%, 60.0%, 61.5% and 61.9%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS

37.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	6,565	7,020	8,393	8,109
Accounts and bills receivables at FVTOCI (note 20)	249	335	90	208
	6,814	7,355	8,483	8,317
Financial liabilities				
Amortised cost	6,769	11,629	14,118	13,307

37.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts and bills payables, borrowings, other payables and long-term liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of all of the members of the Target Group is RMB in which all of the transactions are denominated. So the management do not expect any significant impact from the change in exchange rates.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Target Group is exposed to fair value interest rate risk in relation to fixed-rate loan and receivables and borrowings.

The Target Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and variable-rate loans. Other than the concentration of interest rate risk related to the movements in Secured Overnight Financing Rate and the loan interest published by the People's Bank of China, the Target Group has no significant concentration of interest rate risk.

The Target Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings at the end of the reporting period.

The analysis is prepared assuming variable-rate borrowings at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Target Group's profit for the year ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025 would decrease/increase by RMB29 million, decrease/increase by RMB14 million, decrease/increase by RMB8 million, decrease/increase by RMB3 million (unaudited) and decrease/increase by RMB7 million, respectively.

Credit risk and impairment assessment

The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for the determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by analysis by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Target Group's credit risk is significantly reduced.

Loan receivables

The credit risks on loan receivables are limited because the counterparties are mainly related parties, the Target Group assesses the recoverability by reviewing their financial positions and results periodically and considers that its exposure to credit risk arising from default of the counterparties is limited.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as Industrial and Commercial Bank of China.

Other receivables

Other receivables represent pledged and guaranteed deposits, dividend receivables and interest receivables. The pledged and guaranteed deposits are for regular businesses. The dividend receivables relate to the investments of the Target Group and the interest receivables mainly relate to related parties and stated owned entities. Thus, the credit risk on other receivables are limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Target Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Loan receivables	25	N/A	12-month ECL	2,023	1,427	2,009	2,107
Restricted bank deposits	26	N/A	12-month ECL	9	8	4	12
Cash and cash equivalents and time deposits	27	N/A	12-month ECL	1,633	3,198	2,957	2,393
Other receivables	25	N/A	12-month ECL	1,202	926	685	1,168
			Credit-impaired	3	3	3	3
Accounts receivable (note)	24	N/A	Provision matrix	306	285	459	838
			Credit-impaired	-	-	-	-

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Target Group determines the ECL on these items using a provision matrix, grouped by debtors' ageing.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal, power, coal chemical products and transportation services because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivable which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). There are no credit-impaired that are gross carrying amounts of accounts receivable as at 31 December 2022, 2023 and 2024 and 31 July 2025 were assessed individually.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	-	306	-	285	-	459	-	838

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2022, the Target Group did not provide any impairment allowance for accounts receivable but reversed RMB5 million, based on the provision matrix. During the years ended 31 December 2023 and 2024 and for the seven months ended 31 July 2024 and 2025, the Target Group did not provide any impairment allowance and did not reverse any amounts for accounts receivable, based on the provision matrix.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following table shows the movements in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	5	-	5
– Impairment losses reversed	(5)	-	(5)
As at 31 December 2022 and 1 January 2023	-*	-	-*
As at 31 December 2023 and 1 January 2024	-*	-	-*
As at 31 December 2024 and 1 January 2025	-*	-	-*
As at 31 July 2025	-*	-	-*

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following tables show the reconciliation of loss allowances that have been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	50	3	53
– Impairment losses recognised	1	-	1
– Impairment losses reversed	(17)	-	(17)
As at 31 December 2022 and 1 January 2023	34	3	37
– Impairment losses recognised	1	-	1
– Impairment losses reversed	-*	-	-*
As at 31 December 2023 and 1 January 2024	35	3	38
– Impairment losses reversed	(1)	-	(1)
As at 31 December 2024 and 1 January 2025	34	3	37
As at 31 July 2025	34	3	37

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for its operations and financial and capital obligations, which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of the Relevant Periods , which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the Relevant Periods) and the earliest date the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 to 2 years RMB million	2 to 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		4,503	151	285	726	5,665	5,148
Borrowings variable interest rate	3.16	1,289	999	1,469	-	3,757	3,607
Borrowings fixed interest rate	3.53	177	-	-	-	177	172
		5,969	1,150	1,754	726	9,599	8,927

	31 December 2023						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 to 2 years RMB million	2 to 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		6,214	799	1,421	4,137	12,571	10,079
Borrowings variable interest rate	3.36	1,202	232	1,152	-	2,586	2,040
		7,416	1,031	2,573	4,137	15,157	12,119

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each of the Relevant Periods) and the earliest date the Target Group can be required to pay:(continued)

	31 December 2024						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 to 2 years RMB million	2 to 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		9,313	926	861	3,782	14,882	13,610
Borrowings variable interest rate	3.11	106	56	1,122	58	1,342	1,233
		9,419	982	1,983	3,840	16,224	14,843

	31 July 2025						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 to 2 years RMB million	2 to 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		6,743	643	779	3,700	11,865	10,499
Borrowings variable interest rate	2.68	322	1,198	345	369	2,234	2,150
Borrowings fixed interest rate	2.07	1,965	-	-	-	1,965	1,927
		9,030	1,841	1,124	4,069	16,064	14,576

Save as disclosed above the Target Group also makes use of facilities from banks and financial institutions as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.3 Fair value measurements

Fair value of the Target Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets:						
Financial assets at fair value through other comprehensive income						Discounted cash flow method. The significant unobservable inputs used by the Group for the valuation are the expected rates of return.
- Bills receivables	249	335	90	208	Level 3	

There were no transfers between Level 1, Level 2 and Level 3 during the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. FINANCIAL INSTRUMENTS (CONTINUED)

37.3 Fair value measurements (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:								
Fixed rate bank borrowings	172	166	-	-	-	-	1,927	1,923

The fair value of fixed rate bank borrowings above in the Level 2 category is measured using discounted cash flow method where the future cash flows are estimated based on the contract and discounted at a rate that reflects the credit risk of the issuers.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. COMMITMENTS AND CONTINGENT LIABILITIES

38.1 Capital commitments

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had capital commitments for land, buildings, exploration and evaluation assets, equipment and other as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Land, buildings and exploration and evaluation assets	110	2,443	237	141
– Equipment	219	107	279	165
	329	2,550	516	306

38.2 Financial guarantees issued

As at 31 December 2022, 2023 and 2024 and 31 July 2025, there were no certain financial guarantees issued by the Target Group.

38.3 Environmental contingencies

To date, the Target Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Target Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Target Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. EMPLOYEE BENEFIT PLANS

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligations for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025 were RMB139 million, RMB164 million, RMB178 million, RMB104 million and RMB122 million, respectively.

40. RELATED PARTY TRANSACTIONS

40.1 Transactions with China Energy Group, fellow subsidiaries, and associates of the Target Group

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Target Group also has entered into transactions with its associates, over which the Target Group can exercise significant influence.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. RELATED PARTY TRANSACTIONS (CONTINUED)

40.1 Transactions with China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

The Target Group had the following transactions with China Energy Group, fellow subsidiaries, and associates of the Target Group that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	17	9	9	4	1
Income from entrusted loans	(ii)	15	60	44	32	30
Interest expense	(iii)	93	43	47	29	23
Purchases of ancillary materials and spare parts	(iv)	451	398	784	449	274
Ancillary and social services	(v)	2,051	1,779	703	510	23
Transportation service income	(vi)	44	44	32	25	30
Sale of coal	(vii)	1,436	3,567	5,453	2,999	2,154
Purchase of equipment and construction work	(viii)	186	160	424	344	448
Other income	(ix)	24	15	38	4	28
Net deposits placed with Finance Company	(x)	(696)	1,181	(412)	1,156	(700)
Granting of loans from China Energy Group	(xi)	-	-	1,134	1,100	1,113
Repayment of loans from China Energy Group	(xii)	1,154	1,100	950	-	-
Factoring services	(xiii)	-	-	-	-	150

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. RELATED PARTY TRANSACTIONS (CONTINUED)

40.1 Transactions with China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the People's Bank of China ("PBOC").

(ii) Income from entrusted loan represents interest earned from an entrusted loan to an associate of the Target Group. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iv) Purchases of ancillary materials and spare parts represent the purchase of materials and utility supplies related to the Target Group's operations from fellow subsidiaries and associates of China Energy Group.

(v) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.

(vi) Transportation service income represents income earned from fellow subsidiaries in respect of coal transportation services.

(vii) Sale of coal represents income from the sale of coal to fellow subsidiaries and associates of China Energy Group.

(viii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(ix) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, financial service income, lease income, etc. earned from China Energy Group, and fellow subsidiaries.

(x) Net deposits placed with China Energy Finance Co., Ltd. ("Finance Company") represents the net deposits placed by the Target Group with Finance Company.

(xi) Granting of loans from China Energy Group and fellow subsidiaries.

(xii) Repayment of loans from China Energy Group and fellow subsidiaries.

(xiii) Factoring services refer to receiving factoring services from China Energy Group and fellow subsidiaries.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. RELATED PARTY TRANSACTIONS (CONTINUED)

40.1 Transactions with China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

The directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

The Target Group entered into a number of agreements with China Energy Group, fellow subsidiaries, and associates of the Target Group. The terms of the principal agreements are summarised as follows:

(i) The Target Company has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with associates of China Energy Group and fellow subsidiaries. Pursuant to the agreement, associates of China Energy Group and fellow subsidiaries provide the Target Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Target Group provides fellow subsidiaries with water supplies, rolling stock management, railway management, railway transportation and other related or similar production supplies or services and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.

(ii) The Target Company has entered into coal supply agreements with fellow subsidiaries and associates of the Target Group. The coal supplied is charged at the prevailing market price.

(iii) The Target Company has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Target Group. The interest rate for the deposits with Finance Company from the Target Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Target Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. RELATED PARTY TRANSACTIONS (CONTINUED)

40.1 Transactions with China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

The Target Group entered into a number of agreements with China Energy Group, fellow subsidiaries, and associates of the Target Group. The terms of the principal agreements are summarised as follows: (continued)

(iv) The Target Group entered into an agency agreement for the sale of coal with fellow subsidiaries of China Energy Group. The Target Group is appointed as the exclusive sales agent of fellow subsidiaries of China Energy Group for thermal coal and non-exclusive sales agent for coking coal. The Target Group is entitled to receive an agency fee, which is 1.7 yuan/ton based on transaction settlement volume of coal sales.

(v) The Target Company has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring Company"). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Target Group with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Target Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Target Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Target Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Target Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. RELATED PARTY TRANSACTIONS (CONTINUED)

40.1 Transactions with China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

Amounts due from/to China Energy Group, fellow subsidiaries, and associates of the Target Group:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with finance company	1,581	2,762	2,350	1,650
Accounts and bills receivables	34	78	197	329
Prepaid expenses and other current assets	2,878	2,100	2,691	2,949
Other non-current assets	-	-	1,102	801
Total amounts due from China Energy Group, fellow subsidiaries and associates of the Target Group	4,493	4,940	6,340	5,729
Borrowings	2,050	858	1,134	2,248
Accounts payable	374	430	624	530
Accrued expenses and other payables	82	138	63	46
Contract liabilities	269	440	210	945
Total amounts due to China Energy Group, and associates of the Target Group	2,775	1,866	2,031	3,769

Other than those disclosed in note 29 to the Historical Financial Information, amounts due from/to China Energy Group, fellow subsidiaries, and associates of the Target Group bear no interest, are unsecured and repayable in accordance.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. RELATED PARTY TRANSACTIONS (CONTINUED)

40.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	119	1,115	1,129	1,419	1,352
Post-employment benefits	14	14	14	57	16
	133	1,129	1,143	1,476	1,368

Total remuneration is included in "personnel expenses" as disclosed in note 12 to the Historical Financial Information.

40.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 39 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. RELATED PARTY TRANSACTIONS (CONTINUED)

40.4 Transactions with other government-related entities in the PRC

The Target Company is ultimately controlled by the PRC government and the Target Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, fellow subsidiaries and associates of the Target Group as disclosed above, the Target Group conducts business with other government-related entities which include but are not limited to the following:

– Sales and purchases of coal;

– Transportation services;

– Construction work;

– Purchases of ancillary materials and spare parts;

– Ancillary and social services; and

– Financial services arrangements.

These transactions are conducted in the ordinary course of the Target Group's business on terms comparable to those with other entities that are not government-related. The Target Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

Transactions between the Target Group and other government-related entities, including state-controlled banks in the PRC mainly involve coal sales. And balances between the Target Group and other government-related entities, including state-controlled banks in the PRC mainly involve cash and time deposits at banks.

41. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. SUBSIDIARIES

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Guoneng Xinjiang Toksun Energy Co., Ltd.	PRC/Mainland China	75%	692	1,088
Xinjiang Tianshan Railway Co., Ltd.	PRC/Mainland China	51%	71	426
Individually immaterial subsidiaries with non-controlling interests				36
				1,550

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Guoneng Xinjiang Toksun Energy Co., Ltd.	PRC/Mainland China	75%	391	1,033
Xinjiang Tianshan Railway Co., Ltd.	PRC/Mainland China	51%	77	506
Guoneng Xinjiang Mining Hongshaquan No.2 Mining Co., Ltd.	PRC/Mainland China	75%	-*	101
Individually immaterial subsidiaries with non-controlling interests				(12)
				1,628

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Guoneng Xinjiang Toksun Energy Co., Ltd.	PRC/Mainland China	75%	88	848
Xinjiang Tianshan Railway Co., Ltd.	PRC/Mainland China	51%	62	569
Guoneng Xinjiang Mining Hongshaquan No.2 Mining Co., Ltd.	PRC/Mainland China	75%	-*	115
Individually immaterial subsidiaries with non-controlling interests				47
				1,579

* Amount less than RMB500,000

31 July 2024/Seven months ended 31 July 2024 (unaudited)

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Guoneng Xinjiang Toksun Energy Co., Ltd.	PRC/Mainland China	75%	150	893
Xinjiang Tianshan Railway Co., Ltd.	PRC/Mainland China	51%	46	547
Guoneng Xinjiang Mining Hongshaquan No.2 Mining Co., Ltd.	PRC/Mainland China	75%	-*	114
Individually immaterial subsidiaries with non-controlling interests				60
				1,614

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Guoneng Xinjiang Toksun Energy Co., Ltd.	PRC/Mainland China	75%	10	704
Xinjiang Tianshan Railway Co., Ltd.	PRC/Mainland China	51%	31	601
Guoneng Xinjiang Mining Hongshaquan No.2 Mining Co., Ltd.	PRC/Mainland China	75%	(19)	131
Individually immaterial subsidiaries with non-controlling interests				76
				1,512

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. SUBSIDIARIES (CONTINUED)

Toksun Energy

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	4,300	3,423	3,105	2,658
Non-current assets	1,723	2,309	3,031	2,957
Current liabilities	1,569	1,196	2,254	2,396
Non-current liabilities	115	444	547	457
Total equity	4,339	4,092	3,335	2,762

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	7,574	6,073	5,464	3,256	2,598
Expenses	(4,807)	(4,510)	(5,110)	(2,558)	(2,560)
Profit and total comprehensive income for the year/period	2,767	1,563	354	698	38
Dividend paid to non-controlling interests	-	-	1,232	1,232	-
Net cash inflow from operating activities	184	568	1,018	585	463
Net cash inflow/(outflow) from investing activities	-*	(4)	(181)	(243)	(3)
Net cash outflow from financing activities	(104)	(487)	(809)	(308)	(459)
Net cash inflow	80	77	28	34	1

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. SUBSIDIARIES (CONTINUED)

Tianshan

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	505	529	945	674
Non-current assets	589	581	612	644
Current liabilities	237	90	404	101
Non-current liabilities	-	-	2	2
Total equity	857	1,020	1,151	1,215

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	546	317	300	185	147
Expenses	(402)	(159)	(173)	(91)	(84)
Profit and total comprehensive income for the year/period	144	158	127	94	63
Net cash inflow/(outflow) from operating activities	202	(129)	497	543	(586)
Net cash (outflow)/inflow from investing activities	(23)	(153)	144	147	-*
Net cash outflow from financing activities	(35)	-*	-*	-*	-*
Net cash inflow/(outflow)	144	(282)	641	690	(586)

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. SUBSIDIARIES (CONTINUED)

Hongshaquan

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	366	538	333
Non-current assets	48	670	1,287
Current liabilities	11	748	387
Non-current liabilities	-*	2	709
Total equity	403	458	524

	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	10	819	259	331
Expenses	(10)	(817)	(258)	(406)
Profit and total comprehensive income for the year/preiod	-*	2	1	(75)
Net cash inflow from operating activities	-*	104	4	282
Net cash outflow from investing activities	(52)	(409)	(126)	(1,027)
Net cash inflow from financing activities	400	-*	-*	835
Net cash inflow/(outflow)	348	(305)	(122)	90

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY

Year ended 31 December 2022

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2022	8,305	(168)	88	(3,678)	4,547
Profit for the year	-	-	-	1,191	1,191
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,191	1,191
Capital contribution from equity holders	820	71	-	-	891
Appropriation of maintenance and production funds (note)	-	-	247	(247)	-
Utilisation of maintenance and production funds (note)	-	-	(252)	252	-
Share of reserves of associates	-	25	-	-	25
Capital contribution to the carved-out entities	-	(343)	-	-	(343)
Others	-	(45)	-	(26)	(71)
At 31 December 2022	9,125	(460)	83	(2,508)	6,240

According to the Target Company's Articles of Association, the amount of retained earnings available for distribution to equity holders of the Target Company is the lower of the amount determined in accordance with the Accounting Standards for Business Enterprise and the amount determined in accordance with IFRS Accounting Standards after the appropriation to reserves as detailed in the consolidated statement of changes in equity.

Note:

Pursuant to the relevant PRC regulations, the Target Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as, production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance, funds utilised would be transferred from the specific reserve account to retained earnings/accumulated losses.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

Year ended 31 December 2023

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2023	9,125	(460)	83	(2,508)	6,240
Profit for the year	-	-	-	1,394	1,394
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,394	1,394
Capital contribution from equity holders	88	(72)	-	-	16
Appropriation of maintenance and production funds (note)	-	-	360	(360)	-
Utilisation of maintenance and production funds (note)	-	-	(370)	370	-
Share of reserves of associates	-	(1)	-	-	(1)
Capital contribution to the carved-out entities	-	(385)	-	-	(385)
Business combinations under common control	-	327	-	-	327
Others	-	(45)	-	(87)	(132)
At 31 December 2023	9,213	(636)	73	(1,191)	7,459

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

Year ended 31 December 2024

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2024	9,213	(636)	73	(1,191)	7,459
Profit for the year	-	-	-	831	831
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	831	831
Appropriation of maintenance and production funds (note)	-	-	332	(332)	-
Utilisation of maintenance and production funds (note)	-	-	(304)	304	-
Share of reserves of associates	-	56	-	-	56
Capital contribution to the carved-out entities	-	(597)	-	-	(597)
Disposal of subsidiary	-	(45)	-	-	(45)
Others	-	(45)	52	(1,363)	(1,356)
At 31 December 2024	9,213	(1,267)	153	(1,751)	6,348

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

Seven months ended 31 July 2024 (unaudited)

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2024	9,213	(636)	73	(1,191)	7,459
Profit for the period	-	-	-	964	964
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	964	964
Appropriation of maintenance and production funds (note)	-	-	194	(194)	-
Utilisation of maintenance and production funds (note)	-	-	(177)	177	-
Capital contribution to the carved-out entities	-	(220)	-	-	(220)
Disposal of subsidiary	-	(45)	-	-	(45)
At 31 July 2024	9,213	(901)	90	(244)	8,158

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

43. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

Seven months ended 31 July 2025

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2025	9,213	(1,267)	153	(1,751)	6,348
Profit for the period	-	-	-	200	200
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	200	200
Appropriation of maintenance and production funds (note)	-	-	177	(177)	-
Utilisation of maintenance and production funds (note)	-	-	(130)	130	-
Share of reserves of associates	-	8	-	-	8
Capital contribution to the carved-out entities	-	(91)	-	-	(91)
Others	-	(45)	-	-	(45)
At 31 July 2025	9,213	(1,395)	200	(1,598)	6,420

China Shenhua Coal Liquefaction and Chemical Company Limited

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHINA SHENHUA COAL LIQUEFACTION AND CHEMICAL COMPANY LIMITED TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of China Shenhua Coal Liquefaction and Chemical Company Limited (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-C-3 to II-C-108, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-C-3 to II-C-108 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-C-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	27,982	25,651	26,429	15,767	11,962
Cost of sales	6	(23,813)	(22,921)	(23,024)	(13,791)	(11,383)
Gross profit		4,169	2,730	3,405	1,976	579
Selling expenses		(163)	(153)	(185)	(87)	(131)
General and administrative expenses		(935)	(1,495)	(1,165)	(924)	(798)
Research and development costs		(748)	(828)	(777)	(446)	(266)
Other gains and losses	10	1	22	12	-	1
Other income	7	103	120	112	78	37
Loss allowances, net of reversal	10	56	(11)	(3)	26	8
Impairment and provision recognised, net	10	(29)	(22)	(263)	-	-
Other expenses		(69)	(75)	(58)	(12)	(11)
Interest income	8	52	21	22	10	11
Finance costs	8	(747)	(477)	(409)	(234)	(223)
Share of results of associates		636	486	632	337	304
Profit/(loss) before income tax		2,326	318	1,323	724	(489)
Income tax expense	9	(102)	(40)	(58)	(50)	(61)
Profit/(loss) for the year/period	10	2,224	278	1,265	674	(550)
Other comprehensive income for the year/period, net of income tax		-	-	-	-	-
Total comprehensive income/(loss) for the year/period		2,224	278	1,265	674	(550)
Profit/(loss) for the year/period attributable to:						
Equity holders of the Company		2,231	283	1,363	672	(527)
Non-controlling interests		(7)	(5)	(98)	2	(23)
		2,224	278	1,265	674	(550)
Total comprehensive income/(loss) for the year/period attributable to:						
Equity holders of the Company		2,231	283	1,363	672	(527)
Non-controlling interests		(7)	(5)	(98)	2	(23)
		2,224	278	1,265	674	(550)

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	24,173	22,668	21,318	20,298
Construction in progress	15	1,975	2,254	2,706	3,745
Intangible assets	16	519	465	414	349
Right-of-use assets	21	1,001	1,063	1,206	2,186
Investments in associates	17	1,892	2,254	2,659	2,462
Financial assets at fair value through other comprehensive income	19	20	20	20	20
Financial assets at fair value through profit or loss	19	-	-	10	10
Other non-current assets	20	255	188	825	712
Deferred tax assets	28	341	310	287	267
Total non-current assets		30,176	29,222	29,445	30,049
Current assets					
Inventories	22	1,812	1,812	1,710	1,915
Accounts and bills receivables	23	267	336	505	481
Prepaid expenses and other current assets	24	875	733	955	945
Contract assets	25	26	275	327	389
Restricted bank deposits	26	-	208	11	11
Time deposits with original maturity over three months		654	90	-	580
Cash and cash equivalents	27	3,705	3,078	4,118	6,387
Total current assets		7,339	6,532	7,626	10,708
Current liabilities					
Borrowings	29	5,076	1,886	3,109	9,676
Accounts payable	30	4,080	3,716	3,797	3,561
Accrued expenses and other payables	31	1,574	1,919	1,751	2,358
Current portion of lease liabilities		-	26	22	41
Current portion of long-term liabilities	32	-	33	61	47
Income tax payable		-	-	4	-
Contract liabilities		340	370	411	698
Total current liabilities		11,070	7,950	9,155	16,381
Net current assets/(liabilities)		(3,731)	(1,418)	(1,529)	(5,673)
Total assets less current liabilities		26,445	27,804	27,916	24,376

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Borrowings	29	10,330	11,406	10,020	6,947
Long-term liabilities	32	107	96	115	104
Deferred tax liabilities	28	-	-	-	-
Lease liabilities		-	-	25	42
Other non-current liabilities		2	-	-	-
Total non-current liabilities		10,439	11,502	10,160	7,093
Net assets		16,006	16,302	17,756	17,283
Equity					
Paid-up capital	33	31,237	31,237	31,237	31,237
Reserves		(15,347)	(15,056)	(13,644)	(14,094)
Equity attributable to equity holders of the Company		15,890	16,181	17,593	17,143
Non-controlling interests		116	121	163	140
Total equity		16,006	16,302	17,756	17,283

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million (note(i))	Other reserves RMB million (note(ii))	Accumulated losses RMB million (note(iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	31,237	14	3	124	(17,676)	13,702	(792)	12,910
Profit/(loss) for the year	-	-	-	-	2,231	2,231	(7)	2,224
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	2,231	2,231	(7)	2,224
Contributions from non-controlling shareholders	-	-	-	-	-	-	915	915
Others	-	-	-	(43)	-	(43)	-	(43)
At 31 December 2022	31,237	14	3	81	(15,445)	15,890	116	16,006

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million (note(i))	Other reserves RMB million (note(ii))	Accumulated losses RMB million (note(iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	31,237	14	3	81	(15,445)	15,890	116	16,006
Profit/(loss) for the year	-	-	-	-	283	283	(5)	278
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	283	283	(5)	278
Contributions from non-controlling shareholders	-	-	-	-	-	-	10	10
Others	-	-	-	8	-	8	-	8
At 31 December 2023	31,237	14	3	89	(15,162)	16,181	121	16,302

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million (note(i))	Other reserves RMB million (note(ii))	Accumulated losses RMB million (note(iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	31,237	14	3	89	(15,162)	16,181	121	16,302
Profit/(loss) for the year	-	-	-	-	1,363	1,363	(98)	1,265
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	-	1,363	1,363	(98)	1,265
Contributions from non-controlling shareholders	-	-	-	-	-	-	140	140
Others	-	-	-	49	-	49	-	49
At 31 December 2024	31,237	14	3	138	(13,799)	17,593	163	17,756

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million (note(i))	Other reserves RMB million (note(ii))	Accumulated losses RMB million (note(iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	31,237	14	3	89	(15,162)	16,181	121	16,302
Profit for the period	-	-	-	-	672	672	2	674
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	672	672	2	674
Others	-	-	-	50	-	50	-	50
At 31 July 2024	31,237	14	3	139	(14,490)	16,903	123	17,026

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million (note(i))	Other reserves RMB million (note(ii))	Accumulated losses RMB million (note(iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	31,237	14	3	138	(13,799)	17,593	163	17,756
Profit/(loss) for the period	-	-	-	-	(527)	(527)	(23)	(550)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	(527)	(527)	(23)	(550)
Others	-	-	-	77	-	77	-	77
At 31 July 2025	31,237	14	3	215	(14,326)	17,143	140	17,283

Notes:

(i) Statutory reserves

According to the PRC Company Law and the Target Company's articles of association, the Target Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

(ii) Other reserves

Other reserves mainly represent the share of other reserves of associates.

(iii) Accumulated losses

Included in the accumulated losses of the Target Group were its share of the surplus reserve of its domestic subsidiaries amounted to RMB10 million,RMB21 million,RMB50 million and RMB50 million as at 31 December 2022, 31 December 2023, 31 December 2024 and 31 July 2025, respectively.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit/(loss) before income tax	2,326	318	1,323	724	(489)
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	2,126	2,036	1,881	1,097	1,063
Depreciation of right-of-use assets (note 10)	29	50	63	37	48
Amortisation of intangible assets (note 10)	112	108	140	82	69
Amortisation of long-term deferred expenses (note 10)	38	94	41	24	25
Gains on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	(1)	(22)	(12)	-	(1)
Impairment losses on property, plant and equipment (note 10)	-	-	121	-	-
Impairment losses on construction in progress (note 10)	-	-	112	-	-
Write-down of inventories (note 10)	29	22	30	-	-
Interest income (note 8)	(52)	(21)	(22)	(10)	(11)
Share of results of associates	(636)	(486)	(632)	(337)	(304)
Loss allowances, net of reversal (note 10)	(56)	11	3	(26)	(8)
Interest expenses	741	477	408	238	226
Other income	(1)	-	-	-	-
Operating cash flows before movements in working capital	4,655	2,587	3,456	1,829	618
Changes in working capital:					
Decrease/(increase) in inventories	144	(22)	71	(258)	(205)
(Increase)/decrease in accounts and bills receivables	(119)	(74)	(168)	(8)	28
Decrease/(increase)in prepaid expenses and other assets	456	(191)	(82)	138	(47)
(Decrease)/increase in accounts and bills payables	(465)	(536)	(5)	643	(117)
Increase/(decrease) in accrued expenses and other liabilities	302	545	(18)	270	302
(Decrease)/increase in contract liabilities	(118)	30	41	162	287
Cash generated from operations	4,855	2,339	3,295	2,776	866
Income tax paid	(102)	(40)	(58)	(50)	(61)
Net cash generated from operating activities	4,753	2,299	3,237	2,726	805

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(1,122)	(1,195)	(1,781)	(754)	(1,221)
Increase in right-of-use assets	-	(51)	(347)	(22)	(713)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	-	205	-	-	1
Investments in associates	-	(514)	(238)	(238)	-
Investments in financial asset at fair value through profit or loss	-	-	(10)	(10)	-
Dividend received from associates	722	645	515	515	573
Interest received	56	21	23	10	36
Placement of time deposits with original maturity over three months	(2,200)	(40)	-	-	(480)
Proceeds from maturity of time deposits with original maturity over three months	1,504	600	90	90	-
Other current assets received	48	7	3	-	-
Net cash used in investing activities	(992)	(322)	(1,745)	(409)	(1,804)
Financing activities					
Capital element of lease rentals paid (note 27(b))	-	(25)	(46)	(15)	(40)
Interest element of lease rentals paid (note 27(b))	-	(2)	(2)	-	(1)
Interest paid (note 27b))	(676)	(479)	(389)	(277)	(189)
New borrowings (note 27(b))	2,998	5,950	1,614	694	4,575
Repayments of borrowings (note 27(b))	(6,237)	(8,064)	(1,777)	(994)	(1,081)
Contributions from non-controlling shareholders	-	10	140	-	-
Net cash (used in)/generated from financing activities	(3,915)	(2,610)	(460)	(592)	3,264
(Decrease)/increase in cash and cash equivalents	(154)	(633)	1,032	1,725	2,265
Cash and cash equivalents, at the beginning of the year/period	3,859	3,705	3,078	3,078	4,118
Effect of foreign exchange rate changes	-	6	8	7	4
Cash and cash equivalents, at the end of the year/period	3,705	3,078	4,118	4,810	6,387

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	1,571	1,781	1,954	1,910
Construction in progress	15	592	702	819	1,076
Intangible assets	16	36	38	55	51
Right-of-use assets	21	390	394	393	439
Investments in subsidiaries	18	10,443	10,916	11,286	11,064
Investments in associates	17	1,892	2,254	2,659	2,462
Financial assets at fair value through other comprehensive income	19	20	20	20	20
Financial assets at fair value through profit or loss	19	-	-	10	10
Other non-current assets	20	2,032	2,860	1,504	565
Deferred tax assets	28	-	-	-	-
Total non-current assets		16,976	18,965	18,700	17,597
Current assets					
Inventories	22	876	1,020	1,065	1,197
Accounts and bills receivables	23	146	135	254	352
Prepaid expenses and other current assets	24	2,406	449	1,905	2,131
Restricted bank deposits	26	-	51	1	1
Cash and cash equivalents	27	2,507	1,612	1,250	2,979
Total current assets		5,935	3,267	4,475	6,660

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current liabilities					
Borrowings	29	3,157	5	1,404	5,600
Accounts payable	30	1,408	1,617	1,658	1,487
Accrued expenses and other payables	31	498	1,018	935	1,206
Current portion of lease liabilities		-	15	10	13
Current portion of long-term liabilities	32	-	-	55	74
Contract liabilities		231	222	119	268
Total current liabilities		5,294	2,877	4,181	8,648
Net current assets/(liabilities)		641	390	294	(1,988)
Total assets less current liabilities		17,617	19,355	18,994	15,609
Non-current liabilities					
Borrowings	29	4,400	5,900	4,500	1,800
Lease liabilities		-	-	10	15
Long-term liabilities	32	5	5	25	28
Deferred tax liabilities	28	-	-	-	-
Other non-current liabilities		2	-	-	-
Total non-current liabilities		4,407	5,905	4,535	1,843
Net assets		13,210	13,450	14,459	13,766
Equity					
Paid-up capital	33	31,237	31,237	31,237	31,237
Reserves		(18,027)	(17,787)	(16,778)	(17,471)
Total equity		13,210	13,450	14,459	13,766

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at 9/F and 10/F, No. 16, Ande Road, Dongcheng District, Beijing, the PRC.

During the Relevant Periods, the Target Group was involved in the following principal activities: (i) production and sales of coal chemical products; and (ii) research and development of direct and indirect coal liquefaction projects, coal chemical projects and supporting projects.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at the date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Paid-up capital RMB million	Proportion of ownership interest held by the Target Group(%)	Principal activities
Guoneng Yulin Chemical Co., Ltd 國能榆林化工有限公司	PRC/Mainland China 14 June 2016	10,041	100.00	Production and sales of coal chemical products
Guoneng Xinjiang Chemical Co., Ltd 國能新疆化工有限公司	PRC/Mainland China 20 July 2016	7,084	100.00	Production and sales of coal chemical products
Shenhua Engineering Technology Co., Ltd 神華工程技術有限公司	PRC/Mainland China 14 September 2017	487	100.00	Engineering service
Shaanxi Shenmu Chemical Industrial Co., Ltd. 陝西神木化學工業有限公司	PRC/Mainland China 12 June 2003	650	62.32	Production and sales of coal chemical products
Shaanxi Yushen Energy Thermal Power Co., LTD 陝西榆神能源熱電有限公司	PRC/Mainland China 22 December 2022	1,500	65.00	Heat production and supply

Note:

The statutory financial statements of the above entities for the years ended 31 December 2022 prepared under China Accounting Standards were audited by Lixin Certified Public Accountants LLP, certified public accountants registered in the PRC, and the statutory financial statements of the above entities for the year ended 31 December 2023 and 2024 were audited by Zhongxinghua Certified Public Accountants LLP, certified public accountants registered in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which includes all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 July 2025, the Target Group and the Target Company recorded net current liabilities amounting to RMB5,673 million and RMB1,988 million, respectively, because (i) there were unutilised banking facilities of RMB4,450 million available to the Target Group as at 31 July 2025; and (ii) it is expected that there would be sufficient cash inflows to be generated from the Target Group's operation based on the Target Group's cash flow projection prepared by management of the Target Group, which covered a period of not less than twelve months from 31 July 2025. In view of the above, the directors of the Target Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments as disclosed in note 35.3 to the Historical Financial Information, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION (CONTINUED)

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Target Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Target Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in associates

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate. When the Target Group's share of losses of an associate exceeds the Target Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group reduces its ownership interest in an associate but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's functional currencies (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment, which consists of buildings, coal chemical related machinery and equipment, generators related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. The estimated useful lives for the assets depreciated on the straight-line basis are as follows:

Categories	Term for deprecation (year)
Buildings	10 – 55 years
Mining related machinery and equipment	8 – 15 years
Generators related machinery and equipment	20 – 22 years
Railway and port	10 – 16 years
Coal chemical related machinery and equipment	4 – 20 years
Furniture, fixtures, motor vehicles and other equipment	10 – 15 years

The directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets (continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of spare parts, raw materials, finished goods and semi-finished goods are determined on the weighted average method. Cost of semi-finished goods and finished goods comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the "FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including accounts receivable, other receivables, etc.). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables, and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group;

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimation (see note 3.2 to the Historical Financial Information below), that the Directors have made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Going concern

As described in note 2.1 to the Historical Financial Information, the Target Group's ability to continue as a going concern is dependent on obtaining cash inflows from borrowings to ensure sufficient cash flow to meet its liabilities as they fall due. Should the Target Group be unable to obtain adequate funding, there exists a material uncertainty regarding the Target Group's ability to continue as a going concern. The Historical Financial Information does not include any adjustments that would be necessary to the carrying amounts and classification of assets and liabilities should the Target Group be unable to continue as a going concern.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment loss

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, intangible assets, right-of-use assets, interests in associates and other non-current assets, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The realisation of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further provision of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal or further provision takes place. Further details are included in note 28 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

Provision of ECL for accounts and bills receivables

The Target Group uses provision matrix to calculate ECL for accounts and bills receivables. The provision rates are based on the aging of accounts receivable as groupings of receivables that have similar loss patterns. The provision matrix is based on the Target Group's historical default rates taking into consideration forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts and bills receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Target Group's accounts receivable are disclosed in notes 23 and 35.2 to the Historical Financial Information, respectively.

Estimated useful lives and residual values of property, plant and equipment

The Target Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation charges for its property, plant and equipment. These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumption of related assets. The depreciation charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation expense in future periods.

Estimated net realisable value of inventories

In accordance with the Target Group's accounting policy, the Target Group estimated the net realisable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realisable amount of inventories. For inventories held for executed sales contracts, management estimates the net realisable amount based on the contracted price. For other finished goods, net realisable value is based on estimated selling prices taking into account the fluctuation of selling price directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. For raw materials and work in progress, management has established a model in estimating the net realisable amount at which the inventories can be realised in the normal course of business after considering the manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the reporting period which reflect conditions that existed at the end of the reporting period.

It is reasonably possible that if there is a significant change in circumstances including the Target Group's business and the external environment, outcomes within the next financial year would be significantly affected.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from contracts with customers					
– Coal chemical products	27,111	24,749	25,400	15,272	11,598
– Services	520	541	711	286	288
– Others	351	361	318	209	76
	27,982	25,651	26,429	15,767	11,962

The Target Group's revenues are all derived from contracts with customers.

The Target Group produces and sells coal chemical products to customers at spot market. For sales of coal chemical products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Target Group's historical experiences, there was no significant exchange or return of coal chemical products occurred. There is no sales-related warranties associated with coal chemical products.

All performance obligations for the sale of coal chemical products are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group has only one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

The Target Group's revenue from external customers was as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Mainland China	27,503	25,163	25,665	15,388	11,262
Overseas	479	488	764	379	700
	27,982	25,651	26,429	15,767	11,962

All of the Target Group's non-current non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

No single customer's revenue was accounted for 10% or more of the Target Group's during the Relevant Periods and the seven months ended 31 July 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	16,427	14,892	14,514	8,083	7,137
Personnel expenses	1,497	1,613	1,866	1,286	1,252
Depreciation and amortisation	1,994	2,172	1,941	1,144	1,078
Repairs and maintenance	1,506	1,368	1,585	925	718
Transportation charges	48	43	49	36	25
Taxes and surcharges	1,321	1,628	1,699	1,234	420
Other operating costs	1,020	1,205	1,370	1,083	753
	23,813	22,921	23,024	13,791	11,383

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Government grants	14	36	12	-	6
Compensation income	58	1	-	-	1
Others	31	83	100	78	30
	103	120	112	78	37

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	3	10	5	4	1
– other loans and receivables	49	11	17	6	10
Total interest income	52	21	22	10	11
Interest on:					
– borrowings	741	473	408	237	231
– lease liabilities	-	2	2	-	-
Total finance costs on financial liabilities	741	475	410	237	231
Less: amount capitalised	-	-	(2)	-	(4)
	741	475	408	237	227
Others	1	2	8	3	-
Exchange loss, net	5	-	(7)	(6)	(4)
Total finance costs	747	477	409	234	223
Net finance costs	695	456	387	224	212

Borrowing costs capitalised during the year ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025 arose from the general borrowing pools and were calculated by applying capitalisation rates of nil, nil, LPR-0.9% per annum, nil (unaudited) and LPR-0.9% per annum, respectively, to expenditure on qualifying assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	70	2	34	29	41
Income tax different adjustment in respect of prior year/period	-	7	1	-	-
Deferred tax	32	31	23	21	20
	102	40	58	50	61

The tax charge for the year/period can be reconciled to the profit/(loss) before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit/(loss) before income tax	2,326	318	1,323	724	(489)
Tax at the PRC income tax rate of 25%	582	80	331	181	(122)
Tax effects of:					
– different tax rates	(237)	(34)	(202)	(75)	51
– non-deductible expenses	15	98	32	28	64
– share of results of associates	(96)	(73)	(95)	(84)	(46)
– utilisation of tax losses and deductible temporary difference previously not recognised	(171)	(37)	(119)	-	(45)
– tax losses and deductible temporary difference not recognised	26	10	89	-	130
– tax adjustment for prior year/period	-	7	1	-	-
– Others	(17)	(11)	21	-	29
Income tax expense	102	40	58	50	61

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Period and for the seven months ended 31 July 2024 except for subsidiaries operating in the Western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030. Additionally, the Company and its subsidiaries Shenhua Engineering Technology Co., Ltd, Guoneng Xinjiang Chemical Co., Ltd and Guoneng Yulin Chemical Co., Ltd are subject to income tax rate of 15% after being assessed as high and new technology enterprises.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Profit/(loss) for the year/period has been arrived at after charging/(crediting)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	2,488	3,283	3,065	2,184	2,019
– Contributions to defined contribution plans	294	351	396	263	296
Depreciation of property, plant and equipment (note 14)	2,126	2,036	1,881	1,097	1,063
Depreciation of right-of-use assets (note 21)	29	50	63	37	48
Amortisation of intangible assets (note 16)	112	108	140	82	69
Amortisation of long-term deferred expenses (note 20)	38	94	41	24	25
Depreciation and amortisation	2,305	2,288	2,125	1,240	1,205
Loss allowances					
– Accounts receivable (note 35.2)	(3)	5	(2)	(6)	(3)
– Other receivables and other loans (note 35.2)	(53)	6	5	(20)	(5)
	(56)	11	3	(26)	(8)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD (CONTINUED)

Profit/(loss) for the year/period has been arrived at after charging/(crediting) (continued)

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Other gains and losses, represent					
– losses on disposal of property, plant and equipment, intangible assets and non-current assets	(1)	(22)	(12)	-	(1)
	(1)	(22)	(12)	-	(1)
Impairment losses					
– impairment losses on property, plant and equipment (note 14) (note)	-	-	121	-	-
– impairment losses on construction in progress (note 15) (note)	-	-	112	-	-
– write-down of inventories	29	22	30	-	-
	29	22	263	-	-
Carrying amount of inventories sold	22,377	21,126	21,090	12,470	10,973
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	36	9	10	5	6
Auditors' remuneration					
– audit service	-	-	1	-	1

Note:

Recoverable amount by calculating fair value less costs of disposal:

As of 31 December 2022, 2023, 2024 and 31 July 2025, the Target Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method.

Recoverable amount by calculating present value of estimated future cash flow:

As of 31 December 2022, 2023, 2024 and 31 July 2025, certain assets of the Target Group were identified with impairment indicators, the Target Group conducted impairment assessment tests by calculating the present value of estimated future cash flow of each cash generating unit.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Yan Guochun		-	0.34	0.69	0.14	1.17
Wang Jianli		-	0.34	0.69	0.14	1.17
Yang Zhanjun	(ii)	-	0.34	0.64	0.13	1.11
Yang Gensheng	(i)	-	-	-	-	-
Huang Bing	(i)	-	-	-	-	-
Zhang Lijie	(i)	-	-	-	-	-
Du Shanming	(i)	-	-	-	-	-
Zhai Richeng	(i)&(iii)	-	-	-	-	-
Sub-total		-	1.02	2.02	0.41	3.45
Supervisors						
Guo Hanbin	(i)	-	-	-	-	-
Ge Jun		-	0.58	0.29	0.13	1.00
Shi Guanghua		-	0.47	0.24	0.11	0.82
Sub-total		-	1.05	0.53	0.24	1.82
Total		-	2.07	2.55	0.65	5.27

		Year ended 31 December 2023				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Yan Guochun		-	0.35	1.02	0.15	1.52
Wang Jianli		-	0.35	1.04	0.15	1.54
Yang Zhanjun		-	0.35	0.89	0.14	1.38
Yang Gensheng	(i)	-	-	-	-	-
Huang Bing	(i)&(iii)	-	-	-	-	-
Zhang Lijie	(i)&(iii)	-	-	-	-	-
Du Shanming	(i)	-	-	-	-	-
He Lili	(i)&(ii)	-	-	-	-	-
Yang Xiangbin	(i)&(ii)	-	-	-	-	-
Sub-total		-	1.05	2.95	0.44	4.44
Supervisors						
Guo Hanbin	(i)&(iii)	-	-	-	-	-
Ge Jun	(iii)	-	0.05	0.60	0.01	0.66
Shi Guanghua		-	0.48	0.32	0.12	0.92
Sub-total		-	0.53	0.92	0.13	1.58
Total		-	1.58	3.87	0.57	6.02

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Jiang Xingjian	(ii)	-	0.22	0.41	0.13	0.76
Guan Fengzhong	(ii)	-	0.09	0.17	0.06	0.32
Wang Xin	(ii)	-	0.21	0.86	0.15	1.22
Yan Guochun	(iii)	-	0.02	0.60	0.15	0.77
Wang Jianli	(iii)	-	0.17	0.87	0.17	1.21
Yang Zhanjun	(iii)	-	0.26	0.92	0.16	1.34
Yang Xiangbin	(i)	-	-	-	-	-
Du Shanming	(i)	-	-	-	-	-
He Lili	(i)	-	-	-	-	-
Yang Gensheng	(i)&(iii)	-	-	-	-	-
Sub-total		-	0.97	3.83	0.82	5.62
Supervisor						
Shi Guanghua	(iii)	-	0.23	0.34	0.08	0.65
Total		-	1.20	4.17	0.90	6.27

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Jiang Xingjian	(ii)	-	0.11	0.21	0.07	0.39
Wang Xin	(ii)	-	0.06	0.25	0.04	0.35
Yan Guochun	(iii)	-	0.02	0.60	0.15	0.77
Wang Jianli		-	0.15	0.76	0.15	1.06
Yang Zhanjun	(iii)	-	0.26	0.92	0.16	1.34
Yang Xiangbin	(i)	-	-	-	-	-
Du Shanming	(i)	-	-	-	-	-
He Lili	(i)	-	-	-	-	-
Yang Gensheng	(i)	-	-	-	-	-
Sub-total		-	0.60	2.74	0.57	3.91
Supervisor						
Shi Guanghua		-	0.18	0.27	0.06	0.51
Total		-	0.78	3.01	0.63	4.42

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Jiang Xingjian		-	0.15	0.29	0.12	0.56
Guan Fengzhong		-	0.15	0.29	0.11	0.55
Wang Xin		-	0.12	0.24	0.09	0.45
Yang Xiangbin	(i)	-	-	-	-	-
Du Shanming	(i)	-	-	-	-	-
He Lili	(i)	-	-	-	-	-
Total		-	0.42	0.82	0.32	1.56

Discretionary bonuses were determined in accordance with the relevant human resources policies.

Notes:

(i) The emoluments of these directors and supervisors were borne by China Energy Group during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. Yang Zhanjun was appointed as a director in March 2022.
Ms. He Lili was appointed as a director in February 2023.
Mr. Yang Xiangbin was appointed as a director in December 2023.
Mr. Jiang Xingjian was appointed as a director in February 2024.
Mr. Wang Xin was appointed as a director in June 2024.
Mr. Guan Fengzhong was appointed as a director in August 2024

(iii) Mr. Zhai Richeng ceased to serve as a director in March 2022.
Mr. Ge Jun ceased to serve as a supervisor in January 2023.
Mr. Huang Bing ceased to serve as a director in February 2023.
Mr. Guo Hanbin ceased to serve as a supervisor in May 2023.
Ms. Zhang Lijie ceased to serve as a director in December 2023.
Mr. Yan Guochun ceased to serve as a director in January 2024.
Mr. Yang Zhanjun ceased to serve as a director in June 2024.
Mr. Wang Jianli ceased to serve as a director in August 2024.
Mr. Shi Guanghua ceased to serve as a supervisor in September 2024
Mr. Yang Gensheng ceased to serve as a director in October 2024.

Except for those emoluments of directors or supervisors whose emoluments were borne by China Energy Group, the directors' and supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Target Company and the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Target Group, three, three, two, two and three were directors of the Target Company whose emoluments are disclosed in note 11 to the Historical Financial Information for the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025, respectively. The emoluments of other two, two, three, three and two highest paid individual are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	0.54	0.56	0.62	0.36	0.27
Discretionary bonuses	1.47	1.75	2.48	1.45	0.50
Retirement scheme contributions	0.26	0.26	0.43	0.25	0.19
Total	2.27	2.57	3.53	2.06	0.96

Their emoluments are within the following band:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Nil to HKD500,000	-	-	-	-	1
HKD500,001 to HKD1,000,000	-	-	-	3	1
HKD1,000,001 to HKD1,500,000	2	2	3	-	-
Total	2	2	3	3	2

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Buildings RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Coal chemical related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2022	13,099	1,013	69	48,138	-	62,319
Additions	24	-	-	58	1	83
Transferred from construction in progress (note 15)	24	-	-	2,390	-	2,414
Reclassification and other additions	(1)	10	-	(8)	-	1
Disposals or write-off	(4)	-	-	(261)	-	(265)
At 31 December 2022 and 1 January 2023	13,142	1,023	69	50,317	1	64,552
Additions	37	-	-	385	-	422
Transferred from construction in progress (note 15)	39	-	-	651	-	690
Reclassification and other additions	56	-	-	(56)	-	-
Disposals or write-off	(598)	(344)	-	(3,346)	-	(4,288)
At 31 December 2023	12,676	679	69	47,951	1	61,376

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Buildings RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Coal chemical related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2024	12,676	679	69	47,951	1	61,376
Additions	38	-	-	212	-	250
Transferred from construction in progress (note 15)	-	62	-	345	-	407
Reclassification and other additions	44	-	-	(44)	-	-
Disposals or write-off	(30)	-	-	(14)	-	(44)
At 31 December 2024 and 1 January 2025	12,728	741	69	48,450	1	61,989
Additions	1	-	-	51	-	52
Transferred from construction in progress (note 15)	-	-	-	24	-	24
Reclassification and other additions	7	(6)	-	(1)	-	-
Disposals or write-off	-	-	-	(43)	-	(43)
At 31 July 2025	12,736	735	69	48,481	1	62,022

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Buildings RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Coal chemical related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2022	7,612	956	65	29,875	-	38,508
Charge for the year	191	4	2	1,928	1	2,126
Reclassification	23	2	-	(25)	-	-
Disposals or write-off	(3)	(3)	-	(249)	-	(255)
At 31 December 2022 and 1 January 2023	7,823	959	67	31,529	1	40,379
Charge for the year	189	3	-	1,844	-	2,036
Reclassification	7	-	-	(7)	-	-
Disposals or write-off	(565)	(336)	-	(2,806)	-	(3,707)
At 31 December 2023	7,454	626	67	30,560	1	38,708

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Buildings RMB million	Generators related machinery and equipment RMB million	Railway and port RMB million	Coal chemical related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2024	7,454	626	67	30,560	1	38,708
Charge for the year	212	4	-	1,665	-	1,881
Reclassification	6	-	-	(6)	-	-
Impairment losses	28	-	-	93	-	121
Disposals or write-off	(27)	(1)	-	(11)	-	(39)
At 31 December 2024 and 1 January 2025	7,673	629	67	32,301	1	40,671
Charge for the period	89	4	-	970	-	1,063
Disposals or write-off	-	(1)	-	(9)	-	(10)
At 31 July 2025	7,762	632	67	33,262	1	41,724
Net carrying amounts						
At 31 December 2022	5,319	64	2	18,788	-	24,173
At 31 December 2023	5,222	53	2	17,391	-	22,668
At 31 December 2024	5,055	112	2	16,149	-	21,318
At 31 July 2025	4,974	103	2	15,219	-	20,298

Notes:

(i) The Target Group was in the process of applying for the title certificates of certain of its properties with net aggregate carrying amounts of RMB2,311 million, RMB3,168 million, RMB2,942 million and RMB2,707 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There is no pledged property, plant and equipment of the Target Group to secure the banking facilities granted to the Target Group at 31 December 2022, 2023 and 2024 and 31 July 2025.

(iii) Due to certain indicators of impairment for some assets, management performed impairment assessments on the related assets and concluded that impairment provision of RMB121 million was required, which was recognised in profit or loss for the year ended 21 December 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company

	Buildings RMB million	Generators related machinery and equipment RMB million	Coal chemical related machinery and equipment RMB million	Total RMB million
Cost				
At 1 January 2022	4,150	624	14,589	19,363
Additions	-	-	10	10
Transferred from construction in progress (note 15)	18	-	122	140
Reclassification and other additions	6	10	(16)	-
Disposals or write-off	-	-	(255)	(255)
At 31 December 2022 and 1 January 2023	4,174	634	14,450	19,258
Additions	-	-	13	13
Transferred from construction in progress (note 15)	29	-	294	323
Reclassification and other additions	5	-	(5)	-
Disposals or write-off	(73)	(6)	(51)	(130)
At 31 December 2023	4,135	628	14,701	19,464

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Buildings RMB million	Generators related machinery and equipment RMB million	Coal chemical related machinery and equipment RMB million	Total RMB million
Cost				
At 1 January 2024	4,135	628	14,701	19,464
Additions	22	-	46	68
Transferred from construction in progress (note 15)	-	60	252	312
Reclassification and other additions	43	-	(43)	-
Disposals or write-off	(43)	-	(182)	(225)
At 31 December 2024 and 1 January 2025	4,157	688	14,774	19,619
Additions	1	-	11	12
Transferred from construction in progress (note 15)	-	-	24	24
Reclassification and other additions	7	(6)	(1)	-
Disposals or write-off	-	-	(1)	(1)
At 31 July 2025	4,165	682	14,807	19,654

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Buildings RMB million	Generators related machinery and equipment RMB million	Coal chemical related machinery and equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2022	3,603	602	13,598	17,803
Charge for the year	17	2	112	131
Reclassification	23	2	(25)	-
Disposals or write-off	-	(3)	(244)	(247)
At 31 December 2022 and 1 January 2023	3,643	603	13,441	17,687
Charge for the year	18	2	116	136
Reclassification	1	-	(1)	-
Disposals or write-off	(72)	(28)	(40)	(140)
At 31 December 2023	3,590	577	13,516	17,683

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Buildings RMB million	Generators related machinery and equipment RMB million	Coal chemical related machinery and equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2024	3,590	577	13,516	17,683
Charge for the year	19	4	132	155
Reclassification	6	-	(6)	-
Disposals or write-off	(36)	(1)	(136)	(173)
At 31 December 2024 and 1 January 2025	3,579	580	13,506	17,665
Charge for the period	12	4	64	80
Disposals or write-off	-	(1)	-	(1)
At 31 July 2025	3,591	583	13,570	17,744
Net carrying amounts				
At 31 December 2022	531	31	1,009	1,571
At 31 December 2023	545	51	1,185	1,781
At 31 December 2024	578	108	1,268	1,954
At 31 July 2025	574	99	1,237	1,910

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with net aggregate carrying amount of RMB229 million, RMB222 million, RMB294 million and RMB289 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The Directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There is no pledged property, plant and equipment of the Target Company to secure the facilities granted to the Target Group at 31 December 2022, 2023 and 2024 and 31 July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	3,954	1,975	2,254	2,706
Additions	507	1,084	1,042	1,077
Transferred to property, plant and equipment (note 14)	(2,414)	(690)	(407)	(24)
Transferred to intangible assets (note 16)	(57)	(54)	(71)	-
Transferred to right-of-use assets (note 21)	(15)	(61)	-	(14)
Impairment losses (note)	-	-	(112)	-
At the end of the year/period	1,975	2,254	2,706	3,745

Note:

As a result of termination of certain projects, management performed impairment assessment on the related construction in progress and concluded that an impairment provision of RMB112 million was required, which was recognised in profit or loss for the year ended 31 December 2024.

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	1,089	592	702	819
Additions	(352)	438	570	281
Transferred to property, plant and equipment (note 14)	(140)	(323)	(312)	(24)
Transferred to intangible assets (note 16)	(5)	(5)	(29)	-
Impairment losses (note)	-	-	(112)	-
At the end of the year/period	592	702	819	1,076

Note:

As a result of termination of certain projects, management performed impairment assessment on the related construction in progress and concluded that an impairment provision of RMB112 million was required, which was recognised in profit or loss for the year ended 31 December 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

16. INTANGIBLE ASSETS

The Target Group

The movements of intangible assets, mainly licenses, software and permits, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	566	519	465	414
Additions	25	4	22	4
Transferred from construction in progress (note 15)	57	54	71	-
Amortisation	(112)	(108)	(140)	(69)
Disposals	(17)	(4)	(4)	-
At the end of the year/period	519	465	414	349

The Target Company

The movements of intangible assets, mainly licenses, software and permits, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	34	36	38	55
Additions	7	1	16	-
Transferred from construction in progress (note 15)	5	5	29	-
Amortisation	(3)	(2)	(30)	(4)
Disposal	(7)	(2)	2	-
At the end of the year/period	36	38	55	51

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INVESTMENTS IN ASSOCIATES

The Target Group and the Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	1,102	1,615	1,854	1,854
Share of post-acquisition profits and other comprehensive income, net of dividend received	790	639	805	608
	1,892	2,254	2,659	2,462

The Target Group's associates are unlisted and established in the PRC. The following list contains only the particulars of an associate, which principally affect the results or assets of the Target Group:

Name of associates	Proportion of ownership interest and voting power held by the Target Group				Principal activities
	31 December 2022 %	31 December 2023 %	31 December 2024 %	31 July 2025 %	
Shenmu Huisen Liangshuijing Mining Co., Ltd. ("Liangshuijing Mining")	30	30	30	30	Coal mining

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Target Group

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the Historical Financial Information, are disclosed below:

	Liangshuijing Mining			
	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	1,858	1,656	2,010	1,313
Non-current assets	2,074	2,157	2,115	2,082
Total assets	3,932	3,813	4,125	3,395
Current liabilities	514	733	839	955
Non-current liabilities	361	432	331	336
Total liabilities	875	1,165	1,170	1,291
Net assets	3,057	2,648	2,955	2,104
Target Group's proportion of ownership interest	30%	30%	30%	30%
Carrying amount of equity investment in an associate before goodwill	915	794	887	631
Goodwill	759	759	759	759
Carrying amount of equity investment in an associate	1,674	1,553	1,646	1,390

	Liangshuijing Mining				
	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	4,383	4,071	4,596	2,529	2,200
Profit for the year/period	2,150	1,723	1,928	1,143	859
Total comprehensive income for the year/period	2,150	1,723	1,928	1,143	859

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Target Group (continued)

Aggregate information of associates that are not individually material:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Aggregate carrying amount of individually immaterial associates	218	701	1,013	1,072

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Aggregate amounts of the Target Group's share of individually immaterial associates:					
– Profit/(loss) for the year/period	(7)	(31)	54	(6)	46
– Total comprehensive income/(loss) for the year/period	(7)	(31)	54	(6)	46

18. INVESTMENTS IN SUBSIDIARIES

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	30 June 2025 RMB million
Unlisted investments, at cost	19,596	20,069	20,439	20,439
Less: Impairment	9,153	9,153	9,153	9,375
Net carrying amount	10,443	10,916	11,286	11,064

Particulars of the Target Company's principal subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. FINANCIAL ASSETS AT FAIR VALUE

(a) Financial assets at fair value through other comprehensive income

The Target Group and the Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current asset				
Unlisted equity securities	20	20	20	20

The above unlisted equity investments represent the Target Company's equity interest in entities established in the PRC. The directors of the Target Company have elected to designate these equity investments as FVTOCI as it is the Target Group's strategy to hold these investments for long-term purposes and realising their performance potential in the long run.

(b) Financial assets at fair value through profit or loss

The Target Group and the Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets				
Equity investments	-	-	10	10

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. OTHER NON-CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others (note (i))	139	91	749	590
Goodwill	1	1	1	1
Long-term deferred expenses (note (ii))	115	96	75	121
	255	188	825	712

Notes:

(i) At 31 July 2025, the Target Group had prepayments to China Energy Group and fellow subsidiaries amounting to RMB16 million.

(ii) The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	58	115	96	75
Additions	95	78	24	71
Amortisation	(38)	(94)	(41)	(25)
Disposal	-	(3)	(4)	-
At the end of the year/period	115	96	75	121

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	-	36	11	35
Long-term deferred expense (note (i))	42	44	43	80
Entrusted loan (note (ii))	1,990	2,780	1,450	450
	2,032	2,860	1,504	565

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. OTHER NON-CURRENT ASSETS (CONTINUED)

The Target Company (continued)

Notes:

(i) The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	15	42	44	43
Additions	31	10	8	47
Amortisation	(4)	(8)	(9)	(10)
At the end of the year/period	42	44	43	80

(ii) As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company has long-term entrusted loans of RMB1,990 million, RMB2,780 million, RMB1,450 million and RMB450 million, respectively, to subsidiaries through PRC state-owned bank and China Energy Finance Co., Ltd., with an interest rates ranging from 0% to 4.65% per annum, 0% to 4.65% per annum, 0% to 4.85% per annum, of nil per annum, respectively. As at 31 December 2022, the mature dates of entrusted loans were between 18 May 2025 and 22 April 2026. As at 31 December 2023, the mature dates of entrusted loans were between 18 May 2025 and 31 July 2026. As at 31 December 2024, the mature dates of entrusted loans were between 18 March 2026 and 31 July 2026. As at 31 July 2025, the mature dates of entrusted loans were 31 July 2026.

21. RIGHT-OF-USE ASSETS

The Target Group

The right-of-use assets represent the considerations of land use rights paid to the PRC's government authorities and the amounts of leased assets. The Target Group is in the process of applying for the title certificates of certain land use rights certificates with aggregate net carrying amounts of RMB52 million, RMB51 million and RMB50 million as at 31 December 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Group (continued)

The Target Group leases assets including buildings and land use rights. Information about leases for which the Target Group is a lessee is presented below.

	Buildings RMB million	Land use rights RMB million	Total RMB million
Cost			
At 1 January 2022	-	1,135	1,135
Additions	-	56	56
Transferred from construction in progress (note 15)	-	15	15
At 31 December 2022 and 1 January 2023	-	1,206	1,206
Additions	51	-	51
Transferred from construction in progress (note 15)	-	61	61
At 31 December 2023 and 1 January 2024	51	1,267	1,318
Additions	67	160	227
Disposals	(17)	(4)	(21)
At 31 December 2024 and 1 January 2025	101	1,423	1,524
Additions	76	938	1,014
Transferred from construction in progress (note 15)	-	14	14
At 31 July 2025	177	2,375	2,552
Accumulated depreciation			
At 1 January 2022	-	176	176
Depreciation	-	29	29
At 31 December 2022 and 1 January 2023	-	205	205
Depreciation	25	25	50
At 31 December 2023 and 1 January 2024	25	230	255
Depreciation	36	27	63
At 31 December 2024 and 1 January 2025	61	257	318
Depreciation	21	27	48
At 31 July 2025	82	284	366
Net carrying amounts			
At 31 December 2022	-	1,001	1,001
At 31 December 2023	26	1,037	1,063
At 31 December 2024	40	1,166	1,206
At 31 July 2025	95	2,091	2,186

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

The Target Company leases assets including buildings and land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Buildings RMB million	Land use rights RMB million	Total RMB million
Cost			
At 1 January 2022	-	420	420
Additions	-	57	57
At 31 December 2022 and 1 January 2023	-	477	477
Additions	30	-	30
At 31 December 2023 and 1 January 2024	30	477	507
Additions	29	5	34
Disposals	-	(4)	(4)
At 31 December 2024 and 1 January 2025	59	478	537
Additions	60	-	60
At 31 July 2025	119	478	597
Accumulated depreciation			
At 1 January 2022	-	74	74
Depreciation	-	13	13
At 31 December 2022 and 1 January 2023	-	87	87
Depreciation	15	11	26
At 31 December 2023 and 1 January 2024	15	98	113
Depreciation	21	10	31
At 31 December 2024 and 1 January 2025	36	108	144
Depreciation	8	6	14
At 31 July 2025	44	114	158

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company (continued)

	Buildings RMB million	Land use rights RMB million	Total RMB million
Net book value			
At 31 December 2022	-	390	390
At 31 December 2023	15	379	394
At 31 December 2024	23	370	393
At 31 July 2025	75	364	439

22. INVENTORIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Raw materials	385	325	262	218
Semi-finished goods	257	217	262	318
Finished goods	528	635	796	915
Spare parts	872	811	582	648
Low-value consumables and packaging items	3	2	3	3
	2,045	1,990	1,905	2,102
Less: write-down of inventories	233	178	195	187
	1,812	1,812	1,710	1,915

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. INVENTORIES (CONTINUED)

The Target Group (continued)

The movements in write-down of inventories during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	216	233	178	195
Write-down of inventories	29	22	30	-
Write-off of inventories	(12)	(77)	(13)	(8)
At the end of the year/period	233	178	195	187

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Raw materials	275	214	198	134
Semi-finished goods	105	105	125	124
Finished goods	503	702	775	980
Spare parts	95	91	73	65
	978	1,112	1,171	1,303
Less: write-down of inventories	102	92	106	106
	876	1,020	1,065	1,197

The movements in write-down of inventories during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	102	102	92	106
Write-down of inventories	-	22	18	-
Write-off of inventories	-	(32)	(4)	-
At the end of the year/period	102	92	106	106

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	230	176	380	249
– Third parties	19	106	92	196
	249	282	472	445
Less: allowance for credit losses	6	9	6	3
	243	273	466	442
Bills receivable				
– China Energy Group and fellow subsidiaries	9	1	19	10
– Third parties	15	62	20	29
	24	63	39	39
	267	336	505	481

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by PRC banks and others financial institutions, which would expire within one year. As at the end of each of the Relevant Periods, the Target Group had no bills pledged to secure bills payable.

As at the end of each of the Relevant Periods, the aging analysis of accounts receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	239	255	454	432
One to two years	1	17	5	2
Two to three years	-	-	6	8
More than three years	3	1	1	-
	243	273	466	442

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the Target Group's accounts receivable are debtors with aggregate gross carrying amounts of RMB15 million, RMB14 million, RMB14 million and RMB8 million which are past due as at the report dates. The past due balances are not considered as in default because the debtors are not in significant financial difficulty and the management expects that the debtors are able and likely to pay for the debts. The Target Group does not hold any collateral over these balances.

Details of credit risks of accounts and bills receivables as at the end of each of the Relevant Periods are set out in note 35.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Group (continued)

Included in accounts receivable, the following amounts are denominated in foreign currencies:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
United States Dollars ("USD")	-	8	21	14

Transfers of financial assets

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group endorsed bills receivable amounting to RMB90 million, RMB88 million, RMB69 million and RMB5 million, respectively, to suppliers to settle the accounts payable of same amounts. In accordance to the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Group if the issuing banks default payment (the "Continuing Involvement"). In the opinion of the Directors, the fair values of the Continuing Involvement are insignificant, and the Group has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, in case of bills receivable endorsed to suppliers, derecognised the associated accounts payable.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	143	93	218	162
– Third parties	2	8	21	166
	145	101	239	328
Less: allowance for credit losses	1	2	-	-
	144	99	239	328
Bills receivable				
– Third parties	2	36	15	24
	146	135	254	352

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Company (continued)

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by PRC banks and others financial institutions, which would expire within one year. As at the end of each of the Relevant Periods, the Target Company had no bills pledged to secure bills payable.

As at the end of each of the Relevant Periods, the aging analysis of accounts receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	144	98	239	328
One to two years	-	1	-	-
	144	99	239	328

As at the end of each of the Relevant Periods, there were no accounts and bills receivables of the Target Company that were past due.

Details of credit risks of accounts and bills receivables as at the end of each of the Relevant Periods are set out in note 35.2 to the Historical Financial Information.

Included in accounts receivable, the following amounts are denominated in foreign currencies:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
USD	-	6	21	14

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Other receivables due from associates	45	45	45	41
– Other receivables	147	189	256	216
	192	234	301	257
Less: impairment losses	78	82	83	78
	114	152	218	179
Prepaid expenses and deposits	481	445	457	513
Deductible VAT and other taxes	280	136	280	253
	875	733	955	945

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loans (note)	2,023	131	1,561	1,761
– Other receivables due from associates	2	4	2	4
– Other receivables due from subsidiaries	119	44	44	44
– Other receivables	47	46	48	44
	2,191	225	1,655	1,853
Less: impairment losses	45	45	45	41
	2,146	180	1,610	1,812
Prepaid expenses and deposits	123	145	99	162
Deductible VAT and other taxes	137	124	196	157
	2,406	449	1,905	2,131

Note:

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company has entrusted loans of RMB2,023 million, RMB131 million, RMB1,561 million and RMB1,761 million to subsidiaries through PRC state-owned bank and China Energy Finance Co., Ltd., which would expire within one year. The interest rates ranged from 0% to 4.99% per annum as at 31 December 2022. As at 31 December 2023 and 2024 and 31 July 2025, the entrusted loans were interest free.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. CONTRACT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Completed but unsettled project contracting and technical service contracts	26	275	327	389

As at the end of each of the Relevant Periods, the carrying amount of contract assets was due from related parties within China Energy Group, and there was no significant credit risk.

26. RESTRICTED BANK DEPOSITS

Restricted bank deposits mainly include performance bonds, time deposits or notice deposits used for guarantees, housing reform funds, etc.

The Target Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 35.2 to the Historical Financial Information.

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	4,359	3,376	4,129	6,978
Less: Restricted bank deposits	-	208	11	11
Less: Time deposits with original maturity over three months	654	90	-	580
Cash and cash equivalents	3,705	3,078	4,118	6,387

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 35.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (CONTINUED)

(a) Cash and cash equivalents (continued)

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	2,507	1,663	1,251	2,980
Less: Restricted bank deposits	-	51	1	1
Cash and cash equivalents	2,507	1,612	1,250	2,979

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 35.2 to the Historical Financial Information.

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 29)	Lease liabilities RMB million	Accrued interest payable RMB million (note 31)	Total RMB million
At 1 January 2022	19,560	-	-	19,560
Interest paid	-	-	(676)	(676)
Proceeds from borrowings	2,998	-	-	2,998
Repayments of borrowings	(6,237)	-	-	(6,237)
Interest accrual	-	-	676	676
Others*	(915)	-	-	(915)
At 31 December 2022	15,406	-	-	15,406
At 1 January 2023	15,406	-	-	15,406
Capital element of lease rentals paid	-	(25)	-	(25)
Interest element of lease rentals paid	-	(2)	-	(2)
Interest paid	-	-	(479)	(479)
Proceeds from borrowings	5,950	-	-	5,950
Repayments of borrowings	(8,064)	-	-	(8,064)
Interest accrual	-	-	479	479
Interest expenses	-	2	-	2
Increase in lease liabilities from entering into new leases during the year	-	51	-	51
At 31 December 2023	13,292	26	-	13,318

*Non-cash transactions arising from conversion of debt to equity swap by a minority shareholder of a subsidiary.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Borrowings RMB million (note 29)	Lease liabilities RMB million	Accrued interest payable RMB million (note 31)	Total RMB million
At 1 January 2024	13,292	26	-	13,318
Capital element of lease rentals paid	-	(46)	-	(46)
Interest element of lease rentals paid	-	(2)	-	(2)
Interest paid	-	-	(389)	(389)
Proceeds from borrowings	1,614	-	-	1,614
Repayments of borrowings	(1,777)	-	-	(1,777)
Interest expenses	-	2	395	397
Increase in lease liabilities from entering into new leases during the year	-	67	-	67
At 31 December 2024	13,129	47	6	13,182
At 1 January 2025	13,129	47	6	13,182
Capital element of lease rentals paid	-	(40)	-	(40)
Interest element of lease rentals paid	-	(1)	-	(1)
Interest paid	-	-	(189)	(189)
Proceeds from borrowings	4,575	-	-	4,575
Repayments of borrowings	(1,081)	-	-	(1,081)
Interest accrual	-	1	194	195
Increase in lease liabilities from entering into new leases during the period	-	76	-	76
At 31 July 2025	16,623	83	11	16,717

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Within operating cash flows	36	9	10	5	6
Within financing cash flows	-	27	48	15	41
	36	36	58	20	47

These amounts relate to the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Lease rental paid	36	36	58	20	47

28. DEFERRED TAXATION

The Target Group

For the purpose of the presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	341	310	287	267
Deferred tax liabilities	-	-	-	-
	341	310	287	267

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. DEFERRED TAXATION (CONTINUED)

The Target Group (continued)

The following are the major deferred tax assets recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Charged to profit or loss RMB million	31 December 2022 RMB million
Provision for assets impairment	373	(32)	341
Deferred tax assets	373	(32)	341

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2023 RMB million
Allowances, primarily for receivables and inventories	-	2	2
Provision for assets impairment	341	(33)	308
Deferred tax assets	341	(31)	310

	1 January 2024 RMB million	Charged to profit or loss RMB million	31 December 2024 RMB million
Allowances, primarily for receivables and inventories	2	-	2
Provision for assets impairment	308	(23)	285
Deferred tax assets	310	(23)	287

	1 January 2025 RMB million	Charged to profit or loss RMB million	31 July 2025 RMB million
Allowances, primarily for receivables and inventories	2	-	2
Provision for assets impairment	285	(20)	265
Deferred tax assets	287	(20)	267

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. DEFERRED TAXATION (CONTINUED)

The Target Group (continued)

The following are unused tax losses and unrecognised deductible temporary differences available for offset against future profits as of 31 December 2022, 2023 and 2024 and 31 July 2025.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unused tax losses	5,815	7,584	7,321	8,024
Unrecognised deductible temporary differences	10,267	9,040	8,172	7,860
	16,082	16,624	15,493	15,884

The unrecognised tax losses will expire in the following years:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
2024	225	225	-	-
2025	445	445	445	445
2026	815	666	651	651
2027	1,100	1,100	1,100	1,100
2028	1,217	2,841	2,611	2,491
2029 and thereafter	2,013	2,307	2,514	3,337
	5,815	7,584	7,321	8,024

The Target Company

As at the end of each of the Relevant Periods, the deferred tax balances were nil.

The following are unused tax losses and unrecognised deductible temporary differences available for offset against future profits as of 31 December 2022, 2023 and 2024 and 31 July 2025.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unused tax losses	3,828	3,679	3,665	4,488
Unrecognised deductible temporary differences	6,043	5,109	4,432	4,235
	9,871	8,788	8,097	8,723

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. DEFERRED TAXATION (CONTINUED)

The Target Company (continued)

The unrecognised tax losses will expire in the following years:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
2024	-	-	-	-
2025	-	-	-	-
2026	781	632	617	617
2027	1,069	1,069	1,069	1,069
2028	375	375	375	375
2029 and thereafter	1,603	1,603	1,604	2,427
	3,828	3,679	3,665	4,488

29. BORROWINGS

The Target Group

An analysis of the Target Group's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	799	450	-	1,006
Current portion of long-term borrowings	4,277	1,436	3,109	8,670
	5,076	1,886	3,109	9,676
Non-current borrowings:				
Long-term borrowings, less current portion	10,330	11,406	10,020	6,947
	15,406	13,292	13,129	16,623
Secured	6,599	3,936	2,765	2,737
Unsecured	8,807	9,356	10,364	13,886
	15,406	13,292	13,129	16,623

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group's short-term borrowings bore interest at rates ranging from LPR-1.07% to LPR-0.25% per annum, of LPR-1.30% per annum, of nil per annum, of 2.11% per annum, respectively. Long-term borrowings bore interest at rates ranging from 2.75% to 4.85% per annum, of 4.85% per annum, of 4.85% per annum, of 4.85% per annum and ranging from LPR-1.60% to LPR+1.10% per annum, LPR-1.80% to LPR+1.10% per annum, LPR-1.80% to LPR+1.10% per annum, and LPR-1.80% to LPR+1.10% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. BORROWINGS (CONTINUED)

The Target Group (continued)

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	4,277	1,436	3,109	8,670
More than one year, but not exceeding two years	4,424	2,940	6,560	3,097
More than two years, but not exceeding five years	4,475	7,723	3,255	3,850
More than five years	1,431	743	205	-
	14,607	12,842	13,129	15,617

The Target Group's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rates ranging from 2.75% to 4.85% per annum with maturities through 14 March 2024	6,256	300	300	300
RMB denominated	Interest rates ranging from LPR-1.80% to LPR+1.10% per annum with maturities through 16 July 2030	8,351	12,542	12,829	15,317
		14,607	12,842	13,129	15,617
Less: current portion of long-term borrowings		4,277	1,436	3,109	8,670
		10,330	11,406	10,020	6,947

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. BORROWINGS (CONTINUED)

The Target Group (continued)

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the above outstanding long-term borrowings, were borrowings from China Energy Group and fellow subsidiaries amounting to RMB6,406 million, RMB8,607 million, RMB9,726 million and RMB11,120 million, respectively. As at 31 December 2022, 2023 and 2024 and 31 July 2025, current portion of long-term borrowings bore interest at rates of LPR-0.25% per annum, LPR-1.30% per annum, nil per annum and nil per annum, respectively, and other long-term borrowings bore interest at rates of 3.25% per annum, nil per annum, nil per annum, nil per annum and of LPR-1.60% per annum, ranging from LPR-1.80% to LPR-1.60% per annum, LPR-1.80% to LPR-1.20% per annum, LPR-1.80% to LPR-1.20% per annum, respectively.

Among the long-term loans due within one year as of 31 July, 2025 and December 31, 2024, there is an overdue loan of RMB300 million. This loan was borrowed by the Target Group's subsidiary Shaanxi Shenmu Chemical Industry Co., Ltd. from one of its non-controlling shareholder on 15 March, 2021, with an annual interest rate of 4.85%. The loan was due on 14 March, 2024. As of 31 July, 2025, the two parties have not entered into an extension agreement of this loan. The interest calculated at the contract rate of 4.85% has been paid as scheduled, while the penalty interest of RMB10 million, as calculated by 50% of the contracted interest rate on the overdue amount, was accrued at 31 July 2025.

The Target Company

An analysis of the Target Company's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	200	-	-	-
Current portion of long-term borrowings	2,957	5	1,404	5,600
	3,157	5	1,404	5,600
Non-current borrowings:				
Long-term borrowings, less current portion	4,400	5,900	4,500	1,800
	7,557	5,905	5,904	7,400
Secured	1,450	-	-	-
Unsecured	6,107	5,905	5,904	7,400
	7,557	5,905	5,904	7,400

As at 31 December 2022, the Target Company short-term borrowings bore interest at rates of LPR-0.25% per annum. Long-term borrowings bore fixed interest at rates ranging from 2.75% to 3.25% per annum as at 31 December 2022, and as at 31 December 2023 and 2024 and 31 July 2025, there were no borrowings with fixed interest rates. As at 31 December 2022, 2023 and 2024 and 31 July 2025, long-term borrowings bore floated interest at rates ranging from LPR-1.60% per annum, LPR-1.75% to LPR-1.60% per annum, LPR-1.75% to LPR-1.60% per annum, and LPR-1.75% to LPR-1.25% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. BORROWINGS (CONTINUED)

The Target Company (continued)

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	2,957	5	1,404	5,600
More than one year, but not exceeding two years	3,000	1,400	4,500	800
More than two years, but not exceeding five years	1,400	4,500	-	1,000
More than five years	-	-	-	-
	7,357	5,905	5,904	7,400

The Target Company's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rates ranging from 2.75% to 3.25% per annum with maturities through 1 July 2023	5,956	-	-	-
RMB denominated	Interest rates ranging from LPR-1.75% to LPR-1.25% per annum with maturities through 20 December 2026	1,401	5,905	5,904	7,400
		7,357	5,905	5,904	7,400
Less: current portion of long-term borrowings		2,957	5	1,404	5,600
		4,400	5,900	4,500	1,800

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the above outstanding long-term borrowings, were long-term borrowings from China Energy Group and fellow subsidiaries amounting to RMB4,404 million, RMB5,905 million, RMB5,904 million and RMB7,401 million, respectively. Current portion of long-term borrowings bore interest at rates of LPR-0.25% per annum as at 31 December 2022. Other long-term borrowings bore fixed interest at rates of 3.25% per annum as at 31 December 2022. As at 31 December 2023 and 2024 and 31 July 2025, there were no long-term borrowings with fixed interest rates. As at 31 December 2022, 2023 and 2024 and July 2025, other long-term borrowings bore floated interest rated from LPR-1.60% per annum, LPR-1.75% to LPR-1.60% per annum, LPR-1.75% to LPR-1.60% per annum, LPR-1.75% to LPR-1.25% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. ACCOUNTS PAYABLE

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, associates of China Energy Group and fellow subsidiaries	1,065	936	1,005	750
– Associates	15	28	60	58
– Third parties	3,000	2,752	2,732	2,753
	4,080	3,716	3,797	3,561

As at the end of each of the Relevant Periods, the aging analysis of accounts payable, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	3,954	3,538	3,703	3,338
One to two years	52	137	60	197
Two to three years	36	19	12	8
More than three years	38	22	22	18
	4,080	3,716	3,797	3,561

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, associates of China Energy Group and fellow subsidiaries	726	762	898	723
– Third parties	682	855	760	764
	1,408	1,617	1,658	1,487

As at the end of each of the Relevant Periods, the aging analysis of accounts payable, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	1,402	1,551	1,654	1,336
One to two years	6	63	4	150
Two to three years	-	3	-	1
	1,408	1,617	1,658	1,487

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	200	743	766	1,456
Accrued interest payable	-	-	6	11
Taxes payable other than income tax	184	203	154	118
Other accrued expenses and payables (note)	1,190	973	825	773
	1,574	1,919	1,751	2,358

Note:

Other accrued expenses and payables of the Target Group included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	159	158	141	115
Amounts due to associates	4	4	7	13
	163	162	148	128

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. ACCRUED EXPENSES AND OTHER PAYABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	95	621	633	911
Taxes payable other than income tax	104	105	67	34
Other accrued expenses and payables (note)	299	292	235	261
	498	1,018	935	1,206

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	93	96	99	99

The above balances are unsecured, interest-free and payable on demand.

32. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred income (note)	99	92	113	103
Others	8	37	63	48
	107	129	176	151
Analysed for reporting purpose as:				
Current liabilities	-	33	61	47
Non-current liabilities	107	96	115	104
	107	129	176	151

Note:

Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. LONG-TERM LIABILITIES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred income (note)	5	5	25	28
Others	-	-	55	74
	5	5	80	102
Analysed for reporting purpose as:				
Current liabilities	-	-	55	74
Non-current liabilities	5	5	25	28
	5	5	80	102

Note:

Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

33. PAID-UP CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Registered and paid-up capital	31,237	31,237	31,237	31,237

34. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31 December 2022, 2023 and 2024 and 31 July 2025 was 57.3%, 54.4%, 52.1% and 57.6%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS

35.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	4,800	3,892	4,902	7,680
Equity securities at FVTOCI (note 19)	20	20	20	20
Financial assets measured at fair value through profit or loss	-	-	10	10
	4,820	3,912	4,932	7,710
Financial liabilities				
Amortised cost	20,635	17,959	17,769	20,990

35.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts payables, borrowings, other payables and long-term liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency and interest rate risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of the Target Group is RMB in which most of the transactions are denominated, the foreign exchange risk exposure is insignificant.

(ii) Interest rate risk

The Target Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings (see note 29).

The Target Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and variable-rate loans. Other than the concentration of interest rate risk related to the movements in Secured Overnight Financing Rate and the loan interest published by the The People's Bank of China ("PBOC"), the Target Group has no significant concentration of interest rate risk.

The Target Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and variable-rate loans and receivables at the end of the reporting period. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Target Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact of profit or loss for the year is insignificant.

The analysis is prepared assuming variable-rate borrowings and variable-rate loans and receivables outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points, 100 basis points, 100 basis points, 100 basis points and 100 basis points higher/lower and all other variables were held constant, the Target Group's profit for the year ended 31 December 2022, 2023 and 2024, for the seven months ended 31 July 2024 and 2025 would decrease/increase by RMB91 million, decrease/increase by RMB125 million, decrease/increase by RMB135 million, decrease/increase by RMB128 million and decrease/increase by RMB153 million.

Credit risk and impairment assessment

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Target Group's credit risk is significantly reduced.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables mainly represent pledge and guarantee deposit and receivables from related parties. The pledge and guarantee deposit is paid for regular businesses. Thus, the credit risk on other receivables are limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Target Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Restricted bank deposits	23	N/A	12-month ECL	-	208	11	11
Cash and cash equivalents and time deposits	24	N/A	12-month ECL	4,359	3,168	4,118	6,967
Other receivables	22	N/A	12-month ECL	14	41	99	97
			Credit-impaired	178	193	202	160
Accounts receivable (note)	21	N/A	Provision matrix	17	20	39	196
			Credit-impaired	232	262	433	249

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Target Group determines the ECL on these items by using a provision matrix, grouped by debtors' aging.

Provision matrix – debtors' aging

As part of the Target Group's credit risk management, the Target Group uses debtors' aging to assess the impairment for its receivables from customers in relation to its coal chemical products. Because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). Accounts receivable with credit-impaired with gross carrying amounts of RMB232 million, RMB262 million, RMB433 million and RMB249 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, were assessed individually.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	0%	2	0%	6	0%	25	0%	188
Less than one year past due	7%	10	6%	7	6%	11	6%	6
One to two years past due	17%	1	9%	3	10%	1	10%	-
More than three years past due	70%	4	86%	4	100%	2	100%	2
		17		20		39		196

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024, 2025, the Target Group provided RMB2 million, RMB7 million, RMB6 million, RMB6 million and RMB0 million impairment allowance for accounts receivable, respectively, and reversed RMB5 million, RMB2 million, RMB8 million, RMB8 million and RMB3 million, respectively, based on the provision matrix.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	8	2	10
Impairment losses recognised	2	-	2
Impairment losses reversed	(5)	-	(5)
Write-offs	(1)	-	(1)
As at 1 January 2023	4	2	6
Impairment losses recognised	7	-	7
Impairment losses reversed	-	(2)	(2)
Write-offs	(2)	-	(2)
As at 1 January 2024	9	-	9
Impairment losses recognised	6	-	6
Impairment losses reversed	(8)	-	(8)
Write-offs	(1)	-	(1)
As at 1 January 2025	6	-	6
Impairment losses recognised	-	-	-
Impairment losses reversed	(3)	-	(3)
Write-offs	-	-	-
As at 31 July 2025	3	-	3

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	1	171	172
– Impairment losses recognised	-	-	-
– Impairment losses reversed	1	(54)	(53)
– Write-offs	-	(41)	(41)
As at 1 January 2023	2	76	78
– Impairment losses recognised	5	1	6
– Impairment losses reversed	-	-	-
– Write-offs	(2)	-	(2)
As at 1 January 2024	5	77	82
– Impairment losses recognised	5	-	5
– Impairment losses reversed	-	-	-
– Write-offs	(1)	(3)	(4)
As at 1 January 2025	9	74	83
– Impairment losses recognised	-	-	-
– Impairment losses reversed	(5)	-	(5)
– Write-offs	-	-	-
As at 31 July 2025	4	74	78

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts payables, other payables, lease liabilities and long-term liabilities	-	5,229	-	-	-	5,229	5,229
Borrowings variable interest rate	4	2,217	1,367	4,826	1,479	9,889	9,150
Borrowings fixed interest rate	3	3,100	3,356	-	-	6,456	6,256
	-	10,546	4,723	4,826	1,479	21,574	20,635

	31 December 2023						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts payables, other payables, lease liabilities and long-term liabilities	-	4,668	-	-	-	4,668	4,667
Borrowings variable interest rate	3	3,299	6,223	3,402	754	13,678	12,992
Borrowings fixed interest rate	5	315	-	-	-	315	300
	-	8,282	6,223	3,402	754	18,661	17,959

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	31 December 2024						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts payables, other payables, lease liabilities and long-term liabilities	-	4,616	24	2	-	4,642	4,640
Borrowings variable interest rate	3	3,120	6,707	3,377	206	13,410	12,829
Borrowings fixed interest rate	5	300	-	-	-	300	300
	-	8,036	6,731	3,379	206	18,352	17,769

	31 July 2025						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts, other payables, lease liabilities and long-term liabilities	-	4,329	43	-	-	4,372	4,367
Borrowings variable interest rate	3	9,994	1,848	4,964	-	16,806	16,323
Borrowings fixed interest rate	5	300	-	-	-	300	300
	-	14,623	1,891	4,964	-	21,478	20,990

Saved as discussed above, the Target Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. FINANCIAL INSTRUMENTS (CONTINUED)

35.3 Fair value measurements

Fair value of the Target Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets:						
Financial assets at fair value through profit or loss	-	-	10	10	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discount for lack of liquidity.
Unlisted equity securities	20	20	20	20	Level 3	

There were no transfer between Level 1, Level 2 and Level 3 during the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025.

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:								
Fixed rate bank borrowings	6,256	5,900	300	310	300	310	300	308

36. CAPITAL COMMITMENTS

As at the end of each of the Relevant Periods, the Target Group had capital commitments for equipment and others as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Equipment and others	1,683	2,565	2,001	1,494

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. EMPLOYEE BENEFITS PLAN

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the years ended 31 December 2022, 2023 and 2024, for the seven months ended 31 July 2024 and 2025 were RMB287 million, RMB343 million, RMB387 million, RMB258 million and RMB290 million, respectively.

38. RELATED PARTY TRANSACTIONS

38.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, associates of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Target Group also has entered into transactions with its associates, over which the Target Group can exercise significant influence.

The Target Group had the following transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	49	11	18	6	10
Interest expense	(ii)	235	204	232	137	130
Purchases of ancillary materials and spare parts	(iii)	442	509	633	321	144
Ancillary and social services	(iv)	110	147	211	155	40
Transportation service	(v)	64	61	48	27	39
Purchase of coal	(vi)	7,685	7,485	6,856	2,959	3,053
Property leasing expense	(vii)	-	13	31	18	29
Repairs and maintenance services expense	(viii)	-	5	9	4	-
Purchase of equipment and construction work	(ix)	128	139	37	28	17
Sale of coal chemical product	(x)	1,217	1,207	1,212	724	678
Income from engineering and technical services	(xi)	494	460	433	177	251
Net deposits placed with Finance Company	(xii)	509	(1,187)	943	1,642	2,851
Granting of loans from China Energy Group	(xiii)	2,402	5,948	1,267	692	3,500
Repayment of loans from China Energy Group	(xiv)	2,400	3,300	600	500	1,100
Factoring services	(xv)	-	-	-	-	13
Purchase of chemical products	(xvi)	4,681	4,367	4,062	2,465	2,449

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

Notes:

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Group's operations from fellow subsidiaries and associates of China Energy Group.

(iv) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.

(v) Transportation service represents expenses paid to fellow subsidiaries in respect of transportation services.

(vi) Purchase of coal represents coal purchased from associates of the Target Group, associates of China Energy Group and fellow subsidiaries.

(vii) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.

(viii) Repairs and maintenance services expense represents expense related to machinery repairs and maintenance services provided by associates of China Energy Group and fellow subsidiaries.

(ix) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(x) Sale of coal chemical product represents income from sale of coal chemical product to fellow subsidiaries.

(xi) Income from engineering and technical services refers to the income from providing engineering and technical services to related parties

(xii) Net deposits placed with Finance Company represents net deposits placed by the Target Group with Finance Company.

(xiii) Granting of loans from China Energy Group and fellow subsidiaries.

(xiv) Repayment of loans from China Energy Group and fellow subsidiaries.

(xv) Factoring services refer to receiving factoring services from China Energy Group and fellow subsidiaries.

(xvi) Purchase chemical products from China Energy Group without processing and directly resell them.

The directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

The Target Group entered into a number of agreements with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group. The terms of the principal agreements are summarised as follows:

(i) The Target Company has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with associates of China Energy Group and fellow subsidiaries. Pursuant to the agreement, associates of China Energy Group and fellow subsidiaries provide the Target Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.

(ii) The Target Company has entered into coal supply agreements with associates of China Energy Group, fellow subsidiaries and associates of the Target Group. The coal supplied is charged at the prevailing market price.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

(iii) The Target Company has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Target Group. The interest rate for the deposits with Finance Company from the Target Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Target Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

(iv) The Target Group has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Target Group before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Target Company has a pre-emptive right to purchase such property under terms no less favorable than other third party.

(v) The Target Group has entered into agreements with fellow subsidiaries of China Energy Group under which the Target Group has been granted the right to use certain trademarks. Fellow subsidiaries of China Energy Group bear its own cost for the registration of such trademarks during the term of the trademarks license agreement and expenses for enforcement against any infringement of the licensed trademarks by third parties.

(vi) The Target Company has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring Company"). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Target Group with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Target Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Target Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Target Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Target Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.1 Transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group (continued)

Amounts due from/to China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cash and time deposits at bank	4,356	3,168	4,112	6,962
Accounts and bills receivables	239	177	399	259
Prepaid expenses and other current assets	392	345	303	313
Contract assets	26	275	327	389
Other non-current assets	-	-	-	16
Total amounts due from China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Target Group	5,013	3,965	5,141	7,939
Borrowings	6,406	9,083	9,742	12,149
Accounts payable	1,080	964	1,065	808
Accrued expenses and other payables	163	162	148	128
Contract liabilities	4	46	232	357
Total amounts due to China Energy Group, an associate of China Energy Group and fellow subsidiaries, and associates of the Target Group	7,653	10,255	11,187	13,442

Other than those disclosed in notes 20, 23, 24,25,29, 30 and 31 to the Historical Financial Information, amounts due from/to China Energy Group, associates of China Energy Group, fellow subsidiaries, and associates of the Target Group bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. RELATED PARTY TRANSACTIONS (CONTINUED)

38.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	4.62	5.45	5.37	3.79	1.24
Post-employment benefits	0.65	0.57	0.90	0.63	0.32
	5.27	6.02	6.27	4.42	1.56

Total remuneration is included in "personnel expenses" as disclosed in Note 10.

38.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in Note 37.

39. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 13 November 2025, the Company received additional capital from its controlling shareholder China Energy Group amounting to RMB4,927.20 million. The paid-up capital of the Company increased to RMB36,164.31 million.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. SUBSIDIARIES

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shaanxi Shenmu Chemical Industrial Co., Ltd.	PRC/ Mainland China	37.68%	2	26
Individually immaterial subsidiaries with non-controlling interests				90
				116

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shaanxi Shenmu Chemical Industrial Co., Ltd.	PRC/ Mainland China	37.68%	(6)	20
Shaanxi Yushen Energy Thermal Power Co., LTD	PRC/ Mainland China	35.00%	-	10
Individually immaterial subsidiaries with non-controlling interests				91
				121

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shaanxi Shenmu Chemical Industrial Co., Ltd.	PRC/ Mainland China	37.68%	(99)	(79)
Shaanxi Yushen Energy Thermal Power Co., LTD	PRC/ Mainland China	35.00%	-	91
Individually immaterial subsidiaries with non-controlling interests				151
				163

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations. (continued)

31 July 2024/Seven months ended 31 July 2024(unaudited)

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shaanxi Shenmu Chemical Industrial Co., Ltd.	PRC/ Mainland China	37.68%	1	21
Shaanxi Yushen Energy Thermal Power Co., LTD	PRC/ Mainland China	35.00%	-	10
Individually immaterial subsidiaries with non-controlling interests				92
				123

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shaanxi Shenmu Chemical Industrial Co., Ltd.	PRC/ Mainland China	37.68%	-	(79)
Shaanxi Yushen Energy Thermal Power Co., LTD	PRC/ Mainland China	35.00%	-	91
Individually immaterial subsidiaries with non-controlling interests				128
				140

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Shaanxi Shenmu Chemical Industrial Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	342	320	178	156
Non-current assets	1,078	930	867	850
Current liabilities	(943)	(492)	(553)	(1,211)
Non-current liabilities	(409)	(705)	(704)	(4)
Total equity	68	53	(212)	(209)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	1,621	1,446	1,331	815	776
Expenses	(1,614)	(1,500)	(1,567)	(829)	(778)
Profit and total comprehensive income for the year/period	6	(16)	(262)	4	(1)
Dividend paid to non-controlling interests	-	-	-	-	-
Net cash inflow from operating activities	182	79	2	35	(20)
Net cash outflow from investing activities	(21)	(19)	(15)	(2)	(2)
Net cash outflow from financing activities	(55)	(150)	(49)	(26)	(26)
Net cash inflow/(outflow)	106	(90)	(62)	7	(48)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Shaanxi Yushen Energy Thermal Power Co., LTD

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	14	31	34
Non-current assets	14	578	855
Current liabilities	-	(4)	(353)
Non-current liabilities	-	(344)	(275)
Total equity	28	261	261

	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	–	–	–	–
Expenses	–	–	–	–
Profit and total comprehensive income for the year/period	–	–	–	–
Dividend paid to non-controlling interests	-	-	-	-
Net cash inflow from operating activities	-	-	-	-
Net cash outflow from investing activities	(18)	(570)	-	(278)
Net cash inflow from financing activities	29	576	-	271
Net cash inflow/(outflow)	11	6	-	(7)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY

Year ended 31 December 2022

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2022	3	138	(19,744)	(19,603)
Profit for the year	-	-	1,619	1,619
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,619	1,619
Others	-	(43)	-	(43)
At 31 December 2022	3	95	(18,125)	(18,027)

Year ended 31 December 2023

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2023	3	95	(18,125)	(18,027)
Profit for the year	-	-	232	232
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	232	232
Others	-	8	-	8
At 31 December 2023	3	103	(17,893)	(17,787)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

Year ended 31 December 2024

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	3	103	(17,893)	(17,787)
Profit for the year	-	-	960	960
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	960	960
Others	-	49	-	49
At 31 December 2024	3	152	(16,933)	(16,778)

Seven months ended 31 July 2024 (unaudited)

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	3	103	(17,893)	(17,787)
Profit for the period	-	-	678	678
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	678	678
Others	-	50	-	50
At 31 July 2024	3	153	(17,215)	(17,059)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (CONTINUED)

Seven months ended 31 July 2025

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2025	3	152	(16,933)	(16,778)
Loss for the period	-	-	(771)	(771)
Other comprehensive income for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(771)	(771)
Others	-	78	-	78
At 31 July 2025	3	230	(17,704)	(17,471)

China Energy Wuhai Coal Group Co., Ltd.

Historical Financial Information

31 December 2022,2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHINA ENERGY WUHAI COAL GROUP CORPORATION LIMITED TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of China Energy Wuhai Coal Group Corporation Limited (the "Target Company") and its subsidiaries except for the Excluded Businesses as defined in note 2.1 to the Historical Financial Information (together, the "Target Group" as defined in note 2.1) set out on pages II-D-3 to II-D-106, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-D-3 to II-D-106 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-D-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	12,606	10,744	9,770	6,459	4,040
Cost of sales	6	(5,672)	(7,481)	(5,982)	(3,608)	(3,120)
Gross profit		6,934	3,263	3,788	2,851	920
Selling expenses		(20)	(27)	(22)	(11)	(11)
General and administrative expenses		(930)	(1,011)	(1,699)	(601)	(842)
Other gains and losses	10	11	(779)	(264)	22	-
Other income	7	56	139	31	8	15
Loss allowances, net of reversal	10	5	5	2	2	-
Other expenses		(214)	(143)	(195)	(68)	(45)
Interest income	8	172	174	195	110	106
Finance costs	8	(173)	(156)	(151)	(99)	(99)
Share of results of associates		-	2	(62)	-	-
Profit before income tax	**10**	5,841	1,467	1,623	2,214	44
Income tax expense	9	(1,209)	(495)	(382)	(199)	(121)
Profit/(loss) for the year/period	10	4,632	972	1,241	2,015	(77)
Other comprehensive income/(loss) for the year/period						
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:						
Re-measurement of defined benefit plans		(27)	(39)	(117)	(60)	(7)
Equity investments designated at fair value through other comprehensive income:						
Changes in fair value		9	-	-	-	-
Other comprehensive income/(loss) for the year/period		(18)	(39)	(117)	(60)	(7)
Total comprehensive income /(loss) for the year/period		4,614	933	1,124	1,955	(84)
Profit/(loss) for the year/period attributable to:						
Equity holders of the Target Company		4,340	712	1,197	1,931	24
Non-controlling interests		292	260	44	84	(101)
		4,632	972	1,241	2,015	(77)
Total comprehensive income /(loss) for the year/period attributable to:						
Equity holders of the Target Company		4,322	673	1,080	1,871	17
Non-controlling interests		292	260	44	84	(101)
		4,614	933	1,124	1,955	(84)

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	5,188	5,289	6,616	6,215
Construction in progress	15	1,111	932	1,348	1,588
Exploration and evaluation assets		2	2	-	-
Intangible assets	16	60	145	245	190
Right-of-use assets	21	216	258	304	315
Investments in associates	17	60	62	-	-
Financial assets at fair value through other comprehensive income	19	1	1	1	1
Other non-current assets	20	1,504	1,508	12	24
Deferred tax assets	27	1	20	20	19
Total non-current assets		8,143	8,217	8,546	8,352
Current assets					
Inventories	22	162	171	333	205
Accounts and bills receivables	23	560	521	359	180
Financial assets at fair value through other comprehensive income	19	27	-	3	-
Prepaid expenses and other current assets	24	537	4,497	3,951	3,238
Restricted bank deposits	25	667	370	471	515
Time deposits with original maturity of three months and over	26	9,400	5,580	5,300	8,037
Cash and cash equivalents	26	1,445	3,146	4,438	2,880
Total current assets		12,798	14,285	14,855	15,055
Current liabilities					
Accounts and bills payables	28	2,147	2,125	1,477	1,302
Accrued expenses and other payables	29	2,270	1,780	2,085	2,393
Current portion of long-term liabilities	30	318	288	670	1,120
Income tax payable		441	276	114	75
Contract liabilities		598	465	167	336
Total current liabilities		5,774	4,934	4,513	5,226
Net current assets		7,024	9,351	10,342	9,829
Total assets less current liabilities		15,167	17,568	18,888	18,181
Non-current liabilities					
Long-term liabilities	30	3,346	2,961	2,989	2,700
Accrued reclamation obligations	31	838	2,677	2,831	2,497
Total non-current liabilities		4,184	5,638	5,820	5,197
Net assets		10,983	11,930	13,068	12,984
Equity					
Paid-up capital	32	26,927	26,927	26,927	26,927
Reserves		(16,409)	(15,722)	(14,628)	(14,611)
Equity attributable to equity holders of the Target Company		10,518	11,205	12,299	12,316
Non-controlling interests		465	725	769	668
Total equity		10,983	11,930	13,068	12,984

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 32)	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	26,927	-	960	(11)	(21,722)	6,154	173	6,327
Profit for the year	-	-	-	-	4,340	4,340	292	4,632
Other comprehensive loss for the year	-	-	-	(18)	-	(18)	-	(18)
Total comprehensive income for the year	-	-	-	(18)	4,340	4,322	292	4,614
Appropriation of maintenance and production funds	-	-	278	-	(278)	-	-	-
Utilisation of maintenance and production funds	-	-	(373)	-	373	-	-	-
Others	-	42	-	-	-	42	-	42
At 31 December 2022	26,927	42	865	(29)	(17,287)	10,518	465	10,983

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 32)	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	26,927	42	865	(29)	(17,287)	10,518	465	10,983
Profit for the year	-	-	-	-	712	712	260	972
Other comprehensive loss for the year	-	-	-	(39)	-	(39)	-	(39)
Total comprehensive income for the year	-	-	-	(39)	712	673	260	933
Appropriation of maintenance and production funds	-	-	394	-	(394)	-	-	-
Utilisation of maintenance and production funds	-	-	(232)	-	232	-	-	-
Others	-	14	-	-	-	14	-	14
At 31 December 2023	26,927	56	1,027	(68)	(16,737)	11,205	725	11,930

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 32)	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	26,927	56	1,027	(68)	(16,737)	11,205	725	11,930
Profit for the year	-	-	-	-	1,197	1,197	44	1,241
Other comprehensive loss for the year	-	-	-	(117)	-	(117)	-	(117)
Total comprehensive income for the year	-	-	-	(117)	1,197	1,080	44	1,124
Appropriation of maintenance and production funds	-	-	369	-	(369)	-	-	-
Utilisation of maintenance and production funds	-	-	(354)	-	354	-	-	-
Others	-	9	-	-	5	14	-	14
At 31 December 2024	26,927	65	1,042	(185)	(15,550)	12,299	769	13,068

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 32)	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	26,927	56	1,027	(68)	(16,737)	11,205	725	11,930
Profit for the period	-	-	-	-	1,931	1,931	84	2,015
Other comprehensive loss for the period	-	-	-	(60)	-	(60)	-	(60)
Total comprehensive income for the period	-	-	-	(60)	1,931	1,871	84	1,955
Appropriation of maintenance and production funds	-	-	240	-	(240)	-	-	-
Utilisation of maintenance and production funds	-	-	(109)	-	109	-	-	-
Others	-	8	-	-	-	8	-	8
At 31 July 2024	26,927	64	1,158	(128)	(14,937)	13,084	809	13,893

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 32)	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	26,927	65	1,042	(185)	(15,550)	12,299	769	13,068
Loss for the period	-	-	-	-	24	24	(101)	(77)
Other comprehensive loss for the period	-	-	-	(7)	-	(7)	-	(7)
Total comprehensive income for the period	-	-	-	(7)	24	17	(101)	(84)
Appropriation of maintenance and production funds	-	-	205	-	(205)	-	-	-
Utilisation of maintenance and production funds	-	-	(95)	-	95	-	-	-
At 31 July 2025	26,927	65	1,152	(192)	(15,636)	12,316	668	12,984

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit before income tax	5,841	1,467	1,623	2,214	44
Depreciation of property, plant and equipment (note 10)	540	522	589	344	339
Depreciation of right-of-use assets (note 10)	9	9	15	8	10
Amortisation of intangible assets (note 10)	6	9	7	5	4
Amortisation of long-term deferred expenses (note 10)	-*	-	-*	-*	-*
Gains on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	(11)	(45)	(20)	(22)	-
Impairment losses on property, plant and equipment (note 10)	-	449	275	-	-
Impairment losses on construction in progress (note 10)	-	359	5	-	-
Impairment losses on intangible assets (note 10)	-	-*	-	-	-
Impairment losses on right-of-use assets (note 10)	-	16	4	-	-
Share of results of associates	-	(2)	62	-	-
Interest income (note 8)	(172)	(174)	(195)	(110)	(106)
Interest expenses (note 8)	172	156	150	99	99
Operating cash flows before movements in working capital	6,385	2,766	2,515	2,538	390
Changes in working capital:					
(Increase)/decrease in inventories	(5)	(9)	(162)	(169)	128
Decrease in accounts and bills receivables	512	81	142	254	124
Increase/(decrease) in accounts and bills payables	(1,325)	507	127	(551)	(90)
Increase in accrued expenses and other liabilities	117	377	195	310	119
Increase/(decrease) in contract liabilities	(87)	(134)	(297)	116	169
Cash generated from operations	5,597	3,588	2,520	2,498	840
Income tax paid	(1,209)	(495)	(382)	(199)	(121)
Net cash generated from operating activities	4,388	3,093	2,138	2,299	719

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(2,459)	(1,256)	(1,887)	(1,282)	(501)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	106	70	25	23	-*
Investments in associates	(60)	-	-	-	-
Interest received	172	174	194	110	66
Provision of entrusted loan and debt investment provided	-	(4,200)	(3,658)	(1,158)	(300)
Repayment of entrusted loan and debt investment	-	-	4,200	-	1,158
Placement of time deposits with original maturity of three months and over	(12,000)	(10,680)	(10,100)	(4,100)	(9,000)
Proceeds from maturity of time deposits with original maturity of three months and over	8,000	14,500	10,380	7,380	6,300
Net cash (used in)/generated from investing activities	(6,241)	(1,392)	(846)	973	(2,277)
Increase/(decrease) in cash and cash equivalents	(1,853)	1,701	1,292	3,272	(1,558)
Cash and cash equivalents, at the beginning of the year/period	3,298	1,445	3,146	3,146	4,438
Cash and cash equivalents, at the end of the year/period	1,445	3,146	4,438	6,418	2,880

*Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	2,572	2,562	3,975	3,931
Construction in progress	15	575	515	885	1,090
Exploration and evaluation assets		2	2	-	-
Intangible assets	16	34	126	220	142
Right-of-use assets	21	213	232	229	229
Investments in subsidiaries	18	969	1,089	1,179	1,260
Investments in associates	17	60	62	-	-
Financial assets at fair value through other comprehensive income	19	1	1	1	1
Other non-current assets	20	1,503	1,504	7	7
Total non-current assets		5,929	6,093	6,496	6,660
Current assets					
Inventories	22	43	59	38	68
Accounts and bills receivables	23	1,301	847	1,164	1,256
Financial assets at fair value through other comprehensive income	19	27	-	2	-
Prepaid expenses and other current assets	24	244	4,406	3,888	3,154
Restricted bank deposits	25	667	368	458	500
Time deposits with original maturity of three months and over	26	9,400	5,580	5,300	8,037
Cash and cash equivalents	26	1,399	3,110	4,205	2,631
Total current assets		13,081	14,370	15,055	15,646
Current liabilities					
Accounts and bills payables	28	3,535	4,385	3,961	3,967
Accrued expenses and other payables	29	1,641	1,356	1,592	1,901
Current portion of long-term liabilities	30	258	258	481	688
Income tax payable		397	194	103	71
Contract liabilities		598	464	167	336
Total current liabilities		6,429	6,657	6,304	6,963
Net current assets		6,652	7,713	8,751	8,683
Total assets less current liabilities		12,581	13,806	15,247	15,343
Non-current liabilities					
Lease liabilities		46	28	14	14
Long-term liabilities	30	3,343	2,960	2,988	2,698
Accrued reclamation obligations	31	197	1,888	2,103	2,122
Total non-current liabilities		3,586	4,876	5,105	4,834
Net assets		8,995	8,930	10,142	10,509
Equity					
Paid-up capital	32	26,927	26,927	26,927	26,927
Reserves		(17,932)	(17,997)	(16,785)	(16,418)
Total equity		8,995	8,930	10,142	10,509

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at Chuangye Road West, Shenhua Street South, Binhe District, Wuhai City, Inner Mongolia Autonomous Region, the PRC.

During the Relevant Periods, the Target Group were involved in the production and sale of coal in the PRC.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Paid-up capital	Proportion of ownership interest held by the Target Group (%)	Principal activities
		RMB million		
Inner Mongolia Limin Coal Coke Co., Ltd. (內蒙古利民煤焦有限責任公司)	PRC/Mainland China 20 September 1999	452	100.00	Coal mining, processing, and sales of coal
Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd. (國能烏海能源烏達煤炭加工有限公司)	PRC/Mainland China 5 February 2021	130	100.00	Bituminous and anthracite coal mining and washing
Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd. (國能（烏海海南區）煤炭加工有限公司)	PRC/Mainland China 27 December 2023	90	100.00	Petroleum, coal, and other fuel processing
Wuhai Lutian Mining Co., Ltd. (烏海市路天礦業有限責任公司)	PRC/Mainland China 22 April 2004	78	86.65	Coal mining and deep processing of coal and its by-products
Wuhai Gongwusu Coal Industry Co., Ltd.(烏海市公烏素煤業有限責任公司)	PRC/Mainland China 22 April 2004	74	80.52	Coal mining and deep processing of coal and its by-products
Guoneng Wuhai Energy Wuhushan Mining Co., Ltd. (國能烏海能源五虎山礦業有限責任公司)	PRC/Mainland China 16 August 2007	59	65.00	Coal mining and deep processing of coal and its by-products
Guoneng Wuhai Energy Huangbaizi Mining Co., Ltd. (國能烏海能源黃白茨礦業有限責任公司)	PRC/Mainland China 22 March 2004	84	51.10	Coal mining and deep processing of coal and its by-products

Note:

The statutory financial statements of the above entities for the years ended 31 December 2022 prepared under China Accounting Standards were audited by ShineWing Certified Public Accountants LLP, certified public accountants registered in the PRC.

The statutory financial statements of the above entities for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards were audited by Baker Tilly China Certified Public Accountants LLP, certified public accountants registered in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PRESENTATION

Pursuant to the Acquisition, as more fully explained in the paragraph headed "Principal Terms of the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement)" in the section headed "MAJOR AND CONNECTED TRANSACTION" in the Circular, the Target Company agreed to dispose of its equity interests in Inner Mongolia Alxa League Tianrong Coal Co., Ltd., Wuhai Shenhua Junzheng Industry Co., Ltd. and the related mining right of Baiyinwusu Coal Mine of Shenhua Group Haibowan Mining Co., Ltd. (collectively, the "Excluded Business") before the Acquisition (the "Disposal"). The Target Group then comprised the Target Company and its subsidiaries except the Excluded Businesses.

The Historical Financial Information excludes the Excluded Business, which are under the control of the ultimate holding company, but are not strategically complementary for the Acquisition purpose. In evaluating whether the Historical Financial Information fairly presents the history of the Target Group's business, the directors considered, among others, the following:

1) whether the Excluded Business was in dissimilar businesses;
2) whether the Excluded Business was and would be operated autonomously both before and after the Disposal; and
3) whether the Excluded Business had no more than incidental common facilities and costs.

The Historical Financial Information has been prepared as if the Disposal had been completed at the beginning of the Relevant Periods and accounted for as a distribution to the holding company of Target Company. The Historical Financial Information does not include the assets, liabilities, results of the operations and cash flows of the Excluded Business. The transactions and balances between all companies now comprising the Target Group and the Excluded Business have not been eliminated.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations) as issued by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information have been prepared on the historical cost basis, except for certain financial instruments as disclosed in note 34.3 to the Historical Financial Information, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 BASIS OF PREPARATION (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries except the Excluded Business. Control is achieved when the Target Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holder of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Target Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Target Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate. When the Target Group's share of losses of an associate exceeds the Target Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group reduces its ownership interest in an associate but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary difference. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised for:

- temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference;

- temporary difference related to investment in subsidiaries and associates to the extent that the Target Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary difference arising on the initial recognition of goodwill;

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "OECD").

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The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary difference associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary difference and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consists of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for freehold land, and mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Land and buildings	10 – 55 years
Mining related machinery and equipment	5 – 40 years
Generators related machinery and equipment	5 – 35 years
Furniture, fixtures, motor vehicles and other equipment	10 years

The directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and does not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Obligations for land reclamation

The Target Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Target Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets (continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the "FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including accounts and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.4 to the Historical Financial Information, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Target Group's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, intangible assets, interests in associates and other non-current assets, the recoverable amount of the asset need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs, future returns and discount rates.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Deferred tax assets

The Target Group recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary difference will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary difference, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 27 to the Historical Financial Information.

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Target Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Target Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Target Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in note 31 to the Historical Financial Information.

Provision of defined benefit plan

The Target Group has implemented organizational reforms, under which certain branches and subsidiaries have introduced internal retirement programs, allowing eligible employees to voluntarily exit their positions and enter a period of rest and recuperation. The Target Group has an obligation to pay internal retirement allowances to these employees prior to their reaching statutory retirement age. The Target Group calculates the monthly internal retirement allowance for each participating employee based on the internal retirement plan's established criteria. It also accrues and pays the required social insurance and housing fund contributions for these employees in accordance with local regulations. The Target Group forecasts future payments of internal retirement allowances by referencing expected inflation rates. In addition, the Target Group operates an unfunded defined benefit plan for all eligible employees within China. Under this plan, employees are entitled to receive post-retirement benefits such as heating subsidies and other supplementary welfare benefits outside the statutory pension scheme.

The plan is subject to risks related to interest rates, changes in the expected life expectancy of retirees, and anticipated salary growth rates. Given that these estimates involve judgments regarding future economic conditions and personnel policies, they are subject to significant uncertainty. Management has carefully assessed the underlying assumptions and made its judgments based on historical data and current operational conditions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Coal	12,527	10,644	9,726	6,430	4,025
– Power	8	7	3	2	1
Others	71	93	41	27	14
	12,606	10,744	9,770	6,459	4,040

The Target Group's revenues from contracts with customers amounted to RMB12,601 million, RMB10,744 million, RMB9,752 million, RMB6,449 million (unaudited) and RMB4,035 million for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively.

The Target Group produces and sells coal to customers at spot markets. For sales of coal, revenue is recognised when control of the goods has been transferred, being when the goods have been picked up by the customer or shipped to the customers' specific location. According to the Target Group's historical experiences, there was no significant exchange or return of coal occurred. There are no sales-related warranties associated with coal products.

For sales of power, revenue is recognised upon the transmission of electric power to the power grid companies. Power could not be returned or exchanged and there are also no warranties associated with power sales.

All performance obligations of sales of coal and power are part of the contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Group's revenue from external customers was derived from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of the Target Group's non-current non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

Revenue derived from single customers which accounted for 10% or more of the Target Group's total revenue is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Customer A	1,489	-*	-*	-*	-*
Customer B	1,430	1,292	-*	-*	-*
Customer C	-*	-*	1,011	-*	516

* The corresponding revenue did not contribute over 10% of the total revenue of the Target Group during that particular year/period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024	Seven months ended 31 July 2025
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Materials, fuel and power	1,391	1,459	1,307	689	543
Personnel expenses	1,594	1,656	1,697	794	892
Depreciation and amortisation	458	430	494	289	286
Repairs and maintenance	121	37	35	18	5
Transportation charges	54	53	56	31	27
Tax and surcharges	1,363	1,183	1,033	707	440
Other operating costs	691	2,663	1,360	1,080	927
	5,672	7,481	5,982	3,608	3,120

7. OTHER INCOME

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024	Seven months ended 31 July 2025
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Government grants	12	42	10	2	5
Claim income	3	6	10	4	9
Others	41	91	11	2	1
	56	139	31	8	15

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	172	170	100	66	73
– other loans and receivables	-	4	95	44	33
Total interest income	172	174	195	110	106
Others	1	-*	1	-*	-*
Unwinding of discount	172	156	150	99	99
Total finance costs	173	156	151	99	99
Net finance costs	1	(18)	(44)	(11)	(7)

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	1,217	508	385	202	119
Income tax difference adjustment in respect of prior year/period	(8)	6	(3)	(3)	1
Deferred tax	-	(19)	-	-	1
	1,209	495	382	199	121

The tax charge for the year/period can be reconciled to the profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit before income tax	5,841	1,467	1,623	2,214	44
Tax at the PRC income tax rate of 25%	1,460	367	406	554	11
Tax effects of:					
– different tax rates	(208)	(431)	(144)	(284)	(5)
– non-deductible expenses	9	5	15	4	2
– share of results of associates	-	-	15	-	-
– utilisation of tax losses and deductible temporary difference previously not recognised	(51)	(121)	(123)	(72)	(22)
– tax losses and deductible temporary difference not recognised	7	669	216	-*	134
– Income tax difference adjustment in respect of prior year/period	(8)	6	(3)	(3)	1
Income tax expense	1,209	495	382	199	121

* Amount less than RMB500,000

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Periods and for the seven months ended 31 July 2024 except for the Target Company and certain branches and subsidiaries operating in the Western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Profit/(loss) for the year/period has been arrived at after charging/(crediting):

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	3,480	2,982	3,464	2,021	1,695
– Contributions to defined contribution plans	343	369	371	216	222
Amortisation of long-term deferred expenses	-*	-	-*	-*	-*
Depreciation of property, plant and equipment (note 14)	540	522	589	344	339
Depreciation of right-of-use assets (note 21)	9	9	15	8	10
Amortisation of intangible assets (note 16)	6	9	7	5	4
Depreciation and amortisation	555	540	611	357	353
Loss allowances					
– Accounts receivable (note 34.2)	(2)	(1)	(1)	(1)	-
– Other receivables and other loans (note 34.2)	(3)	(4)	(1)	(1)	-
	(5)	(5)	(2)	(2)	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD (CONTINUED)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, represent					
– gains on disposal of property, plant and equipment, intangible assets and non-current assets	(11)	(45)	(20)	(22)	-*
– impairment losses on property, plant and equipment (note 14) (note)	-	449	275	-	-
– impairment losses on construction in progress (note 15) (note)	-	359	5	-	-
– impairment losses on intangible assets (note 16) (note)	-	-*	-	-	-
– impairment losses on right-of-use assets (note 21) (note)	-	16	4	-	-
	(11)	779	264	(22)	-
Carrying amount of inventories sold	5,672	7,481	5,982	3,608	3,120
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	6	8	19	11	13
Auditors' remuneration					
– audit service	-*	-*	1	-*	-*

* Amount less than RMB500,000

Note:

The Target Group has recorded impairment losses for certain long-term assets.

The recoverable amount is the higher of the fair value of the cash generating unit ("CGU") less costs to sell and value in use ("VIU") of the CGUs.

Recoverable amount by calculating fair value less costs of disposal:

As of 31 December 2023 and 2024, the Target Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement.

Recoverable amount by calculating present value of estimated future cash flow:

As of 31 December 2023 and 2024, the Target Group had treated companies with impairment indicators as individual cash-generating units and had made relevant impairment assessment by calculating the present value of estimated future cash flow of each cash generating unit. The pre-tax discount rate used in the impairment assessment was based on the weighted average cost of capital, ranging from 11.33% and 8.64%.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhang Chuanli	(iii)	-	0.87	-	0.02	0.89
Zhou Guanghua	(iii)	-	0.47	-	0.01	0.48
Chen Fei		-	0.33	-	0.02	0.35
Lv Jie		-	0.38	-	0.02	0.40
Hao Jinbao	(i)	-	-	-	-	-
Wang Ningbo	(i)	-	-	-	-	-
Wang Yukun	(iii)	-	0.77	-	0.02	0.79
Sub-total		-	2.82	-	0.09	2.91
Supervisors						
Niu Jianjun	(iii)	-	0.73	-	0.03	0.76
Zhan Renhai	(iii)	-	0.52	0.01	0.02	0.55
Sub-total		-	1.25	0.01	0.05	1.31
Total		-	4.07	0.01	0.14	4.22

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2023				
	Notes	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhang Chuanli	(iii)	-	0.21	-	0.01	0.22
Zhou Yong	(ii)	-	1.17	-	0.03	1.20
Zhou Guanghua	(iii)	-	0.31	-	0.01	0.32
Chen Fei		-	0.38	-	0.02	0.40
Lv Jie		-	0.47	-	0.02	0.49
Hao Jinbao	(i)	-	-	-	-	-
Wang Ningbo	(i)	-	-	-	-	-
Wang Yukun	(iii)	-	0.13	-	-*	0.13
Sub-total		-	2.67	-	0.09	2.76
Supervisor						
Niu Jianjun	(iii)	-	1.05	-	0.03	1.08
Zhan Renhai	(iii)	-	0.55	0.05	0.02	0.62
Sub-total		-	1.60	0.05	0.05	1.70
Total		-	4.27	0.05	0.14	4.46

* Amount less than RMB10,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhou Yong	(ii)	-	1.09	-	0.03	1.12
Chen Fei		-	0.36	0.02	0.02	0.40
Lv Jie		-	0.47	0.02	0.02	0.51
He Haitao	(ii)	-	0.15	0.03	0.02	0.20
Hao Jinbao	(i)	-	-	-	-	-
Wang Ningbo	(i)	-	-	-	-	-
Sub-total		-	2.07	0.07	0.09	2.23
Supervisors						
Niu Jianjun	(iii)	-	0.91	-	0.03	0.94
Zhan Renhai	(iii)	-	0.69	-	0.02	0.71
Sub-total		-	1.60	-	0.05	1.65
Total		-	3.67	0.07	0.14	3.88

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhou Yong	(ii)	-	0.36	-	0.02	0.38
Chen Fei		-	0.20	-	0.01	0.21
Lv Jie		-	0.20	-	0.01	0.21
Hao Jinbao	(i)	-	-	-	-	-
Wang Ningbo	(i)	-	-	-	-	-
Sub-total		-	0.76	-	0.04	0.80
Supervisor						
Niu Jianjun	(iii)	-	0.30	-	0.02	0.32
Zhan Renhai	(iii)	-	0.26	-	0.02	0.28
Sub-total		-	0.56	-	0.04	0.60
Total		-	1.32	-	0.08	1.40

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Notes	Fees RMB million	Basic salaries, housing and other allowances and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhou Yong	(ii)	-	0.26	-	0.01	0.27
Chen Fei		-	0.20	-	0.01	0.21
Lv Jie		-	0.20	-	0.01	0.21
He Haitao	(ii)	-	0.36	-	0.01	0.37
Hao Jinbao	(i)	-	-	-	-	-
Wang Ningbo	(i)	-	-	-	-	-
Zhang Jialin	(ii)	-	0.30	-	0.02	0.32
Total		-	1.32	-	0.06	1.38

Discretionary bonuses were determined in accordance with the relevant human resources policies.

Notes:

(i) The emoluments of these directors were borne by China Energy Group during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. He Haitao was appointed as a director on 30 August 2024.
Mr. Zhou Yong was appointed as a director on 14 April 2023.
Mr. Zhang Jialin was appointed as a director on 15 January 2025.

(iii) Mr. Wang Yukun ceased to serve as a director on 21 March 2023.
Mr. Zhang Chuanli ceased to serve as a director on 22 March 2023.
Mr. Zhou Guanghua ceased to serve as a director on 17 July 2023.
Mr. Zhan Renhai ceased to serve as a supervisor on 26 January 2024.
Mr. Niu Jianjun ceased to serve as a supervisor on 28 October 2024.

Except for those emoluments of directors whose emoluments were borne by China Energy Group, the executive directors' and supervisor's emoluments shown above were mainly for their services in connection with the management of the affairs of the Target Company and the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	5.19	5.89	5.86	1.90	2.06
Discretionary bonuses	0.24	0.23	0.35	0.11	-*
Retirement scheme contributions	0.10	0.11	0.12	0.06	0.07
Total	5.53	6.23	6.33	2.07	2.13

* Amount less than RMB10,000

Their emoluments are within the following bands:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Nil to HKD500,000	-	-	-	5	5
HKD1,000,001 to HKD1,500,000	5	5	5	-	-
Total	5	5	5	5	5

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2022	1,918	4,032	4,390	119	2	10,461
Additions	-*	389	282	-	-	671
Transferred from construction in progress (note 15)	140	-	462	3	-	605
Transferred from intangible assets (note 16)	-	-	36	-	-	36
Disposals or write-off	(91)	-	(437)	(10)	-	(538)
At 31 December 2022 and 1 January 2023	1,967	4,421	4,733	112	2	11,235
Additions	4	-	557	-	-	561
Transferred from construction in progress (note 15)	419	1	77	12	-	509
Transferred from intangible assets (note 16)	-	-	26	-	-	26
Reclassification and other additions	(181)	-	181	-	-	-
Disposals or write-off	(32)	(2)	(303)	(2)	-	(339)
At 31 December 2023 and 1 January 2024	2,177	4,420	5,271	122	2	11,992
Additions	5	1,632	261	-	-	1,898
Transferred from construction in progress (note 15)	141	-	149	3	-	293
Transferred from intangible assets (note 16)	-	-	2	-	-	2
Reclassification and other additions	(15)	-	15	-	-	-
Disposals or write-off	(16)	(7)	(93)	(2)	-	(118)
At 31 December 2024 and 1 January 2025	2,292	6,045	5,605	123	2	14,067
Additions	-	-	71	-	-	71
Transferred from construction in progress (note 15)	4	-	19	-	-	23
Transferred from intangible assets (note 16)	-	-	82	-	-	82
Disposals or write-off	-	(238)	(9)	-	-	(247)
At 31 July 2025	2,296	5,807	5,768	123	2	13,996

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (Continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2022	1,012	2,134	2,786	87	2	6,021
Charge for the year	41	243	254	2	-*	540
Disposals or write-off	(84)	-	(421)	(9)	-	(514)
At 31 December 2022 and 1 January 2023	969	2,377	2,619	80	2	6,047
Charge for the year	45	164	310	3	-*	522
Impairment losses	160	68	221	-*	-	449
Disposals or write-off	(27)	(2)	(285)	(1)	-	(315)
At 31 December 2023 and 1 January 2024	1,147	2,607	2,865	82	2	6,703
Charge for the year	44	186	356	3	-*	589
Impairment losses	22	104	149	-	-	275
Disposals or write-off	(16)	(7)	(91)	(2)	-	(116)
At 31 December 2024 and 1 January 2025	1,197	2,890	3,279	83	2	7,451
Charge for the period	30	103	204	2	-*	339
Disposals or write-off	-	-	(9)	-	-	(9)
At 31 July 2025	1,227	2,993	3,474	85	2	7,781
Net carrying amounts						
At 31 December 2022	998	2,044	2,114	32	-*	5,188
At 31 December 2023	1,030	1,813	2,406	40	-*	5,289
At 31 December 2024	1,095	3,155	2,326	40	-*	6,616
At 31 July 2025	1,069	2,814	2,294	38	-*	6,215

* Amount less than RMB500,000

Notes:

(i) The Target Group was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB760 million, RMB765 million, RMB802 million and RMB738 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) Due to certain indicators of impairment for some assets, management performed impairment assessments on the related assets and concluded that impairment provisions of RMB449 million and RMB275 million were required, which were recognised in profit or loss for the years ended 31 December 2023 and 2024, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Total RMB million
Cost				
At 1 January 2022	830	1,739	2,501	5,070
Additions	-*	390	131	521
Transferred from construction in progress (note 15)	58	-	194	252
Transferred from intangible assets (note 16)	-	-	36	36
Disposals or write-off	(49)	-	(167)	(216)
At 31 December 2022 and 1 January 2023	839	2,129	2,695	5,663
Additions	-*	-	320	320
Transferred from construction in progress (note 15)	60	-	54	114
Transferred from intangible assets (note 16)	-	-	24	24
Reclassification and other additions	(13)	-	13	-
Disposals or write-off	(21)	-	(170)	(191)
At 31 December 2023 and 1 January 2024	865	2,129	2,936	5,930
Additions	5	1,523	16	1,544
Transferred from construction in progress (note 15)	17	-	254	271
Transferred from intangible assets (note 16)	-	-	1	1
Disposals or write-off	(130)	-	(148)	(278)
At 31 December 2024 and 1 January 2025	757	3,652	3,059	7,468
Additions	-	-	43	43
Transferred from construction in progress (note 15)	-	-	4	4
Transferred from intangible assets (note 16)	-	-	82	82
Disposals or write-off	(36)	-	(41)	(77)
At 31 July 2025	721	3,652	3,147	7,520

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (Continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2022	409	1,086	1,601	3,096
Charge for the year	22	22	159	203
Disposals or write-off	(47)	-	(161)	(208)
At 31 December 2022 and 1 January 2023	384	1,108	1,599	3,091
Charge for the year	24	26	177	227
Impairment losses	9	68	152	229
Disposals or write-off	(18)	-	(161)	(179)
At 31 December 2023 and 1 January 2024	399	1,202	1,767	3,368
Charge for the year	21	32	198	251
Impairment losses	-	104	-	104
Disposals or write-off	(99)	-	(131)	(230)
At 31 December 2024 and 1 January 2025	321	1,338	1,834	3,493
Charge for the period	13	33	123	169
Disposals or write-off	(32)	-	(41)	(73)
At 31 July 2025	302	1,371	1,916	3,589
Net carrying amounts				
At 31 December 2022	455	1,021	1,096	2,572
At 31 December 2023	466	927	1,169	2,562
At 31 December 2024	436	2,314	1,225	3,975
At 31 July 2025	419	2,281	1,231	3,931

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB483 million, RMB492 million, RMB490 million and RMB433 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) Due to certain indicators of impairment for some assets, management performed impairment assessments on the related assets and concluded that impairment provisions of RMB 229 million and RMB104 million were required, which were recognised in profit or loss for the years ended 31 December 2023 and 2024, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	571	1,111	932	1,348
Additions	1,145	689	714	263
Transferred to property, plant and equipment (note 14)	(605)	(509)	(293)	(23)
Impairment losses (note)	-	(359)	(5)	-
At the end of the year/period	1,111	932	1,348	1,588

Note:

As a result of equipment upgrades, management performed impairment assessments of the related construction in progress and concluded that impairment provision amounting to RMB359 million and RMB5 million were required, which were recognised in profit or loss for the years ended 31 December 2023 and 2024, respectively.

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	416	575	515	885
Additions	411	413	641	209
Transferred to property, plant and equipment (note 14)	(252)	(114)	(271)	(4)
Impairment losses (note)	-	(359)	-*	-
At the end of the year/period	575	515	885	1,090

* Amount less than RMB500,000

Note:

As a result of equipment upgrades, management performed impairment assessments of the related construction in progress and concluded that an impairment provision amounting to RMB359 million was required, which was recognised in profit or loss for the year ended 31 December 2023.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

16. INTANGIBLE ASSETS

The Target Group

The movements of intangible assets, mainly software, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	45	60	145	245
Additions	58	120	109	31
Amortisation	(6)	(9)	(7)	(4)
Disposal	(1)	-	-*	-
Impairment losses	-	-*	-	-
Transferred to property, plant and equipment (note 14)	(36)	(26)	(2)	(82)
At the end of the year/period	60	145	245	190

* Amount less than RMB500,000

The Target Company

The movements of intangible assets, mainly software, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	38	34	126	220
Additions	36	120	100	7
Amortisation	(4)	(4)	(5)	(3)
Impairment losses	-	-*	-	-
Transferred to property, plant and equipment (note 14)	(36)	(24)	(1)	(82)
At the end of the year/period	34	126	220	142

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INVESTMENTS IN ASSOCIATES

The Target Group and the Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	88	88	88	88
Share of post-acquisition profits and other comprehensive income, net of dividend received	(28)	(26)	(88)	(88)
	60	62	-	-

The Target Group's associates are unlisted and established in the PRC. The equity interests of these entities are directly held by the Target Company.

Aggregate information of associates that are not individually material:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Aggregate carrying amount of individually immaterial associates	60	62	-	-

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Aggregate amounts of the Target Group's share of individually immaterial associates					
– Loss for the year/period	-*	2	(101)	-*	(1)
–Total comprehensive loss for the year/period	-*	2	(101)	-*	(1)

* Amount less than RMB500,000

18. INVESTMENTS IN SUBSIDIARIES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	1,547	1,667	1,757	1,838
Less: Impairment	578	578	578	578
Net carrying amounts	969	1,089	1,179	1,260

The Target Company's balances with subsidiaries are unsecured, interest-free and repayable on demand. Further details of the Target Company's balances with subsidiaries are included in note 39 to the Historical Financial Information.

Particulars of the Target Company's principal subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets				
Unlisted equity securities (note (i))	1	1	1	1
Current assets				
Accounts and bills receivables (note (ii))	27	-	3	-
	28	1	4	1

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets				
Unlisted equity securities (note (i))	1	1	1	1
Current assets				
Accounts and bills receivables (note (ii))	27	-	2	-
	28	1	3	1

Notes:

(i) The above unlisted equity investments represent the Target Group's equity interests in entities established in the PRC. The directors of the Target Company have elected to designate these equity investments as at FVTOCI as it is the Target Group's strategy to hold these investments for long-term purposes and realising their performance potential in the long run.

(ii) As at 31 December 2022, 2023 and 2024 and 31 July 2025, certain accounts and bills receivables were classified as financial assets at FVTOCI, as the Target Company's and certain subsidiaries' business model is achieved both by collecting contractual cash flows and selling of these assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. OTHER NON-CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	1	5	11	23
Prepayments for mining projects	1,502	1,502	-	-
Long-term deferred expenses	1	1	1	1
	1,504	1,508	12	24

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	-*	1	6	6
Prepayments for mining projects	1,502	1,502	-	-
Long-term deferred expenses	1	1	1	1
	1,503	1,504	7	7

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS

The Target Group

The right-of-use assets represent the considerations of land use rights paid to the PRC's government authorities. The Target Group is in the process of applying for the title certificates of certain land use rights with aggregate net carrying amounts of RMB43 million, RMB56 million, RMB55 million and RMB55 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

The Target Group leases assets including land use rights. Information about leases for which the Target Group is a lessee is presented below.

	Land use rights RMB million	Total RMB million
Cost		
At 1 January 2022	225	225
Additions	99	99
At 31 December 2022 and 1 January 2023	324	324
Additions	67	67
At 31 December 2023 and 1 January 2024	391	391
Additions	65	65
At 31 December 2024 and 1 January 2025	456	456
Additions	21	21
At 31 July 2025	477	477
Accumulated depreciation		
At 1 January 2022	91	91
Depreciation	9	9
At 31 December 2022 and 1 January 2023	100	100
Depreciation	9	9
At 31 December 2023 and 1 January 2024	109	109
Depreciation	15	15
At 31 December 2024 and 1 January 2025	124	124
Depreciation	10	10
At 31 July 2025	134	134

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Group (Continued)

	Land use rights RMB million	Total RMB million
Impairment losses		
At 1 January 2022, 31 December 2022 and 1 January 2023	8	8
Additions	16	16
At 31 December 2023 and 1 January 2024	24	24
Additions	4	4
At 31 December 2024, 1 January 2025 and 31 July 2025	28	28
Net carrying amounts		
At 31 December 2022	216	216
At 31 December 2023	258	258
At 31 December 2024	304	304
At 31 July 2025	315	315

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

The Target Company leases assets including buildings, machinery, equipment and other properties, and land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Buildings RMB million	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Cost				
At 1 January 2022	62	16	154	232
Additions	8	-	70	78
Disposals	-	(5)	-	(5)
At 31 December 2022 and 1 January 2023	70	11	224	305
Additions	-	-	55	55
At 31 December 2023 and 1 January 2024	70	11	279	360
Additions	-	-	21	21
At 31 December 2024 and 1 January 2025	70	11	300	381
Additions	-	-	15	15
At 31 July 2025	70	11	315	396
Accumulated depreciation				
At 1 January 2022	10	3	51	64
Depreciation	12	2	6	20
At 31 December 2022 and 1 January 2023	22	5	57	84
Depreciation	12	2	6	20
At 31 December 2023 and 1 January 2024	34	7	63	104
Depreciation	12	1	11	24
At 31 December 2024 and 1 January 2025	46	8	74	128
Depreciation	7	1	7	15
At 31 July 2025	53	9	81	143

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company (Continued)

	Buildings RMB million	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Impairment losses				
At 1 January 2022 and 31 December 2022	-	-	8	8
Additions	-	-	16	16
At 31 December 2023, 2024 and 2025 and 31 July 2025	-	-	24	24
Net carrying amounts				
At 31 December 2022	48	6	159	213
At 31 December 2023	36	4	192	232
At 31 December 2024	24	3	202	229
At 31 July 2025	17	2	210	229

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. INVENTORIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	152	159	327	189
Materials and supplies	12	14	8	18
	164	173	335	207
Less: Write-down of inventories	2	2	2	2
	162	171	333	205

The movements of write-down of inventories during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning and end of the year/period	2	2	2	2

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	31	45	34	67
Materials and supplies	12	14	4	1
	43	59	38	68
Less: Write-down of inventories	-	-	-	-
	43	59	38	68

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	405	326	128	31
– Third parties	159	198	232	151
	564	524	360	182
Less: Allowance for credit losses	4	3	2	2
	560	521	358	180
Bills receivable				
– Third parties	-	-	1	-
	560	521	359	180

As at the end of each of the Relevant Periods, accounts and bills receivables from contracts with customers amounted to RMB553 million, RMB501 million, RMB348 million and RMB180 millions, respectively.

Bills receivable were mainly issued by the PRC banks, which would expire within one year. As at the end of each of the Relevant Periods, the Target Group had no bills pledged to secure bills payable.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	557	518	355	179
One to two years	-	-*	-	1
Two to three years	-	-	-	-
More than three years	3	3	3	-*
	560	521	358	180

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Group (Continued)

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the Target Group's accounts receivable are debtors with aggregate gross carrying amounts of RMB4 million, RMB3 million, RMB2 million and RMB2 million which are past due as at the report dates. The past due balances are not considered as in default because the debtors are not in significant financial difficulty and the management expects that the debtors are able and likely to pay for the debts. The Target Group does not hold any collateral over these balances.

Details of credit risks of accounts and bills receivables as at the end of each of the Relevant Periods are set out in note 34.2 to the Historical Financial Information.

Transfers of financial assets

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group endorsed bills receivable amounting to RMB41 million, RMB2 million, nil and nil, respectively, to suppliers to settle the accounts payable of the same amounts. In accordance with the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Target Group if the issuing banks default on payments (the "Continuing Involvement"). In the opinion of the directors, the fair values of the Continuing Involvement are insignificant, and the Target Group has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, and in the case of bills receivable being endorsed to suppliers, derecognised the associated accounts payable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	1,282	796	1,047	1,185
– Third parties	19	51	117	71
	1,301	847	1,164	1,256
Less: Allowance for credit losses	-	-	-	-
	1,301	847	1,164	1,256

As at the end of each of the Relevant Periods, accounts receivables from contracts with customers amounted to RMB1,290 million, RMB824 million, RMB1,152 million and RMB1,254 millions, respectively.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is less than one year.

As at as at the end of each of the Relevant Periods, there were no accounts receivable that were in default.

Details of credit risks of accounts as at the end of each of the Relevant Periods are set out in note 34.2 to Historical Financial Information.

Transfers of financial assets

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company endorsed bills receivable amounting to RMB41 million, RMB2 million, nil and nil, respectively, to suppliers to settle the accounts payable of the same amounts. In accordance with the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Target Company if the issuing banks default on payments (the "Continuing Involvement"). In the opinion of the directors, the fair values of the Continuing Involvement are insignificant, and the Target Company has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, and in the case of bills receivable being endorsed to suppliers, derecognised the associated accounts payable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loan (note (i))	-	-	1,159	-
– Debt investment (note (ii))	-	4,200	2,500	2,805
– Other receivables	450	213	221	222
	450	4,413	3,880	3,027
Less: Impairment losses	37	33	32	32
	413	4,380	3,848	2,995
Prepaid expenses and deposits	38	63	70	123
Deductible VAT and other taxes	86	54	33	120
	537	4,497	3,951	3,238

Notes:

(i) As at 31 December 2024, the balance of the entrusted loan provided by the Target Company to China Energy Group Hangjin Energy Co., Ltd., which is the Target Company's fellow subsidiary, through China Energy Group Finance Co., Ltd., which is the Target Company's fellow subsidiary, was RMB1,159 million, with an annual interest rate of 2.3% and a term of one year. The entrusted loan became mature in April 2025, and China Energy Group Hangjin Energy Co., Ltd. repaid the principal and interest accordingly.

(ii) As at 31 December 2022, 2023 and 2024 and 31 July 2025, the balance of the debt investment provided by the Target Group to China Energy Leasing Co., Ltd. through Yingda International Trust Co., Ltd. amounted to nil, RMB4,200 million, RMB2,500 million and RMB2,805 million, respectively, with an annual interest rate of 2.05% and a term of one year. China Energy Leasing Co., Ltd. repaid the principal and interest accordingly.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. PREPAID EXPENSES AND OTHER CURRENT ASSETS(CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loan (note (i))	52	-	1,159	-
– Debt investment (note (ii))	-	4,200	2,500	2,805
– Other receivables	197	197	216	217
	249	4,397	3,875	3,022
Less: impairment losses	37	33	32	32
	212	4,364	3,843	2,990
Prepaid expenses and deposits	28	39	42	91
Deductible VAT and other taxes	4	3	3	73
	244	4,406	3,888	3,154

Notes:

(i) As at 31 December 2024, the balance of the entrusted loan provided by the Target Company to China Energy Group Hangjin Energy Co., Ltd., which is the Target Company's fellow subsidiary, through China Energy Group Finance Co., Ltd., which is the Target Company's fellow subsidiary, was RMB1,159 million, with an annual interest rate of 2.3% and a term of one year. The entrusted loan became mature in April 2025, and China Energy Group Hangjin Energy Co., Ltd. repaid the principal and interest accordingly. As at 31 December 2022, the balance of the entrusted loan provided by the Target Company to Inner Mongolia Limin Coal & Coke Co., Ltd. through Bank of Communications was RMB52.25 million, with an annual interest rate of 3.83% and a term of one year. The entrusted loan became mature in March 2023, and Inner Mongolia Limin Coal & Coke Co., Ltd. repaid the principal and interests accordingly.

(ii) As at 31 December 2022, 2023 and 2024 and 31 July 2025, the balance of the debt investment provided by the Target Group to China Energy Leasing Co., Ltd., which is the Target Company's fellow subsidiary, through Yingda International Trust Co., Ltd. amounted to nil, RMB4,200 million, RMB2,500 million and RMB2,805 million, respectively, with an annual interest rate of 2.05% and a term of one year. China Energy Leasing Co., Ltd. repaid the principal and interest accordingly.

25. RESTRICTED BANK DEPOSITS

The Target Group and the Target Company

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines, letter of guarantee deposit, bill acceptance deposits, and Government Subsidy Funding for Coal Mine Safety Renovation Projects.

The Target Group and the Target Company performed impairment assessment on restricted bank deposits and concluded that the probability of default of the counterparty banks is insignificant and accordingly, no allowance for credit losses has been provided.

Details of impairment assessment of restricted bank deposits are set out in note 34.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at banks and on hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	11,512	9,096	10,209	11,432
Less: Restricted bank deposits	667	370	471	515
Less: Time deposits with original maturity of three months and over	9,400	5,580	5,300	8,037
Cash and cash equivalents	1,445	3,146	4,438	2,880

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of default of the counterparty banks is insignificant and accordingly, no allowance for credit losses has been provided. Details of impairment assessment of bank deposits are set out in note 34.2 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	11,466	9,058	9,963	11,168
Less: Restricted bank deposits	667	368	458	500
Less: Time deposits with original maturity of three months and over	9,400	5,580	5,300	8,037
Cash and cash equivalents	1,399	3,110	4,205	2,631

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of default of the counterparty banks is insignificant and accordingly, no allowance for credit losses has been provided. Details of impairment assessment of bank deposits are set out in note 34.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (CONTINUED)

(b) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Within investing cash flows	100	68	66	30	19

These amounts relate to the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Lease rental paid	100	68	66	30	19

27. DEFERRED TAXATION

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	1	20	20	19

The following are the deferred tax assets recognised and the movements thereon during the year/period:

	At 1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	At 31 December 2022 RMB million
Others	1	-	1

	At 1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	At 31 December 2023 RMB million
Accrued Reclamation Obligations Assets	-	19	19
Others	1	-	1
Deferred tax assets	1	19	20

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION (CONTINUED)

The Target Group (Continued)

The following are the deferred tax assets recognised and the movements thereon during the year/period:

	At 1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	At 31 December 2024 RMB million
Accrued Reclamation Obligations Assets	19	-	19
Others	1	-	1
Deferred tax assets	20	-	20

	At 1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	At 31 July 2025 RMB million
Accrued Reclamation Obligations Assets	19	(1)	18
Others	1	-	1
Deferred tax assets	20	(1)	19

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had unused tax losses of RMB152 million, RMB150 million, RMB45 million and RMB103million and unrecognised deductible temporary differences of RMB3,728 million, RMB5,922 million, RMB6,400 million and RMB6,790 million available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RMB152 million, RMB150 million, RMB45 million and RMB103 million losses at 31 December 2022, 2023, 2024 and 31 July 2025, respectively, due to the unpredictability of future profit streams.

The expiry dates of the tax losses of the Target Group for which no deferred income tax assets were recognised are summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
Year of expiry				
2023	8	-	-	-
2024	105	105	-	-
2025	19	19	19	19
2026	14	14	14	14
2027	6	6	6	6
2028	-	6	6	6
2029	-	-	-	58
Total	152	150	45	103

The Target Company

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no unused tax losses and had unrecognised deductible temporary differences of RMB2,324 million, RMB2,962 million, RMB2,749 million and RMB2,725 million available for offset against future profit.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. ACCOUNTS AND BILLS PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	241	272	239	199
– Third parties	1,466	1,466	1,238	1,103
	1,707	1,738	1,477	1,302
Bills payable	440	387	-	-
	2,147	2,125	1,477	1,302

As at the end of each of the Relevant Periods, the ageing analysis of accounts and bills payables, based on the invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	2,116	1,970	1,367	1,194
One to two years	23	144	108	107
Two to three years	3	8	1	1
More than three years	5	3	1	-*
	2,147	2,125	1,477	1,302

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. ACCOUNTS AND BILLS PAYABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– Subsidiaries and China Energy Group, an associate of China Energy Group and fellow subsidiaries	2,295	3,074	3,161	3,275
– Third parties	800	924	800	692
	3,095	3,998	3,961	3,967
Bills payable	440	387	-	-
	3,535	4,385	3,961	3,967

As at the end of each of the Relevant Periods, the ageing analysis of accounts and bills payables, based on the invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	3,513	4,272	3,897	3,893
One to two years	18	105	62	73
Two to three years	2	6	1	1
More than three years	2	2	1	-*
	3,535	4,385	3,961	3,967

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	1,166	1,053	1,451	1,582
Taxes payable other than income tax	241	133	101	111
Other accrued expenses and payables (note)	863	594	533	700
	2,270	1,780	2,085	2,393

Note:

Other accrued expenses and payables of the Target Group included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	-*	-*	-*	1

* Amount less than RMB500,000

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. ACCRUED EXPENSES AND OTHER PAYABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	864	758	1,075	1,300
Taxes payable other than income tax	162	36	40	69
Other accrued expenses and payables (note)	615	562	477	532
	1,641	1,356	1,592	1,901

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to subsidiaries, China Energy Group and fellow subsidiaries	78	1	-	1

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of mining rights (note (i))	1,495	1,358	1,214	1,039
Deferred income (note (ii))	250	215	251	252
Defined benefit plans (note (iii))	1,807	1,594	1,731	1,614
Others	112	82	463	915
	3,664	3,249	3,659	3,820
Analysed for reporting purposes as:				
Current liabilities	318	288	670	1,120
Non-current liabilities	3,346	2,961	2,989	2,700
	3,664	3,249	3,659	3,820

Notes:

(i) The payables for acquisition of mining rights represent the present value of the annual payments of mining rights during the execution of the contract.

(ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of mining rights (note (i))	1,495	1,358	1,214	1,039
Deferred income (note (ii))	248	214	251	252
Defined benefit plans (note (iii))	1,807	1,594	1,731	1,614
Others	51	52	273	481
	3,601	3,218	3,469	3,386
Analysed for reporting purposes as:				
Current liabilities	258	258	481	688
Non-current liabilities	3,343	2,960	2,988	2,698
	3,601	3,218	3,469	3,386

Notes:

(i) The payables for acquisition of mining rights represent the present value of the payable mining rights. The mining rights payable shall be paid annually during the execution of the contract.

(ii) Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. LONG-TERM LIABILITIES (CONTINUED)

(iii) Defined benefit plans (The Target Group and the Target Company)

Presentation of defined benefit plans:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Termination benefits (note (i))	1,266	931	919	781
Post-employment benefits – defined benefit plans (note (i))	933	979	1,097	1,091
	2,199	1,910	2,016	1,872
Less: Reclassification of amounts due within one year to employee benefits payable	392	316	285	258
Total	1,807	1,594	1,731	1,614

Notes:

(i) Including long-term employee benefits payable within one year.

The movements in the present value of the termination benefit plans (including long-term employee benefits payable within one year) are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
At the beginning of the year/period	1,682	1,266	931	919
Recognised in current expenses				
Past service cost	-	-	235	-
Interest cost	38	28	18	6
Actuarial gain or loss	2	8	26	(6)
Other changes				
Benefits paid	(456)	(371)	(291)	(138)
At the end of the year/period	1,266	931	919	781

The principal actuarial assumptions used as at the end of the reporting year/period are as follows:

	31 December 2022	31 December 2023	31 December 2024	31 July 2025
Discount rate (%)	2.55-2.75	2.35-2.40	1.20-1.40	1.45-1.55
Expected rate of salary increases (%)	5.00-6.00	5.00-6.00	5.00-6.00	5.00-6.00

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. LONG-TERM LIABILITIES (CONTINUED)

(iii) Defined benefit plans (The Target Group and the Target Company) (continued)

The movements in the present value of the post-employment benefits – defined benefit plans (including long-term employee benefits payable within one year) are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
At the beginning of the year/period	893	933	979	1,097
Recognised in current expenses				
Interest cost	28	28	26	12
Recognised in other comprehensive income				
Actuarial gain or loss	26	40	117	7
Other changes				
Benefits paid	(14)	(22)	(25)	(25)
At the end of the year/period	933	979	1,097	1,091

The principal actuarial assumptions used as at the end of the reporting year/period are as follows:

	31 December 2022	31 December 2023	31 December 2024	31 July 2025
Discount rate (%)	3.00	2.70	1.85	1.80
Average life expectancy(year)	88.69	88.91	89.14	89.28
Expected rate of salary increases (%)	5.00	5.00	5.00	5.00

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. ACCRUED RECLAMATION OBLIGATIONS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	574	838	2,677	2,831
Addition for the year/period	272	1,663	512	76
Accretion expense	34	186	54	53
Accrued reclamation obligations utilised	(42)	(10)	(412)	(463)
At the end of the year/period	838	2,677	2,831	2,497

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	91	197	1,888	2,103
Addition for the year/period	99	1,536	401	46
Accretion expense	8	156	38	43
Accrued reclamation obligations utilised	(1)	(1)	(224)	(70)
At the end of the year/period	197	1,888	2,103	2,122

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. PAID-UP CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Registered and paid-up capital	26,927	26,927	26,927	26,927

33. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain the investors', creditors' and market's confidence and to sustain the future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets, the Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratios as at 31 December 2022, 2023 and 2024 and 31 July 2025 were 47.55%, 46.98%, 44.16% and 44.53%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	12,485	13,997	14,415	14,607
Equity securities at FVTOCI (note 19)	1	1	1	1
Accounts and bills receivables at FVTOCI (note 19)	27	-	3	-
	12,513	13,998	14,419	14,608
Financial liabilities				
At amortised cost	4,030	3,639	3,247	3,043

34.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts and bills payables, other payables and long-term liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of all of the members of the Target Group is RMB in which all of the transactions are denominated.

(ii) Interest rate risk

The Target Group has no significant variable interest-bearing assets and liabilities and thus the exposure to interest rate risk is minimal.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Target Group's exposure to credit risk is minimal. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for the determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by analysis. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Target Group's credit risk is significantly reduced.

Loan receivables

The credit risks on loan receivables are limited because the counterparties are mainly related parties, the Target Group assesses the recoverability by reviewing their financial positions and results periodically and considers that its exposure to credit risk arising from default of the counterparties is limited.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, China Merchants Bank, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables represent pledged and guaranteed deposits. The pledged and guaranteed deposits are paid for regular businesses. Thus, the credit risk on other receivables is limited.

The Target Group does not have any significant concentration of credit risk. Accounts and bills receivables are due from a large number of customers, spreading across diverse industries and geographical areas.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Target Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022	31 December 2023	31 December 2024	31 July 2025
				RMB million	RMB million	RMB million	RMB million
Financial assets at amortised costs							
Loan receivables	24	N/A	12-month ECL	-	4,200	3,659	2,805
Restricted bank deposits	26	N/A	12-month ECL	667	370	471	515
Time deposits with original maturity of three months and over	26	N/A	12-month ECL	9,400	5,580	5,300	8,037
Cash and cash equivalents	26	N/A	12-month ECL	1,445	3,146	4,438	2,880
Other receivables	24	N/A	Provision matrix	414	181	189	190
			Credit-impaired	36	32	32	32
Accounts receivable (note)	23	N/A	Provision matrix	564	524	360	182

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Target Group determines the ECL on these items by using a provision matrix, grouped by debtors' ageing.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal, power and transportation services because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivable which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired).

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	-	560	-	521	-	358	-	180
Less than one year past due	-	-	-	-	-	-	-	-
One to two years past due	-	-	-	-	-	-	-	-
Two to three years past due	-	-	-	-	-	-	-	-
More than three years past due	100%	4	100%	3	100%	2	100%	2
	1%	564	1%	524	1%	360	1%	182

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The following table shows the movements in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	6	-	6
Impairment losses reversed	(2)	-	(2)
As at 31 December 2022 and 1 January 2023	4	-	4
Impairment losses reversed	(1)	-	(1)
As at 31 December 2023 and 1 January 2024	3	-	3
Impairment losses reversed	(1)	-	(1)
As at 31 December 2024 and 1 January 2025	2	-	2
Impairment losses reversed	-	-	-
As at 31 July 2025	2	-	2

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Gross carrying amount (Continued)

The following tables show the reconciliation of loss allowances that have been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	4	36	40
– Impairment losses reversed	(3)	-	(3)
As at 31 December 2022 and 1 January 2023	1	36	37
– Impairment losses recognised	-	32	32
– Impairment losses reversed	-	(36)	(36)
As at 31 December 2023 and 1 January 2024	1	32	33
– Impairment losses reversed	(1)	-	(1)
As at 31 December 2024 and 1 January 2025	-	32	32
– Impairment losses reversed	-	-	-
As at 31 July 2025	-	32	32

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for its operations, and financial and capital obligations, which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables and long-term liabilities	-	3,283	207	621	828	4,939	4,366

	31 December 2023						
	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables and long-term liabilities	-	2,866	207	622	622	4,317	4,018

	31 December 2024						
	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables and long-term liabilities	-	2,195	207	622	415	3,439	3,203

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay: (continued)

	31 July 2025						
	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables and long-term liabilities	-	2,165	207	622	208	3,202	2,999

Save as disclosed above the Target Group also makes use of facilities from banks and financial institutions as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.3 Fair value measurements

Fair value of the Target Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through other comprehensive income(non-current) -Unlisted equity securities	1	1	1	1	Level 3	Comparable Public Company Method: Fair value is estimated primarily based on key input variables, including the fair market values, valuation multiples, and illiquidity discount rates of comparable publicly traded companies within the same industry.
Financial assets at fair value through other comprehensive income(current) -Bills receivables	27	-	3	-	Level 2	The Target Group's significant unobservable input is the expected rate of return.

There were no transfers between Level 1, Level 2 and Level 3 during the years ended 31 December 2022, 2023 and 2024, and the seven months ended 31 July 2025.

Fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial assets:								
Debt investment	-	-	4,200	4,060	2,500	2,425	2,805	2,723
Entrusted Loan	-	-	-	-	1,159	1,124	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. COMMITMENTS AND CONTINGENT LIABILITIES

35.1 Capital commitments

As at the end of each of the Relevant Periods, the Target Group had capital commitments for land, buildings and mining rights, exploration and evaluation assets, equipment and other as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Land, buildings and exploration and evaluation assets	113	132	405	249
– Equipment	53	116	111	343
– Other	71	72	83	91
	237	320	599	683

35.2 Financial guarantees issued

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no outstanding financial guarantees.

35.3 Legal contingencies

The Target Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Target Group.

35.4 Environmental contingencies

To date, the Target Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Target Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Target Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. EMPLOYEE BENEFIT PLANS

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. the Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligations for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the years ended 31 December 2022, 2023 and 2024, for the seven months ended 31 July 2024 and 2025 were RMB343 million, RMB369 million, RMB371 million, RMB216 million (unaudited) and RMB222 million, respectively.

37. RELATED PARTY TRANSACTIONS

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, an associate of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Target Group also has entered into transactions with its associates, over which the Target Group can exercise significant influence.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (CONTINUED)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group (Continued)

The Target Group had the following transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024, and the seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	163	161	81	46	73
Income from entrusted loan and debt investment	(ii)	-	4	95	44	33
Purchases of ancillary materials and spare parts	(iii)	44	36	42	26	48
Ancillary service income	(iv)	8	6	4	4	3
Ancillary and social services expenses	(v)	65	23	39	10	32
Transportation service expenses	(vi)	14	24	30	-*	31
Sale of coal	(vii)	3,885	3,621	2,003	1,409	796
Purchase of equipment and construction work	(viii)	169	146	202	(72)	203
Other income	(ix)	-*	44	-	-	-
Net deposits placed with Finance Company	(x)	2,152	(2,414)	1,082	(970)	1,197
Granting of loans to China Energy Group	(xi)	-	4,200	3,658	1,158	300
Repayment of loans from China Energy Group	(xii)	-	-	4,200	-	1,158

* Amount less than RMB500,000

(i) Interest income represents interest earned from deposits in fellow subsidiaries.

(ii) Income from the entrusted loan and debt investment represent interest earned from the entrusted loan and debt investment to an associate of the Target Group.

(iii) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Group's operations from fellow subsidiaries and associates of China Energy Group.

(iv) Ancillary service income from the income earned from fellow subsidiaries and associates of China Energy Group in respect of coal mining ancillary services.

(v) Ancillary and social services expenses represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.

(vi) Transportation service expenses represent expenses paid to fellow subsidiaries in respect of coal transportation services.

(vii) Sale of coal represents income from the sale of coal to fellow subsidiaries and associates of China Energy Group.

(viii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (CONTINUED)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group (Continued)

The Target Group had the following transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024, and the seven months ended 31 July 2024 and 2025: (continued)

(ix) Other income includes coal washing income, agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, financial service income, lease income, etc. earned from China Energy Group, an associate of China Energy Group and fellow subsidiaries.

(x) Net deposits placed with China Energy Group Finance Co., Ltd. ("Finance Company") represents the net deposits placed by the Target Group with Finance Company. The Finance Company is a subsidiary of China Energy Group and provides financial services exclusively to the Target Group and its affiliates.

(xi) Granting of loans to China Energy Group and fellow subsidiaries.

(xii) Repayment of loans from China Energy Group and fellow subsidiaries.

(xiii) The above related party transactions are priced at market rates.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group (Continued)

The directors are of the opinion that the above transactions with related parties were in accordance with the agreements governing such transactions.

Amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cash and time deposits at banks	11,040	8,626	9,708	10,904
Accounts and bills receivables	405	326	128	31
Prepaid expenses and other current assets	63	4,222	3,684	2,862
Total amounts due from China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Target Group	11,508	13,174	13,520	13,797
Accounts payable	241	272	239	199
Accrued expenses and other payables	-*	-*	-*	1
Contract liabilities	57	1	2	7
Total amounts due to China Energy Group, an associate of China Energy Group and fellow subsidiaries, and associates of the Target Group	298	273	241	207

* Amount less than RMB500,000

Other than those disclosed in notes 24, 26 and 34, amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Group bear no interest, are unsecured and repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (CONTINUED)

37.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	15	17	16	8	8
Post-employment benefits	-*	-*	1	-*	-*
	15	17	17	8	8

* Amount less than RMB500,000

Total remuneration is included in "personnel expenses" as disclosed in note 6 to the Historical Financial Information.

37.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 30 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (CONTINUED)

37.4 Transactions with other government-related entities in the PRC

The Target Company is ultimately controlled by the PRC government and the Target Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Target Group as disclosed above the Target Group conducts business with other government-related entities which include but are not limited to the following:

- Sales and purchases of coal;
- Power sales;
- Transportation services;
- Construction work;
- Purchases of ancillary materials and spare parts;
- Ancillary and social services;
- Financial services arrangements.

These transactions are conducted in the ordinary course of the Target Group's business on terms comparable to those with other entities that are not government-related the Target Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

38. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. SUBSIDIARIES

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wuhai Lutian Mining Co., Ltd.	PRC/Mainland China	13.35%	18	127
Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	PRC/Mainland China	35.00%	181	376
Individually immaterial subsidiaries with non-controlling interests				(38)
				465

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wuhai Lutian Mining Co., Ltd.	PRC/Mainland China	13.35%	(17)	110
Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	PRC/Mainland China	35.00%	172	557
Individually immaterial subsidiaries with non-controlling interests				58
				725

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wuhai Lutian Mining Co., Ltd.	PRC/Mainland China	13.35%	(3)	111
Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	PRC/Mainland China	35.00%	67	599
Individually immaterial subsidiaries with non-controlling interests				59
				769

31 July 2024/Seven months ended 31 July 2024 (unaudited)

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wuhai Lutian Mining Co., Ltd.	PRC/Mainland China	13.35%	18	118
Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	PRC/Mainland China	35.00%	44	587
Individually immaterial subsidiaries with non-controlling interests				104
				809

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Percentage of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Wuhai Lutian Mining Co., Ltd.	PRC/Mainland China	13.35%	(17)	97
Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	PRC/Mainland China	35.00%	(27)	564
Individually immaterial subsidiaries with non-controlling interests				7
				668

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Wuhai Lutian Mining Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	862	999	1,234	1,201
Non-current assets	527	374	242	300
Current liabilities	170	309	513	491
Non-current liabilities	271	244	129	284
Total equity	948	820	834	726

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	702	885	908	676	224
Expenses	525	981	895	519	341
Profit and total comprehensive income for the year/period	143	(129)	(23)	135	(126)
Dividend paid to non-controlling interests	-	-	-	-	-
Net cash inflow from operating activities	98	68	38	26	4
Net cash outflow from investing activities	(98)	(68)	(31)	(24)	(2)
Net cash inflow	-	-	7	2	2

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	1,003	1,525	1,548	1,386
Non-current assets	435	445	496	512
Current liabilities	296	325	228	182
Non-current liabilities	67	52	104	104
Total equity	1,075	1,593	1,712	1,612

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	1,476	1,607	1,045	727	250
Expenses	866	1,038	826	585	334
Profit and total comprehensive income for the year/period	517	492	191	126	(78)
Dividend paid to non-controlling interests	-	-	-	-	-
Net cash inflow from operating activities	45	116	129	111	45
Net cash outflow from investing activities	(55)	(116)	(128)	(110)	(44)
Net cash Inflow/(outflow)	(10)	-	1	1	1

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. EQUITY OF THE TARGET COMPANY

Year ended 31 December 2022

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2022	26,927	-	328	(10)	(20,602)	6,643
Profit for the year	-	-	-	-	2,370	2,370
Other comprehensive loss for the year	-	-	-	(27)	-	(27)
Total comprehensive income for the year	-	-	-	(27)	2,370	2,343
Appropriation of maintenance and production funds	-	-	125	-	(125)	-
Utilisation of maintenance and production funds	-	-	(124)	-	124	-
Others	-	-	-	9	-	9
At 31 December 2022	26,927	-	329	(28)	(18,233)	8,995

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. EQUITY OF THE TARGET COMPANY (CONTINUED)

Year ended 31 December 2023

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2023	26,927	-	329	(28)	(18,233)	8,995
Loss for the year	-	-	-	-	(39)	(39)
Other comprehensive loss for the year	-	-	-	(40)	-	(40)
Total comprehensive income for the year	-	-	-	(40)	(39)	(79)
Appropriation of maintenance and production funds	-	-	139	-	(139)	-
Utilisation of maintenance and production funds	-	-	(77)	-	77	-
Others	-	14	-	-	-	14
At 31 December 2023	26,927	14	391	(68)	(18,334)	8,930

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. EQUITY OF THE TARGET COMPANY (CONTINUED)

Year ended 31 December 2024

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	26,927	14	391	(68)	(18,334)	8,930
Profit for the year	-	-	-	-	1,322	1,322
Other comprehensive loss for the year	-	-	-	(117)	-	(117)
Total comprehensive income for the year	-	-	-	(117)	1,322	1,205
Appropriation of maintenance and production funds	-	-	151	-	(151)	-
Utilisation of maintenance and production funds	-	-	(103)	-	103	-
Others	-	7	-	-	-	7
At 31 December 2024	26,927	21	439	(185)	(17,060)	10,142

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. EQUITY OF THE TARGET COMPANY (CONTINUED)

Seven months ended 31 July 2024 (unaudited)

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	26,927	14	391	(68)	(18,334)	8,930
Profit for the period	-	-	-	-	1,962	1,962
Other comprehensive loss for the period	-	-	-	(61)	-	(61)
Total comprehensive income for the period	-	-	-	(61)	1,962	1,901
Appropriation of maintenance and production funds	-	-	101	-	(101)	-
Utilisation of maintenance and production funds	-	-	(28)	-	28	-
Others	-	7	-	-	-	7
At 31 July 2024	26,927	21	464	(129)	(16,445)	10,838

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. EQUITY OF THE TARGET COMPANY (CONTINUED)

Seven months ended 31 July 2025

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2025	26,927	21	439	(185)	(17,060)	10,142
Profit for the period	-	-	-	-	374	374
Other comprehensive income for the period	-	-	-	(7)	-	(7)
Total comprehensive income for the period	-	-	-	(7)	374	367
Appropriation of maintenance and production funds	-	-	138	-	(138)	-
Utilisation of maintenance and production funds	-	-	(33)	-	33	-
At 31 July 2025	26,927	21	544	(192)	(16,791)	10,509

Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF INNER MONGOLIA PINGZHUANG COAL (GROUP) CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (the "Target Company") and its subsidiaries except for the Excluded Business as defined in note 2.1 to the Historical Financial Information (together, the "Target Group") set out on pages II-E-3 to II-E-120, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-E-3 to II-E-120 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-E-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	9,837	9,199	10,045	5,744	5,905
Cost of sales	6	(5,690)	(5,796)	(6,475)	(3,648)	(3,630)
Gross profit		4,147	3,403	3,570	2,096	2,275
Selling expenses		(131)	(124)	(111)	(62)	(40)
General and administrative expenses		(1,096)	(1,137)	(1,336)	(542)	(478)
Research and development costs		(13)	(18)	(10)	(1)	(9)
Other gains and losses	10	9	16	(26)	32	46
Other income	7	10	9	241	237	13
Loss allowances, net of reversal	10	65	27	137	130	23
Other expenses	10	(899)	-	(5,133)	(1,710)	(226)
Interest income	8	47	25	20	8	5
Finance costs	8	(444)	(364)	(371)	(214)	(269)
Profit/(loss) before income tax		1,695	1,837	(3,019)	(26)	1,340
Income tax expense	9	(660)	(545)	(370)	(172)	(317)
Profit/(loss) for the year/period	10	1,035	1,292	(3,389)	(198)	1,023
Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss, net of income tax:						
Equity investments designated at fair value through other comprehensive income:						
Change in fair value		1,478	326	(628)	(509)	180
Income tax effect		(370)	(81)	157	127	(46)
		1,108	245	(471)	(382)	134
Other comprehensive income/(loss), net of income tax		1,108	245	(471)	(382)	134
Total comprehensive income/(loss) for the year/period		2,143	1,537	(3,860)	(580)	1,157

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit/(loss) for the year/period attributable to:						
Equity holders of the Target Company		738	533	(1,615)	207	672
Non-controlling interests		297	759	(1,774)	(405)	351
		1,035	1,292	(3,389)	(198)	1,023
Total comprehensive income/(loss) for the year/period attributable to:						
Equity holders of the Target Company		1,846	778	(2,175)	(175)	806
Non-controlling interests		297	759	(1,685)	(405)	351
		2,143	1,537	(3,860)	(580)	1,157

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	14,695	14,493	14,562	14,340
Construction in progress	15	534	1,002	857	1,028
Exploration and evaluation assets	16	2,746	2,746	2,746	2,746
Intangible assets	17	963	950	915	892
Right-of-use assets	22	4,342	4,283	4,985	5,009
Investments in joint ventures	18	54	54	28	28
Financial assets at fair value through other comprehensive income	20	3,934	4,260	3,632	3,812
Other non-current assets	21	1,632	1,984	2,968	3,356
Deferred tax assets	27	263	260	390	340
Total non-current assets		29,163	30,032	31,083	31,551
Current assets					
Inventories		13	7	10	60
Accounts and bills receivables	23	980	815	845	1,448
Financial assets at fair value through other comprehensive income	20	25	15	8	53
Prepaid expenses and other current assets	24	876	825	659	739
Restricted bank deposits	25	299	491	488	441
Cash and cash equivalents	26	1,536	1,508	1,261	1,502
Total current assets		3,729	3,661	3,271	4,243
Current liabilities					
Borrowings	28	4,231	6,404	9,864	9,661
Accounts and bills payables	29	1,448	1,912	1,480	1,830
Accrued expenses and other payables	30	7,898	8,311	7,765	7,465
Current portion of long-term liabilities	31	1,821	186	1,729	1,898
Income tax payable		139	125	241	67
Contract liabilities		205	199	231	638
Total current liabilities		15,742	17,137	21,310	21,559
Net current liabilities		(12,013)	(13,476)	(18,039)	(17,316)
Total assets less current liabilities		17,150	16,556	13,044	14,235

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Borrowings	28	3,344	2,510	2,177	4,017
Long-term liabilities	31	4,710	4,397	6,049	4,244
Accrued reclamation obligations	32	615	520	572	542
Deferred tax liabilities	27	839	894	650	680
Total non-current liabilities		9,508	8,321	9,448	9,483
Net assets		7,642	8,235	3,596	4,752
Equity					
Paid-up capital	33	4,354	4,354	4,354	4,354
Reserves	34	1,012	1,232	(1,722)	(917)
Equity attributable to equity holders of the Target Company		5,366	5,586	2,632	3,437
Non-controlling interests		2,276	2,649	964	1,315
Total equity		7,642	8,235	3,596	4,752

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 33)	Capital reserve RMB million (note 34)	Statutory reserves RMB million (note 34)	Other reserves RMB million (note 34)	Accumulated losses RMB million (note 34)	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	2,354	(210)	2,247	-	(1,765)	2,626	3,055	5,681
Profit for the year	-	-	-	-	738	738	297	1,035
Other comprehensive income for the year	-	-	-	1,108	-	1,108	-	1,108
Total comprehensive income for the year	-	-	-	1,108	738	1,846	297	2,143
Capital contribution from equity holders	2,000	-	-	-	-	2,000	-	2,000
Appropriation of maintenance and production funds	-	-	465	-	(465)	-	-	-
Utilisation of maintenance and production funds	-	-	(874)	-	874	-	-	-
Capital contribution to the Excluded Business	-	-	-	-	(1,192)	(1,192)	-	(1,192)
Equity transaction with non-controlling interests (note 41)	-	37	-	-	-	37	(1,076)	(1,039)
Others	-	49	-	-	-	49	-	49
At 31 December 2022	4,354	(124)	1,838	1,108	(1,810)	5,366	2,276	7,642

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 33)	Capital reserve RMB million (note 34)	Statutory reserves RMB million (note 34)	Other reserves RMB million (note 34)	Accumulated losses RMB million (note 34)	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	4,354	(124)	1,838	1,108	(1,810)	5,366	2,276	7,642
Profit for the year	-	-	-	-	533	533	759	1,292
Other comprehensive income for the year	-	-	-	245	-	245	-	245
Total comprehensive income for the year	-	-	-	245	533	778	759	1,537
Appropriation of maintenance and production funds	-	-	255	-	(255)	-	-	-
Utilisation of maintenance and production funds	-	-	(280)	-	280	-	-	-
Capital contribution to the Excluded Business	-	-	-	-	(185)	(185)	-	(185)
Distributions to non-controlling shareholders	-	-	-	-	-	-	(386)	(386)
Others	-	(373)	-	-	-	(373)	-	(373)
At 31 December 2023	4,354	(497)	1,813	1,353	(1,437)	5,586	2,649	8,235

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 33)	Capital reserve RMB million (note 34)	Statutory reserves RMB million (note 34)	Other reserves RMB million (note 34)	Accumulated losses RMB million (note 34)	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	4, 354	(497)	1, 813	1, 353	(1, 437)	5, 586	2, 649	8, 235
Loss for the year	–	–	–	–	(1, 615)	(1, 615)	(1, 774)	(3, 389)
Other comprehensive (loss)/income for the year	–	–	–	(560)	–	(560)	89	(471)
Total comprehensive loss for the year	–	–	–	(560)	(1, 615)	(2, 175)	(1, 685)	(3, 860)
Appropriation of maintenance and production funds	–	–	344	–	(344)	–	–	–
Utilisation of maintenance and production funds	–	–	(372)	–	372	–	–	–
Capital contribution to the Excluded Business	–	29	–	–	(823)	(794)	–	(794)
Others	–	15	–	–	–	15	–	15
At 31 December 2024	4, 354	(453)	1, 785	793	(3, 847)	2, 632	964	3, 596

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	4, 354	(497)	1, 813	1, 353	(1, 437)	5, 586	2, 649	8, 235
Profit/(Loss) for the period	–	–	–	–	207	207	(405)	(198)
Other comprehensive loss for the period	–	–	–	(382)	–	(382)	–	(382)
Total comprehensive (loss) /income for the period	–	–	–	(382)	207	(175)	(405)	(580)
Appropriation of maintenance and production funds	–	–	255	–	(255)	–	–	–
Utilisation of maintenance and production funds	–	–	(29)	–	29	–	–	–
Capital contribution to the Excluded Business	–	28	–	–	–	28	–	28
At 31 July 2024	4, 354	(469)	2, 039	971	(1, 456)	5, 439	2, 244	7, 683

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company							
	Paid-up capital RMB million (note 33)	Capital reserve RMB million (note 34)	Statutory reserves RMB million (note 34)	Other reserves RMB million (note 34)	Accumulated losses RMB million (note 34)	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	4, 354	(453)	1, 785	793	(3, 847)	2, 632	964	3, 596
Profit for the period	–	–	–	–	672	672	351	1, 023
Other comprehensive income for the period	–	–	–	134	–	134	–	134
Total comprehensive income for the period	–	–	–	134	672	806	351	1, 157
Appropriation of maintenance and production funds	–	–	198	–	(198)	–	–	–
Utilisation of maintenance and production funds	–	–	(284)	–	284	–	–	–
Capital contribution to the Excluded Business	–	(1)	–	–	–	(1)	–	(1)
At 31 July 2025	4, 354	(454)	1, 699	927	(3, 089)	3, 437	1, 315	4, 752

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit/(loss) before income tax	1,695	1,837	(3,019)	(26)	1,340
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	540	604	715	443	404
Depreciation of right-of-use assets (note 10)	89	107	119	81	75
Amortisation of intangible assets (note 10)	33	31	35	23	20
Amortisation of long-term deferred expenses (note 10)	23	27	80	32	62
Losses on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	10	8	17	15	4
Impairment losses on property, plant and equipment (note 10)	6	1	15	-	-
Impairment losses on construction in progress (note 10)	-	-	15	-	-
Impairment loss on investments in joint ventures (note 10)	5	-	26	-	-
Impairment losses on intangible assets (note 10)	2	-	-	-	-
Interest expenses	444	364	371	214	269
Interest income	(47)	(19)	(14)	(8)	(2)
Dividend income from financial asset at fair value through other comprehensive income (note 10)	(32)	(25)	(47)	(47)	(50)
Loss allowances, net of reversal (note 10)	(65)	(27)	(137)	(130)	(23)
Operating cash flows before movements in working capital	2,703	2,908	(1,824)	597	2,099
Changes in working capital:					
Decrease/(increase) in inventories	5	5	-	(60)	(51)
Decrease/(increase) in accounts and bills receivables	(154)	197	122	226	(626)
Decrease/(increase) in prepaid expenses and other assets	(701)	15	(39)	(167)	(15)
Increase/(decrease) in accounts and bills payables	440	163	(123)	(881)	309
Increase/(decrease) in accrued expenses and other liabilities	333	(1,809)	3,550	569	(1,611)
Increase/(decrease) in contract liabilities	20	(6)	32	41	407
Cash generated from operations	2,646	1,473	1,718	325	512
Income tax paid	(547)	(824)	(468)	(195)	(545)
Net cash generated from/(used in) operating activities	2,099	649	1,250	130	(33)

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(3,646)	(1,394)	(2,046)	(1,267)	(998)
Increase in right-of-use assets	-	(47)	(765)	-	(99)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	8	20	-	-	7
Net cash paid for acquisition of subsidiaries	-	-	(542)	(542)	-
Interest and dividend received	67	46	61	3	3
New entrusted loan	(500)	(300)	(200)	-	-
Repayment of entrusted loan	1,000	500	300	-	-
Placement of time deposits with original maturity over three months	(104)	(143)	(255)	7	-
Maturity of time deposits with original maturity over three months	-	80	-	-	155
Net cash used in investing activities	(3,175)	(1,238)	(3,447)	(1,799)	(932)

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Financing activities					
Capital contribution from equity holders	2,000	-	-	-	-
Interest and dividend paid	(225)	(180)	(577)	(422)	(123)
Proceeds from borrowings	6,020	6,200	9,059	3,850	6,762
Repayments of borrowings	(4,383)	(4,861)	(5,935)	(1,741)	(5,145)
Capital contribution to the Excluded Business, net	(535)	(598)	(612)	(173)	(288)
Equity transaction with non-controlling interests (note 41)	(3,437)	-	-	-	-
Others	-	-	15	15	-
Net cash (used in)/generated from financing activities	(560)	561	1,950	1,529	1,206
Increase/(decrease) in cash and cash equivalents	(1,636)	(28)	(247)	(140)	241
Cash and cash equivalents, at the beginning of the year/period	3,172	1,536	1,508	1,508	1,261
Cash and cash equivalents, at the end of the year/period	1,536	1,508	1,261	1,368	1,502

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	5,522	5,508	5,552	5,531
Construction in progress	15	111	261	291	272
Exploration and evaluation assets	16	2,501	2,501	2,501	2,501
Intangible assets	17	169	169	159	150
Right-of-use assets	22	30	68	64	61
Investments in subsidiaries	19	2,559	2,609	2,742	2,803
Financial assets at fair value through other comprehensive income	20	3,898	4,224	3,354	3,534
Other non-current assets	21	2,040	1,396	2,155	2,527
Total non-current assets		16,830	16,736	16,818	17,379
Current assets					
Inventories		6	3	1	3
Accounts and bills receivables	23	292	234	262	526
Financial assets at fair value through other comprehensive income	20	-	-	-	36
Prepaid expenses and other current assets	24	817	1,300	535	590
Restricted bank deposits	25	136	210	167	144
Cash and cash equivalents	26	581	635	516	375
Total current assets		1,832	2,382	1,481	1,674

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current liabilities					
Borrowings	28	3,589	5,370	7,222	7,136
Accounts and bills payables	29	761	968	807	939
Accrued expenses and other payables	30	7,188	7,479	7,128	6,695
Current portion of long-term liabilities	31	78	76	86	86
Contract liabilities		80	60	60	87
Total current liabilities		11,696	13,953	15,303	14,943
Net current liabilities		(9,864)	(11,571)	(13,822)	(13,269)
Total assets less current liabilities		6,966	5,165	2,996	4,110
Non-current liabilities					
Borrowings	28	2,223	1,522	870	1,867
Long-term liabilities	31	1,967	1,749	1,814	1,830
Accrued reclamation obligations	32	186	185	211	207
Deferred tax liabilities	27	370	452	234	279
Total non-current liabilities		4,746	3,908	3,129	4,183
Net assets		2,220	1,257	(133)	(73)
Equity					
Paid-up capital	33	4,354	4,354	4,354	4,354
Reserves		(2,134)	(3,097)	(4,487)	(4,427)
Total equity		2,220	1,257	(133)	(73)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at Middle Section of Hahe Street, Pingzhuang Town, Yuanbaoshan District, Chifeng City, Inner Mongolia Autonomous Region, the PRC.

During the Relevant Periods, the Target Group was involved in the production and sale of coal in the PRC.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at the date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Paid-up capital RMB million	Proportion of ownership interest held by the Target Group (%)	Principal activities
Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. 內蒙古平西白音華煤業有限公司	PRC/ Mainland China 29 August 2007	520	100	Coal mining and sales
Guoneng Mengxi Mining Co., Ltd. 國能蒙西礦業有限責任公司	PRC/ Mainland China 27 May 2022	231	100	Coal mining and sales
Inner Mongolia Xilinhe Coal Chemical Co., Ltd. 內蒙古錫林河煤化工有限責任公司	PRC/ Mainland China 27 March 2006	1,207	51	Coal mining and sales

Note:

The statutory financial statements of the above subsidiaries for the year ended 31 December 2022 prepared under China Accounting Standards were audited by ShineWing Certified Public Accountants LLP, certified public accountants registered in the PRC. The statutory financial statements of the above subsidiaries for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards were audited by Baker Tilly China Certified Public Accountants LLP, certified public accountants registered in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PRESENTATION

Pursuant to the Acquisition, as more fully explained in the paragraph headed "Pre-reorganisation" in the section headed "MAJOR AND CONNECTED TRANSACTION" in the Circular, the Target Company agreed to dispose of its equity interests in Liujia Coal Mine of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., Laogongyingzi Coal Mine of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., Xilutian Coal Mine of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., Fengshuigou Coal Mine of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., Xilingol Mengdong Mining Co., Ltd. and Mengdong Energy Holdings Co., Ltd. including its subsidiary Xilin Gol League Ulantuga Coal Co., Ltd. (collectively, the "Excluded Business") before the Acquisition (the "Disposal"). The Target Group then comprised the Target Company and its subsidiaries except the Excluded Business.

The Historical Financial Information excludes the Excluded Business, which are under the control of the ultimate holding company, but are not strategically complementary for the Acquisition purpose. In evaluating whether the Historical Financial Information fairly presents the history of the Target Group's business, the directors considered, among others, the following:

1) whether the Excluded Business was in dissimilar businesses;
2) whether the Excluded Business was and would be operated autonomously both before and after the Disposal; and
3) whether the Excluded Business had no more than incidental common facilities and costs.

The Historical Financial Information has been prepared as if the Disposal had been completed at the beginning of the Relevant Periods and accounted for as a distribution to the holding company of Target Company. The Historical Financial Information does not include the assets, liabilities, results of the operations and cash flows of the Excluded Business. The transactions and balances between the Target Group and the Excluded Business have not been eliminated.

For business combination under common control in which subsidiaries directly or indirectly held by the ultimate holding company of the Target Company (the "Common Control Acquiree Entities") are acquired by the Target Group, it is accounted for using the principles of merger accounting. The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for the Relevant Periods and the seven months ended 31 July 2024 include the results and cash flows of the Common Control Acquiree Entities from the beginning of the Relevant Periods or since the date when the Common Control Acquiree Entities first came under the common control of the ultimate holding company, where this is a shorter period. The consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 July 2025 have been prepared to present the assets and liabilities of the Common Control Acquiree Entities using the existing book values from the ultimate holding company's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the business combination under common control.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 July 2025, the Target Group and the Target Company recorded net current liabilities amounting to RMB17,316 million and RMB13,269 million, respectively, because (i) there were unutilised banking facilities of RMB18,038 million available to the Target Group as at 31 July 2025; and (ii) it is expected that there would be sufficient cash inflows to be transferred to the Target Company via dividends from its subsidiaries. In view of the above, the directors of the Target Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments as disclosed in note 36.3 to the Historical Financial Information, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 BASIS OF PREPARATION (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries except the Excluded Business. Control is achieved when the Target Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holder of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits,* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Target Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Target Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the joint venture. When Target the Target Group's share of losses of a joint venture exceeds the Target Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the joint venture, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of that joint venture.

On acquisition of the investment in a joint venture, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in joint ventures. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group reduces its ownership interest in a joint venture but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "OECD").

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consists of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, railway and port and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Buildings	10 – 55 years
Mining related machinery and equipment	5 – 20 years
Railway and port	5 – 20 years
Furniture, fixtures, motor vehicles and other equipment	5 – 20 years

The directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and does not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Exploration and evaluation assets

Exploration and evaluation assets comprise costs which are directly attributable to the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource:

- researching and analysing historical exploration data;
- gathering exploration data through tographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Expenditure during the initial exploration preparation stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to property, plant and equipment. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Obligations for land reclamation

The Target Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Target Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets (continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the "FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable, other receivables, long-term receivables included in other non-current assets, and entrusted loans included in prepaid expenses and other current assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables, other payables and long-term liabilities are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9/IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.4 to the Historical Financial Information, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimation (see note 3.2 below), that the directors have made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information .

Going concern

As described in note 2.1 to the Historical Financial Information, the Target Group's ability to continue as a going concern is dependent on generating cash inflows from its operating activities and obtaining cash inflows from borrowings to ensure sufficient cash flow to meet its liabilities as they fall due. Should the Target Group be unable to obtain adequate funding, there exists a material uncertainty regarding the Target Group's ability to continue as a going concern. The Historical Financial Information does not include any adjustments that would be necessary to the carrying amounts and classification of assets and liabilities should the Target Group be unable to continue as a going concern.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Target Group's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, interests in joint ventures and other non-current assets, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs, future returns and discount rates.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The Target Group recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions.

Provision of ECL for accounts and bills receivables

The Target Group uses provision matrix to calculate ECL for accounts and bills receivables. The provision rates are based on the aging of accounts and bills receivables as groupings of receivables that have similar loss patterns. The provision matrix is based on the Target Group's historical default rates taking into consideration forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts and bills receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Target Group's accounts and bills receivables are disclosed in notes 23 and 33.2 to the Historical Financial Information, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (continued)

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Target Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Target Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Target Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in note 32 to the Historical Financial Information.

Provision of defined benefit plan

The Target Group has implemented organisational reforms, under which certain branches and subsidiaries have introduced internal retirement programs, allowing eligible employees to voluntarily exit their positions and enter a period of rest and recuperation. The Target Group has an obligation to pay internal retirement allowances to these employees prior to their reaching statutory retirement age. The Target Group calculates the monthly internal retirement allowance for each participating employee based on the internal retirement plan's established criteria. It also accrues and pays the required social insurance and housing fund contributions for these employees in accordance with local regulations. The Target Group forecasts future payments of internal retirement allowances by referencing expected inflation rates.

The plan is subject to risks related to interest rates, changes in the expected life expectancy of retirees, and anticipated salary growth rates. Given that these estimates involve judgments regarding future economic conditions and personnel policies, they are subject to significant uncertainty. Management has carefully assessed the underlying assumptions and made its judgments based on historical data and current operational conditions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Coal	9,506	8,982	9,861	5,654	5,683
– Others	160	104	134	70	204
Others	171	113	50	20	18
	9,837	9,199	10,045	5,744	5,905

The Target Group's revenues from contracts with customers are RMB9,836 million, RMB9,198 million, RMB10,043 million, RMB5,743 million (unaudited) and RMB5,902 million for the year ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively.

The Target Group produces and sells coal to customers at spot markets. For sales of coal, revenue is recognised when control of the goods has been transferred, being when the goods have been shipped to the customers' specific location. According to the Target Group's historical experiences, there was no significant exchange or return of coal occurred. There are no sales-related warranties associated with coal.

The Target Group provides engineering and training services to certain customers. Such services are recognised as a performance obligation satisfied over time as the Target Group render the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using the output method.

All performance obligations of sales of coal and provision of engineering and training services are part of the contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Group's revenue from external customers was derived from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of the Target Group's non-current non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

Revenue derived from single customers which accounted for 10% or more of the Target Group's total revenue is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Customer A	5,156	5,360	5,037	2,827	2,709
Customer B	N/A*	N/A*	N/A*	N/A*	590
Customer C	N/A*	972	N/A*	N/A*	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Target Group during that particular year/period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	369	449	517	268	302
Personnel expenses	825	868	1,150	656	679
Depreciation and amortisation	601	648	751	411	459
Stripping expenses	1,715	1,767	1,692	1,023	886
Repairs and maintenance	913	542	445	43	302
Tax and surcharges	1,188	1,265	1,746	1,085	820
Other operating costs	79	257	174	162	182
	5,690	5,796	6,475	3,648	3,630

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Government grants	7	6	12	10	6
Write-back of accounts payable and other payables	-	-	139	139	3
Others	3	3	90	88	4
	10	9	241	237	13

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	13	9	14	4	2
– other loans and receivables	34	16	6	4	3
Total interest income	47	25	20	8	5
Interest on:					
– borrowings	225	180	193	106	143
Total finance costs on financial liabilities	225	180	193	106	143
Unwinding of discount	213	182	178	108	124
Others	6	2	-	-	2
Total finance costs	444	364	371	214	269
Net finance costs	397	339	351	206	264

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	682	568	587	316	283
Income tax difference adjustment in respect of prior year/period	(2)	-	-	-	-
Deferred tax	(20)	(23)	(217)	(144)	34
	660	545	370	172	317

The tax charge for the year/period can be reconciled to the profit/(loss) before income tax per consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit/(loss) before income tax	1,695	1,837	(3,019)	(26)	1,340
Tax at the PRC income tax rate of 25%	424	459	(755)	(7)	335
Tax effects of:					
– different tax rates of subsidiaries	(102)	(83)	(84)	(48)	(53)
– non-deductible expenses	203	1	204	43	4
– dividend income from financial assets at FVTOCI	(8)	(6)	(12)	(12)	(12)
– utilisation of tax losses and deductible temporary difference previously not recognised	(74)	(112)	(51)	(11)	(15)
– tax losses and deductible temporary difference not recognised	193	299	1,105	207	58
– Income tax difference adjustment in respect of prior year/period	(2)	-	-	-	-
– Others	26	(13)	(37)	-	-
Income tax expense	660	545	370	172	317

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Periods and for the seven months ended 31 July 2024 except for certain subsidiaries operating in the Western developing region of the PRC which are qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030, and certain subsidiaries meeting the criteria for small and micro enterprises are eligible for a preferential tax rate of 20%.

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Profit/(loss) for the year/period has been arrived at after charging/(crediting)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	2,815	2,744	2,786	1,371	1,471
– Contributions to defined contribution plans	296	314	313	179	198
Depreciation of property, plant and equipment (note 14)	548	604	715	443	404
Depreciation of right-of-use assets (note 22)	89	107	119	81	75
Amortisation of intangible assets (note 17)	33	31	35	23	20
Amortisation of long-term deferred expenses (note 21)	23	27	80	32	62
Depreciation and amortisation charged for the year/period	693	769	949	579	561
Less: amount capitalised	8	-	-	-	-
Depreciation and amortisation	685	769	949	579	561
Loss allowances					
– Accounts receivable (note 36.2)	(63)	(22)	(144)	(130)	(23)
– Other receivables and other loans (note 36.2)	(2)	(5)	7	-	-
	(65)	(27)	(137)	(130)	(23)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, represent					
– Losses on disposal of property, plant and equipment, intangible assets and non-current assets	10	8	17	15	4
– Dividend income from financial assets at FVTOCI	(32)	(25)	(47)	(47)	(50)
– Impairment losses on property, plant and equipment (note 14)	6	1	15	-	-
– Impairment losses on construction in progress (note 15)	-	-	15	-	-
– Impairment losses on intangible assets (note 17)	2	-	-	-	-
– Impairment losses on interests in joint ventures	5	-	26	-	-
	(9)	(16)	26	(32)	(46)
Other expenses					
– Donation	5	1	4,934	1,709	2
– Penalties	892	(93)	107	-	2
– Provision for expected losses from unsettled litigation	-	-	88	-	-
– Others	2	92	4	1	222
	899	-	5,133	1,710	226
Carrying amount of inventories sold	5,690	5,796	6,475	3,648	3,630
Operating lease charges relating to short-term leases and leases of low-value assets	4	5	6	2	3
Auditors' remuneration					
– audit service	1	1	1	–	–

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Guo Fanjin		-	0.43	0.63	0.12	1.18
Wei Yongsheng		-	0.45	0.50	0.14	1.09
Yang Wantao	(i)	-	-	-	-	-
Bao She	(i)	-	-	-	-	-
Li Guozhong	(i)&(ii)	-	-	-	-	-
Sub-total		-	0.88	1.13	0.26	2.27
Supervisor						
Zhang Weiwu		-	0.36	0.50	0.10	0.96
Total		-	1.24	1.63	0.36	3.23

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2023				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Guo Fanjin	(iii)	-	0.11	0.09	0.01	0.21
Guo Jingzhong	(ii)	-	0.42	0.89	0.10	1.41
Wei Yongsheng	(iii)	-	0.38	0.81	0.12	1.31
Yang Wantao	(i)	-	-	-	-	-
Wang Ningbo	(i)&(ii)	-	-	-	-	-
Zhang Chuanli	(i)&(ii)	-	-	-	-	-
Bao She	(i)&(iii)	-	-	-	-	-
Li Guozhong	(i)&(iii)	-	-	-	-	-
Sub-total		-	0.91	1.79	0.23	2.93
Supervisor						
Zhang Weiwu		-	0.37	0.75	0.10	1.22
Total		-	1.28	2.54	0.33	4.15

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Guo Jingzhong		-	0.38	1.04	0.12	1.54
Du Shanzhou	(ii)	-	0.12	0.17	0.06	0.35
Yang Wantao	(i)&(iii)	-	-	-	-	-
Wang Ningbo	(i)	-	-	-	-	-
Wang Haiqing	(i)&(ii)	-	-	-	-	-
Yan Lei	(i)&(ii)	-	-	-	-	-
Zhang Chuanli	(i)&(ii)&(iii)	-	-	-	-	-
Sub-total		-	0.50	1.21	0.18	1.89
Supervisor						
Zhang Weiwu	(iii)	-	0.32	0.88	0.12	1.32
Total		-	0.82	2.09	0.30	3.21

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:(continued)

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Guo Jingzhong		-	0.22	0.30	0.07	0.59
Wang Ningbo	(i)	-	-	-	-	-
Zhang Chuanli	(i)	-	-	-	-	-
Yan Lei	(i)&(ii)	-	-	-	-	-
Yang Wantao	(i)&(iii)	-	-	-	-	-
Sub-total		-	0.22	0.30	0.07	0.59
Supervisor						
Zhang Weiwu		-	0.19	0.23	0.07	0.49
Total		-	0.41	0.53	0.14	1.08

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Du Shanzhou		-	0.20	0.30	0.10	0.60
Guo Jingzhong		-	0.23	0.30	0.07	0.60
Wang Ningbo	(i)	-	-	-	-	-
Yan Lei	(i)	-	-	-	-	-
Wang Haiqing	(i)	-	-	-	-	-
Gao Wenxue	(ii)	-	0.19	0.23	0.07	0.49
Total		-	0.62	0.83	0.24	1.69

Discretionary bonuses were in accordance with the relevant human resources policies.

Notes:

(i) The emoluments of these directors were borne by China Energy Group during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. Li Guozhong was appointed as a director on 21 March 2022.
Mr. Guo Jingzhong was appointed as a director on 4 April 2023.
Mr. Wang Ningbo was appointed as a director on 12 June 2023.
Mr. Zhang Chuanli was appointed as a director on 12 December 2023.
Mr. Yan Lei was appointed as a director on 8 May 2024.
Mr. Du Shanzhou was appointed as a director on 12 August 2024.
Mr. Wang Haiqing was appointed as a director on 28 October 2024.
Mr. Gao Wenxue was appointed as a director on 21 January 2025.

(iii) Mr. Li Guozhong ceased to serve as a director on 17 March 2023.
Mr. Guo Fanjin ceased to serve as a director on 21 March 2023.
Mr. Wei Yongsheng ceased to serve as a director on 28 October 2023.
Mr. Bao She ceased to serve as a director on 18 September 2023.
Mr. Yang Wantao ceased to serve as a director on 8 May 2024.
Mr. Zhang Weiwu ceased to serve as a supervisor on 28 October 2024.
Mr. Zhang Chuanli ceased to serve as a director on 31 October 2024.

Except for those emoluments of directors whose emoluments were borne by China Energy Group, the directors' and supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Target Company and the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments within the Target Group, one, three, one, nil and two were directors of the Target Company whose emoluments are disclosed in note 11 to the Historical Financial Information for the Relevant Periods and for the seven months ended 31 July 2024. The emoluments of other four, two, four, five and three highest paid individuals are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	1.22	0.79	1.40	0.96	0.53
Discretionary bonuses	2.77	1.62	3.70	2.83	0.73
Retirement scheme contributions	0.39	0.23	0.50	0.32	0.18
Total	4.38	2.64	5.60	4.11	1.44

The number of non-director and non-chief executive highest paid employees whose emoluments fell within the following bands is as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
HKD500,001 to HKD1,000,000	-	-	-	4	3
HKD1,000,001 to HKD1,500,000	4	1	3	1	-
HKD1,500,001 to HKD2,000,000	-	1	1	-	-
Total	4	2	4	5	3

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2022	2,200	16,317	4,641	120	4	23,282
Additions	5	-	132	6	1	144
Transferred from construction in progress (note 15)	467	258	556	2	-	1,283
Disposals or write-off	(102)	-	(194)	(1)	-	(297)
Others	3	(6)	4	-	-	1
At 31 December 2022 and 1 January 2023	2,573	16,569	5,139	127	5	24,413
Additions	1	-	149	5	-	155
Transferred from construction in progress (note 15)	142	20	187	-	-	349
Disposals or write-off	(43)	-	(272)	-	-	(315)
Others	(9)	(68)	2	2	1	(72)
At 31 December 2023	2,664	16,521	5,205	134	6	24,530

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Group (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2024	2,664	16,521	5,205	134	6	24,530
Additions	3	-	69	13	-	85
Transferred from construction in progress (note 15)	290	74	289	-	-	653
Disposals or write-off	(61)	-	-	-	-	(61)
Others	-	79	(5)	1	-	75
At 31 December 2024 and 1 January 2025	2,896	16,674	5,558	148	6	25,282
Additions	1	-	35	-	-	36
Transferred from construction in progress (note 15)	114	-	37	-	-	151
Disposals or write-off	(28)	-	(53)	-	-	(81)
Others	-	-	(23)	-	-	(23)
At 31 July 2025	2,983	16,674	5,554	148	6	25,365

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Group (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2022	867	5,364	3,089	107	3	9,430
Charge for the year	58	322	164	3	1	548
Impairment losses	6	-	-	-	-	6
Disposals or write-off	(79)	-	(186)	(1)	-	(266)
At 31 December 2022 and 1 January 2023	852	5,686	3,067	109	4	9,718
Charge for the year	55	337	210	2	-	604
Impairment losses	1	-	-	-	-	1
Disposals or write-off	(39)	-	(247)	-	-	(286)
At 31 December 2023	869	6,023	3,030	111	4	10,037

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Group (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2024	869	6,023	3,030	111	4	10,037
Charge for the year	83	345	284	3	-	715
Impairment losses	11	-	4	-	-	15
Disposals or write-off	(47)	-	-	-	-	(47)
At 31 December 2024 and 1 January 2025	916	6,368	3,318	114	4	10,720
Charge for the period	64	212	126	2	-	404
Disposals or write-off	(26)	-	(50)	-	-	(76)
Other decrease	-	-	(23)	-	-	(23)
At 31 July 2025	954	6,580	3,371	116	4	11,025
Net carrying amounts						
At 31 December 2022	1,721	10,883	2,072	18	1	14,695
At 31 December 2023	1,795	10,498	2,175	23	2	14,493
At 31 December 2024	1,980	10,306	2,240	34	2	14,562
At 31 July 2025	2,029	10,094	2,183	32	2	14,340

Notes:

(i) The Target Group was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB545 million, RMB523 million, RMB258 million and RMB247 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) As at 31 December 2022, 2023 and 2024 and 31 July 2025, the property, plant and equipment with aggregate net carrying amounts of RMB491 million, nil, nil and nil, respectively, have been pledged to the banks to secure the banking facilities granted to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2022	1,287	4,913	3,518	120	3	9,841
Additions	5	26	25	6	1	63
Transferred from construction in progress (note 15)	233	-	96	2	-	331
Disposals or write-off	(75)	-	(185)	(1)	-	(261)
Others	3	-	4	-	-	7
At 31 December 2022 and 1 January 2023	1,453	4,939	3,458	127	4	9,981
Additions	-	-	75	5	-	80
Transferred from construction in progress (note 15)	81	1	44	-	-	126
Disposals or write-off	(43)	-	(229)	-	-	(272)
Others	(11)	-	4	2	-	(5)
At 31 December 2023	1,480	4,940	3,352	134	4	9,910

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2024	1,480	4,940	3,352	134	4	9,910
Additions	3	-	51	13	-	67
Transferred from construction in progress (note 15)	102	-	147	-	-	249
Disposals or write-off	(60)	-	-	-	-	(60)
Others	-	35	(6)	1	-	30
At 31 December 2024 and 1 January 2025	1,525	4,975	3,544	148	4	10,196
Additions	2	-	34	-	-	36
Transferred from construction in progress (note 15)	102	-	10	-	-	112
Disposals or write-off	(26)	-	(29)	-	-	(55)
Others	-	-	(23)	-	-	(23)
At 31 July 2025	1,603	4,975	3,536	148	4	10,266

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2022	618	1,155	2,580	107	3	4,463
Charge for the year	35	98	93	3	1	230
Impairment losses	6	-	-	-	-	6
Disposals or write-off	(62)	-	(177)	(1)	-	(240)
At 31 December 2022 and 1 January 2023	597	1,253	2,496	109	4	4,459
Charge for the year	36	64	105	2	-	207
Disposals or write-off	(39)	-	(225)	-	-	(264)
At 31 December 2023	594	1,317	2,376	111	4	4,402

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Railway and port RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2024	594	1,317	2,376	111	4	4,402
Charge for the year	39	88	154	3	-	284
Impairment losses	1	-	3	-	-	4
Disposals or write-off	(46)	-	-	-	-	(46)
At 31 December 2024 and 1 January 2025	588	1,405	2,533	114	4	4,644
Charge for the period	27	62	75	2	-	166
Disposals or write-off	(24)	-	(28)	-	-	(52)
Other decrease	-	-	(23)	-	-	(23)
At 31 July 2025	591	1,467	2,557	116	4	4,735
Net carrying amounts						
At 31 December 2022	856	3,686	962	18	-	5,522
At 31 December 2023	886	3,623	976	23	-	5,508
At 31 December 2024	937	3,570	1,011	34	-	5,552
At 31 July 2025	1,012	3,508	979	32	-	5,531

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB361 million, RMB323 million, RMB76 million and RMB68 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There was no pledged property, plant and equipment of the Target Company to secure the banking facilities granted to the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	1,098	534	1,002	857
Additions	719	817	523	322
Transferred to property, plant and equipment (note 14)	(1,283)	(349)	(653)	(151)
Impairment losses	-	-	(15)	-
At the end of the year/period	534	1,002	857	1,028

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	134	111	261	291
Additions	308	276	279	93
Transferred to property, plant and equipment (note 14)	(331)	(126)	(249)	(112)
At the end of the year/period	111	261	291	272

16. EXPLORATION AND EVALUATION ASSETS

The Target Group

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Target Group. As at 31 December 2022, 2023, 2024 and 31 July 2025, the carrying amounts of the exploration and evaluation assets were RMB2,746 million, RMB2,746 million, RMB2,746 million and RMB2,746 million, respectively.

The Target Company

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Target Company. As at 31 December 2022, 2023, 2024 and 31 July 2025, the carrying amounts of the exploration and evaluation assets were RMB2,501 million, RMB2,501 million, RMB2,501 million and RMB2,501 million, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INTANGIBLE ASSETS

The Target Group

The movements of intangible assets, mainly licences, software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	995	963	950	915
Additions	3	18	-	2
Amortisation	(33)	(31)	(35)	(20)
Disposals	-	-	-	(5)
Impairment losses	(2)	-	-	-
At the end of the year/period	963	950	915	892

The Target Company

The movements of intangible assets, mainly licences, software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	170	169	169	159
Additions	17	8	-	2
Amortisation	(16)	(8)	(10)	(6)
Disposals	-	-	-	(5)
Impairment losses	(2)	-	-	-
At the end of the year/period	169	169	159	150

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN JOINT VENTURES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	221	221	221	221
Less: Impairment	167	167	193	193
	54	54	28	28

The Target Group's joint venture is unlisted and established in the PRC and not material to the Target Group. Share of the joint venture's profit and total comprehensive income was nil during the Relevant Periods and the seven months ended 31 July 2024.

19. INVESTMENTS IN SUBSIDIARIES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	2,742	2,792	2,925	2,986
Less: Impairment	183	183	183	183
Net carrying amount	2,559	2,609	2,742	2,803

The Target Company's balances with subsidiaries are unsecured, interest-free and repayable on demand. Further details of the Target Company's balances with subsidiaries are included in note 41 to the Historical Financial Information.

Particulars of the Target Company's principal subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets				
Listed equity securities (note (i))	3,878	4,204	3,334	3,510
Unlisted equity securities (note (i))	56	56	298	302
Subtotal	3,934	4,260	3,632	3,812
Current assets				
Accounts and bills receivables (note (ii))	25	15	8	53
	3,959	4,275	3,640	3,865

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets				
Listed equity securities (note (i))	3,878	4,204	3,334	3,510
Unlisted equity securities (note (i))	20	20	20	24
Subtotal	3,898	4,224	3,354	3,534
Current assets				
Accounts and bills receivables (note (ii))	-	-	-	36
Total	3,898	4,224	3,354	3,570

Notes:

(i) The above listed and unlisted equity investments represent the Target Group and Target Company's equity interests in entities established in the PRC. The directors of the Target Company have elected to designate these equity investments as at FVTOCI as it is the Target Group's strategy to hold these investments for long-term purposes and realising their performance potential in the long run.

(ii) As at 31 December 2022, 2023 and 2024 and 31 July 2025, certain accounts and bills receivables were classified as financial assets at FVTOCI, as the Target Company's and certain subsidiaries' business model is achieved both by collecting contractual cash flows and selling these assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. OTHER NON-CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	12	23	883	1,339
Time deposits maturing in more than one year	149	69	165	145
Goodwill (note (i))	444	444	444	444
Long-term deferred expenses (note (ii))	1,027	1,448	1,476	1,428
	1,632	1,984	2,968	3,356

Notes:

(i) Impairment test of goodwill

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cost	462	462	462	462
Less: Accumulated impairment losses	18	18	18	18
Net carrying amount	444	444	444	444

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. OTHER NON-CURRENT ASSETS (continued)

The Target Group (continued)

Notes: (continued)

(i) Impairment test of goodwill (continued)

In the impairment assessment of the Target Group, goodwill is allocated to cash-generating units ("CGUs") that were expected to benefit from the synergies of the business combination and is allocated to the relevant CGUs based on the mines where they are located. The CGUs are consistent with those used on the purchase dates and in the impairment tests during the Relevant Periods. The carrying amounts of the major goodwill allocated to individual CGU are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Inner Mongolia Xilinhe Coal Chemicals Co., Ltd. ("Xilin River Coal Chemical")	406	406	406	406

The recoverable amount of a CGU has been determined based on value-in-use calculations. The cash flow projections of CGUs are based on management's forecasted cash flows in the next five years. Based on existing production capacity, the Target Group expects cash flows beyond such periods will be similar to that in the fifth year and thus a zero terminal growth rate is utilised in the forecasts. Assumptions were used in the value in use calculation of the cash-generating unit of Xilin River Coal Chemical at 31 December 2022, 2023 and 2024 and 31 July 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Forecast period — The basis used to determine the operating period is the remaining exploitable years of the coal mine owned by Xilin River Coal Chemical, taking into account the annual coal production capacity.

Discount rate — The discount rate adopted by the Target Group reflects the specific risks of the relevant asset unit. The pre-tax discount rates used at 31 December 2022, 2023 and 2024 and 31 July 2025 were 10.96%, 11.04%, 10.71% and 12.28%, respectively.

Coal production capacity—According to the mining licence approved by the government, the annual production capacity of Xilin River Coal Chemical's mine is 15 million tons per year.

Sales price — The sales price is based on the historical average sales price of Xilin River Coal Chemical, adjusted according to future supply and demand forecasts.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. OTHER NON-CURRENT ASSETS (continued)

The Target Group (continued)

Notes: (continued)

(i) Impairment test of goodwill (continued)

According to the impairment assessment, there was no impairment provided for the goodwill of Xilin River Coal Chemical for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025.

In addition to the goodwill allocated to the Xilin River Coal Chemical, as mentioned above, the Target Group also recognised goodwill arising from the acquisition of Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. ("Baiyinhua Coal Industry"). The carrying amount of the goodwill was RMB38 million as of 31 December 2022, 2023 and 2024 and 31 July 2025. The Target Group determined the recoverable amount of its asset group based on the value-in-use calculations. According to the results of the impairment assessment of goodwill, no impairment provision was made by the Group for the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025.

(ii) The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	660	1,027	1,448	1,476
Additions	425	448	164	14
Amortisation	(23)	(27)	(80)	(62)
Reclassification	(35)	-	(56)	-
At the end of the year/period	1,027	1,448	1,476	1,428

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. OTHER NON-CURRENT ASSETS (continued)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	1,015	24	680	1,119
Time deposits maturing in more than one year	149	69	85	65
Long-term deferred expenses (note)	876	1,303	1,390	1,343
	2,040	1,396	2,155	2,527

Note:

The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	470	876	1,303	1,390
Additions	423	447	162	13
Amortisation	(17)	(20)	(75)	(60)
At the end of the year/period	876	1,303	1,390	1,343

22. RIGHT-OF-USE ASSETS

The Target Group

The right-of-use assets represent the consideration of land use rights paid to the PRC's government authorities and the amounts of leased assets. The Target Group was in the process of applying for the title certificates of certain land use rights with aggregate carrying amounts of RMB30 million and RMB30 million as at 31 December 2022 and 2023, respectively. The directors of the Target Company are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. RIGHT-OF-USE ASSETS (continued)

The Target Group (continued)

The Target Group leases assets including land use rights. Information about leases for which the Target Group is a lessee is presented below.

	Land use rights RMB million	Total RMB million
Cost		
At 1 January 2022	3,226	3,226
Additions	1,348	1,348
Others	38	38
At 31 December 2022 and 1 January 2023	4,612	4,612
Additions	48	48
At 31 December 2023 and 1 January 2024	4,660	4,660
Additions	765	765
Others	64	64
At 31 December 2024 and 1 July 2025	5,489	5,489
Additions	99	99
At 31 July 2025	5,588	5,588
Accumulated depreciation		
At 1 January 2022	178	178
Depreciation	89	89
Others	3	3
At 31 December 2022 and 1 January 2023	270	270
Depreciation	107	107
At 31 December 2023 and 1 January 2024	377	377
Depreciation	119	119
Others	8	8
At 31 December 2024 and 1 July 2025	504	504
Depreciation	75	75
At 31 July 2025	579	579
Net carrying amounts		
At 31 December 2022	4,342	4,342
At 31 December 2023	4,283	4,283
At 31 December 2024	4,985	4,985
At 31 July 2025	5,009	5,009

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. RIGHT-OF-USE ASSETS (continued)

The Target Company

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

The Target Company leases assets including land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Land use rights RMB million	Total RMB million
Cost		
At 1 January 2022	31	31
Additions	-	-
At 31 December 2022 and 1 January 2023	31	31
Additions	40	40
At 31 December 2023 and 1 January 2024	71	71
Additions	-	-
At 31 December 2024 and 1 July 2025	71	71
Additions	-	-
At 31 July 2025	71	71
Accumulated depreciation		
At 1 January 2022	1	1
Depreciation	-	-
At 31 December 2022 and 1 January 2023	1	1
Depreciation	2	2
At 31 December 2023 and 1 January 2024	3	3
Depreciation	4	4
At 31 December 2024 and 1 July 2025	7	7
Depreciation	3	3
At 31 July 2025	10	10
Net carrying amounts		
At 31 December 2022	30	30
At 31 December 2023	68	68
At 31 December 2024	64	64
At 31 July 2025	61	61

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	825	720	757	829
– Third parties	448	366	214	712
	1,273	1,086	971	1,541
Less: allowance for credit losses	293	271	126	103
	980	815	845	1,438
Bills receivable				
– Third parties	-	-	-	10
	980	815	845	1,448

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by PRC banks and others financial institutions, and would expire within one year. As at the end of each of the Relevant Periods, the Target Group had no bills pledged to secure bills payable.

As at 31 July 2025, the Target Group had accounts receivable amounting to RMB100 millions pledged to secure the Target Group's factoring financing activities.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	837	737	786	1,387
One to two years	2	-	-	-
Two to three years	-	1	-	-
More than three years	141	77	59	51
	980	815	845	1,438

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES (continued)

The Target Group (continued)

As at the end of each of the Relevant Periods, certain accounts receivable of the Target Group are past due. The past due balances are not considered as in default because the debtors are not in significant financial difficulty and the management expects that the debtors are able and likely to pay for the debts. The Target Group does not hold any collateral over these balances.

Details of credit risks of accounts and bills receivables as at the end of each of the Relevant Periods are set out in note 36.2 to the Historical Financial Information.

All accounts and bills receivables are denominated in RMB.

Transfers of financial assets

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group endorsed bills receivable amounting to RMB189 million, RMB65 million, RMB8 million and RMB36 million, respectively, to suppliers to settle the accounts payable of same amounts. In accordance to the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Target Group if the issuing banks default payment (the "Continuing Involvement"). In the opinion of the directors, the fair values of the Continuing Involvement are insignificant, and the Target Group has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, in case of bills receivable endorsed to suppliers, derecognised the associated accounts payable.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	227	182	246	268
– Third parties	269	235	135	346
	496	417	381	614
Less: allowance for credit losses	204	183	119	98
	292	234	262	516
Bills receivable				
– Third parties	-	-	-	10
	292	234	262	526

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by PRC banks and others financial institutions, and would expire within one year. As at the end of each of the Relevant Periods, the Target Company had no bills pledged to secure bills payable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. ACCOUNTS AND BILLS RECEIVABLES (continued)

The Target Company (continued)

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	266	223	261	515
One to two years	2	-	-	-
Two to three years	-	1	-	-
More than three years	24	10	1	1
	292	234	262	516

As at the end of each of the Relevant Periods, certain accounts receivable of the Target Company are past due. The past due balances are not considered as in default because the debtors are not in significant financial difficulty and the management expects that the debtors are able and likely to pay for the debts. The Target Company does not hold any collateral over these balances.

Transfers of financial assets

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company endorsed bills receivable amounting to RMB80 million, RMB14 million, nil and RMB3 million, respectively, to suppliers to settle the accounts payable of same amounts. In accordance to the relevant laws in the PRC, the holders of the bills receivable have a right of recourse against the Target Company if the issuing banks default payment. In the opinion of the Directors, the fair values of the Continuing Involvement are insignificant, and the Target Company has transferred substantially all the risks and rewards of ownership relating to these bills receivable, and accordingly derecognised the full carrying amounts of the bills receivable, in case of bills receivable endorsed to suppliers, derecognised the associated accounts payable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loans	501	300	200	201
– Other receivables due from China Energy Group and fellow subsidiaries	3	3	6	9
– Dividends receivable and interest receivable	1	148	55	48
– Other receivables	319	305	350	381
	824	756	611	639
Less: Impairment losses	50	45	52	52
	774	711	559	587
Prepaid expenses	102	100	95	130
Deductible VAT and other taxes	-	14	5	22
	876	825	659	739

Note:

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group provided short-term entrusted loans of RMB501 million, RMB300 million, RMB200 million and RMB201 million, respectively, to Mengdong Energy Holding Co., Ltd. (hereinafter referred to as "Mengdong Energy"), a subsidiary being disposed of as Excluded Business, through a PRC state-owned bank or a fellow subsidiary, with interest rates of 3.65%, 2.35%, 2.35% and 2.35% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. PREPAID EXPENSES AND OTHER CURRENT ASSETS (continued)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Entrusted loans	501	300	200	201
– Other receivables due from China Energy Group and fellow subsidiaries	2	2	3	7
– Dividends receivable and interest receivable	-	549	55	48
– Other receivables	275	421	273	295
	778	1,272	531	551
Less: Impairment losses	48	44	50	50
	730	1,228	481	501
Prepaid expenses and deposits	87	60	54	89
Deductible VAT and other taxes	-	12	-	-
	817	1,300	535	590

Note:

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company provided short-term entrusted loans of RMB501 million, RMB300 million, RMB200 million and RMB201 million, respectively, to Mengdong Energy, through a PRC state-owned bank or a fellow subsidiary, with interest rates of 3.65%, 2.35%, 2.35% and 2.35% per annum, respectively.

25. RESTRICTED BANK DEPOSITS

The Target Group

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines, mining safety risk deposit, collaterals for bills payable and litigation freezing deposits.

The Target Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 36.2 to the Historical Financial Information.

The Target Company

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines, mining safety risk deposit, collaterals for bills payable and litigation freezing deposits.

The Target Company performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	1,835	1,999	1,749	1,943
Less: Restricted bank deposits	299	491	488	441
Cash and cash equivalents in the consolidated statements of cash flows	1,536	1,508	1,261	1,502

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 36.2 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	717	845	683	519
Less: Restricted bank deposits	136	210	167	144
Cash and cash equivalents	581	635	516	375

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 28)
At 1 January 2022	5,938
Interest paid	(225)
Proceeds from borrowings	6,020
Repayments of borrowings	(4,383)
Interest expenses	225
At 31 December 2022 and 1 January 2023	7,575
Interest paid	(180)
Proceeds from borrowings	6,200
Repayments of borrowings	(4,861)
Interest expenses	180
At 31 December 2023 and 1 January 2024	8,914
Interest paid	(190)
Proceeds from borrowings	9,059
Repayments of borrowings	(5,935)
Interest expenses	193
At 31 December 2024 and 1 January 2025	12,041
Interest paid	(123)
Proceeds from borrowings	6,762
Repayments of borrowings	(5,145)
Interest expenses	143
At 31 July 2025	13,678

(c) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Within operating cash flows	4	5	6	2	3

These amounts relate to the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Lease rental paid	4	5	6	2	3

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION

The Target Group

For the purpose of the presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	263	260	390	340
Deferred tax liabilities	(839)	(894)	(650)	(680)
	(576)	(634)	(260)	(340)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	Credited/(charged) to other comprehensive income RMB million	31 December 2022 RMB million
Allowances, primarily for receivables and inventories	23	(1)	-	22
Property, plant and equipment	428	(25)	-	403
Interests in joint ventures	41	1	-	42
Tax allowable expenses not yet incurred	4	1	-	5
Right-of-use assets	2	2	-	4
Financial assets at fair value	62	-	(370)	(308)
Appraisal increment from business combination	(492)	23	-	(469)
Long-term liabilities	(294)	19	-	(275)
Net deferred tax liabilities	(226)	20	(370)	(576)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION (continued)

The Target Group (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period: (continued)

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	Credited/(charged) to other comprehensive income RMB million	31 December 2023 RMB million
Allowances, primarily for receivables and inventories	22	-	-	22
Property, plant and equipment	403	(25)	-	378
Interests in joint ventures	42	-	-	42
Tax allowable expenses not yet incurred	5	1	-	6
Right-of-use assets	4	1	-	5
Financial assets at fair value	(308)	-	(81)	(389)
Appraisal increment from business combination	(469)	26	-	(443)
Long-term liabilities	(275)	20	-	(255)
Net deferred tax liabilities	(576)	23	(81)	(634)

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	Credited/(charged) to other comprehensive income RMB million	31 December 2024 RMB million
Allowances, primarily for receivables and inventories	22	(20)	-	2
Property, plant and equipment	378	(22)	-	356
Interests in joint ventures	42	6	-	48
Tax allowable expenses not yet incurred	6	14	-	20
Right-of-use assets	5	2	-	7
Financial assets at fair value	(389)	-	157	(232)
Appraisal increment from business combination	(443)	26	-	(417)
Long-term liabilities	(255)	20	-	(235)
Donations	-	191	-	191
Net deferred tax liabilities	(634)	217	157	(260)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION (continued)

The Target Group (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period: (continued)

	1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	Credited/(charged) to other comprehensive income RMB million	31 July 2025 RMB million
Allowances, primarily for receivables and inventories	2	(1)	-	1
Property, plant and equipment	356	(21)	-	335
Interests in joint ventures	48	-	-	48
Tax allowable expenses not yet incurred	20	(11)	-	9
Right-of-use assets	7	1	-	8
Financial assets at fair value	(232)	-	(46)	(278)
Appraisal increment from business combination	(417)	16	-	(401)
Long-term liabilities	(235)	11	-	(224)
Donations	191	(29)	-	162
Net deferred tax liabilities	(260)	(34)	(46)	(340)

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had unused tax losses of RMB395 million, RMB1,504 million, RMB1,915 million and RMB1,985 million, respectively, and deductible temporary differences of RMB691 million, RMB659 million, RMB4,854 million and RMB5,176 million, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of the above unused tax losses and deductible temporary differences as at the end of each of the Relevant Periods due to the unpredictability of future profit streams.

The expiry dates of the tax losses of the Target Group for which no deferred income tax assets were recognised are summarised as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Year of expiry				
2023	31	-	-	-
2024	4	4	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	360	360	360	360
2028	-	1,140	1,140	1,140
2029	-	-	415	415
2030	-	-	-	70
Total	395	1,504	1,915	1,985

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION (continued)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax liabilities	(370)	(452)	(234)	(279)

The following are the deferred tax liabilities recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to other comprehensive income RMB million	31 December 2022 RMB million
Financial assets at fair value	-	(370)	(370)

	1 January 2023 RMB million	Credited/(charged) to other comprehensive income RMB million	31 December 2023 RMB million
Financial assets at fair value	(370)	(82)	(452)

	1 January 2024 RMB million	Credited/(charged) to other comprehensive income RMB million	31 December 2024 RMB million
Financial assets at fair value	(452)	218	(234)

	1 January 2025 RMB million	Credited/(charged) to other comprehensive income RMB million	31 July 2025 RMB million
Financial assets at fair value	(234)	(45)	(279)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. DEFERRED TAXATION (continued)

The Target Company (continued)

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company has unused tax losses of RMB360 million, RMB1,500 million, RMB1,915 million and RMB1,985 million, respectively, and deductible temporary differences of RMB606 million, RMB597 million, RMB572 million and RMB775 million, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of the above unused tax losses and deductible temporary differences as at the end of each of the Relevant Periods due to the unpredictability of future profit streams.

The expiry dates of the tax losses of the Target Company for which no deferred income tax assets were recognised are summarised as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Year of expiry				
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	360	360	360	360
2028	-	1,140	1,140	1,140
2029	-	-	415	415
2030	-	-	-	70
Total	360	1,500	1,915	1,985

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. BORROWINGS

The Target Group

An analysis of the Target Group's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	3,588	6,269	8,119	8,330
Current portion of long-term borrowings	643	135	1,745	1,331
	4,231	6,404	9,864	9,661
Non-current borrowings:				
Long-term borrowings, less current portion	3,344	2,510	2,177	4,017
	7,575	8,914	12,041	13,678
Secured	83	-	-	100
Unsecured	7,492	8,914	12,041	13,578
	7,575	8,914	12,041	13,678

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group's short-term borrowings were RMB denominated and bore interest at rates ranging from 3.20% to 3.60% per annum, 1.92% to 2.60% per annum, 2.02% to 2.85% per annum and 2.01% to 2.35% per annum, respectively, and long-term borrowings were RMB denominated and bore interest at rates ranging from LPR-1.50% to LPR+0.35% per annum, LPR-1.50% to LPR+0.35% per annum, LPR-1.55% to LPR+0.35% per annum and LPR-1.55% to LPR+0.35% per annum, respectively.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	643	135	1,745	1,331
More than one year, but not exceeding two years	132	1,738	704	1,011
More than two years, but not exceeding five years	2,839	399	1,070	2,551
More than five years	373	373	403	455
	3,987	2,645	3,922	5,348

As at 31 December 2022, 2023, 2024 and 31 July 2025, the Group's short-term borrowings from China Energy Group and fellow subsidiaries amounted to RMB3,167 million, RMB3,267 million, RMB2,266 million and RMB1,766 million, respectively, and long-term borrowings from China Energy Group and fellow subsidiaries amounted to RMB2,062 million, RMB1,551 million, RMB1,852 million and RMB1,303 million, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. BORROWINGS (continued)

The Target Company

An analysis of the Target Company's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	3,587	5,368	6,368	7,128
Current portion of long-term borrowings	2	2	854	8
	3,589	5,370	7,222	7,136
Non-current borrowings:				
Long-term borrowings, less current portion	2,223	1,522	870	1,867
	5,812	6,892	8,092	9,003
Secured	-	-	-	-
Unsecured	5,812	6,892	8,092	9,003
	5,812	6,892	8,092	9,003

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company's short-term borrowings were RMB denominated and bore interest at rates ranging from 3.20% to 3.60% per annum, 1.92% to 2.25% per annum, 2.02% to 2.27% per annum and 2.01% to 2.27% per annum, respectively, and long-term borrowings were RMB denominated and bore interest at rates ranging from LPR-0.81% to LPR-0.70% per annum, LPR-1.37% to LPR-0.70% per annum, LPR-1.37% to LPR-0.66% per annum and LPR-1.37% to LPR-0.66% per annum, respectively.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	2	2	854	8
More than one year, but not exceeding two years	-	851	299	301
More than two years, but not exceeding five years	1,850	298	198	1,193
More than five years	373	373	373	373
	2,225	1,524	1,724	1,875

As at 31 December 2022, 2023, 2024 and 31 July 2025, the Company's short-term borrowings from China Energy Group and fellow subsidiaries amounted to RMB3,167 million, RMB2,666 million, RMB1,365 million and RMB1,466 million, respectively, and long-term borrowings from China Energy Group and fellow subsidiaries amounted to RMB851 million, RMB851 million, RMB851 million and nil, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. ACCOUNTS AND BILLS PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group and fellow subsidiaries	310	262	331	706
– Third parties	1,044	1,408	1,073	810
	1,354	1,670	1,404	1,516
Bills payable	94	242	76	314
	1,448	1,912	1,480	1,830

As at the end of each of the Relevant Periods, the ageing analysis of accounts and bills payables, based on the invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	1,360	1,708	1,254	1,606
One to two years	15	128	181	175
Two to three years	9	6	34	35
More than three years	64	70	11	14
	1,448	1,912	1,480	1,830

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. ACCOUNTS AND BILLS PAYABLES (continued)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group and fellow subsidiaries	62	46	82	277
– Third parties	605	766	649	471
	667	812	731	748
Bills payable	94	156	76	191
	761	968	807	939

As at the end of each of the Relevant Periods, the ageing analysis of accounts and bills payables, based on the invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	688	825	705	825
One to two years	10	79	77	89
Two to three years	3	5	23	24
More than three years	60	59	2	1
	761	968	807	939

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group for acquiring mining rights	3,626	3,626	3,626	3,626
Amounts due to other related parties	1,849	1,583	1,586	1,243
Accrued staff wages and welfare benefits	450	433	394	511
Taxes payable other than income tax	423	196	293	243
Dividends payable	188	574	188	188
Guarantee deposit	338	403	604	715
Utilities and property management expenses	389	333	333	260
Payable for acquiring subsidiaries	284	736	194	194
Other accrued expenses and payables	351	427	547	485
	7,898	8,311	7,765	7,465

Note:

Accrued expenses and payables of the Target Group included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	5,663	5,397	5,400	5,057

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. ACCRUED EXPENSES AND OTHER PAYABLES (continued)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group for acquiring mining rights	3,626	3,626	3,626	3,626
Amounts due to other related parties	1,812	1,502	1,536	1,173
Accrued staff wages and welfare benefits	436	421	380	428
Taxes payable other than income tax	116	96	159	115
Dividends payable	188	188	188	188
Guarantee deposit	121	164	329	302
Utilities and property management expenses	395	333	333	260
Payable for acquiring subsidiaries	194	736	194	194
Other accrued expenses and payables	300	413	383	409
	7,188	7,479	7,128	6,695

Note:

Accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	5,628	5,345	5,384	5,023

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of mining rights (note (i))	3,584	3,331	3,164	2,955
Deferred income	17	14	22	20
Donations (note (ii))	-	-	3,232	1,669
Penalties (note (iii))	1,566	-	-	-
Defined benefit plans (note (iv))	1,315	1,171	1,281	1,149
Others	49	67	79	349
	6,531	4,583	7,778	6,142
Analysed for reporting purpose as:				
Current liabilities	1,821	186	1,729	1,898
Non-current liabilities	4,710	4,397	6,049	4,244
	6,531	4,583	7,778	6,142

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of mining rights (note (i))	691	623	553	482
Deferred income	17	14	22	20
Defined benefit plans (note (iv))	1,314	1,170	1,280	1,149
Others	23	18	45	265
	2,045	1,825	1,900	1,916
Analysed for reporting purpose as:				
Current liabilities	78	76	86	86
Non-current liabilities	1,967	1,749	1,814	1,830
	2,045	1,825	1,900	1,916

Notes:

(i) The payables for acquisition of mining rights is the present value of the payable mining rights. The mining rights payable shall be paid annually during the execution of the contract.

(ii) In 2024, Xilin River Coal Chemical committed to donate RMB5,000 million to the China Energy Foundation for ecological remediation initiatives. The first donation of RMB1,700 million was paid in 2024, with the remaining amount to be paid in tranches according to the donation agreement. These future payments were recognised as long-term liabilities, with a balance of RMB3,232 million as of the end of 2024. As of 31 July 2025, the Target Group had paid the second donation of RMB1,600 million, reducing the outstanding balance to RMB1,669 million.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. LONG-TERM LIABILITIES (continued)

Notes: (continued)

(iii) On 22 February 2022, Xilin River Coal Chemical entered into an agreement with the State-Owned Assets Supervision and Administration Commission of Wulagei Management Area, under which it agreed to pay a penalty of RMB2,709 million to State-Owned Assets Supervision and Administration Commission of Wulagei Management Area resulting from unauthorised mining at the Hesige Wula South Open-Pit Coal Mine. As of 31 December 2022, the remaining balance was RMB1,566 million, which was fully settled in 2023.

(iv) Defined benefit plans

Presentation of defined benefit plans:

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Long-term termination benefits	1,315	1,171	1,281	1,149
Total	1,315	1,171	1,281	1,149

The long-term termination benefits within one year are presented in accrued expenses and other payables.

The movements in the present value of the defined benefit plans (including long-term termination benefits within one year) are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
At the beginning of the year/period	2,017	1,636	1,494	1,576
Recognised in current expenses				
Past service cost	-	171	362	-
Interest cost	46	30	15	12
Actuarial gains or losses	(51)	25	61	(7)
Other changes				
Benefits paid	(376)	(368)	(356)	(182)
At the end of the year/period	1,636	1,494	1,576	1,399

The principal actuarial assumptions used as at the end of each of the Relevant Periods are as follows:

	31 December 2022	31 December 2023	31 December 2024	31 July 2025
Discount rate (%)	2.40%-2.85%	2.25%-2.57%	0.98%-1.50%	1.40%-1.60%
Average life expectancy (year)	85.4	85.5	85.6	85.7
Expected rate of salary increases (%)	0-2.50%	0-2.50%	0-2.50%	0-2.50%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. ACCRUED RECLAMATION OBLIGATIONS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	632	615	520	572
Revaluation for the year/period	(6)	(68)	52	-
Accretion expense	30	28	24	7
Amounts utilised	(41)	(55)	(24)	(37)
At the end of the year/period	615	520	572	542

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	190	186	185	211
Revaluation for the year/period	-	-	35	-
Accretion expense	7	7	7	3
Amounts utilised	(11)	(8)	(16)	(7)
At the end of the year/period	186	185	211	207

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. PAID-UP CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Registered and paid-up capital	4,354	4,354	4,354	4,354

34. RESERVES

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Capital reserve	(124)	(497)	(453)	(454)
Statutory reserves	1,838	1,813	1,785	1,699
Other reserves	1,108	1,353	793	927
Accumulated losses	(1,810)	(1,437)	(3,847)	(3,089)
	1,012	1,232	(1,722)	(917)

(i) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Target Company's Articles of Association, the Target Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

No appropriation of net profit to the statutory surplus reserve has been proposed in 2022, 2023, 2024 and seven months ended 31 July 2025.

Statutory surplus reserve can be used to make up losses, if any, or to expand the Target Company's business, and may be converted into paid-up capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital of the Company. The statutory surplus reserve is not distributable.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Target Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to accumulated losses.

(ii) Other reserves

Other reserves mainly represent the consideration paid for acquisition of subsidiaries under common control and acquisition of non-controlling interests in subsidiaries and fair value change reserves.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31 December 2022, 2023 and 2024 and 31 July 2025 was 76.8%, 75.6%, 89.5% and 86.7%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

36. FINANCIAL INSTRUMENTS

36.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	3,738	3,594	3,318	4,123
Equity securities at FVTOCI (note 20)	3,934	4,260	3,632	3,812
Accounts and bills receivables at FVTOCI (note 20)	25	15	8	53
	7,697	7,869	6,958	7,988
Financial liabilities				
Financial liabilities at amortised cost	20,847	21,413	26,448	26,403

36.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, amounts due from/to joint ventures, other receivables, accounts and bills payables, borrowings, other payables and long-term liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Market risk

(i) Interest rate risk

The Target Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables and borrowings.

The Target Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings and variable-rate loans. Other than the concentration of interest rate risk related to the movements in Secured Overnight Financing Rate and the loan interest published by the People's Bank of China("PBOC"), the Target Group has no significant concentration of interest rate risk.

The Target Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and variable-rate loans and receivables at the end of the reporting period. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Target Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact on profit or loss for the relevant periods was insignificant.

The analysis is prepared assuming variable-rate borrowings and variable-rate loans and receivables outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Target Group's profit for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024, 2025 would decrease/increase by RMB35 million, RMB26 million, RMB38 million, RMB 22 million (unaudited) and RMB42 million, respectively.

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group arising from those financial assets whose carrying amounts best represent the maximum exposure to credit risk. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for the determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Target Group's credit risk is significantly reduced.

Loan receivables

The credit risks on loan receivables are limited because the counterparties are mainly related parties, the Target Group assesses the recoverability by reviewing their financial positions and results periodically and considers that its exposure to credit risk arising from default of the counterparties is limited.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables represent dividend receivables and interest receivables. The dividend receivables relate to the investments of the Target Company and the interest receivables mainly relate to related parties and state-owned entities. Thus, the credit risk on other receivables is limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Target Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Loans receivables	24	N/A	12-month ECL	501	300	200	201
Restricted bank deposits	25	N/A	12-month ECL	299	491	488	441
Cash and cash equivalents	26	N/A	12-month ECL	1,536	1,508	1,261	1,502
Other receivables	24	N/A	12-month ECL	320	453	408	435
			Credit-impaired	3	3	3	3
Other non-current assets	21	N/A	12-month ECL	149	69	165	145
Accounts and bills receivables (note)	23	N/A	Provision matrix	1,112	948	902	1,494
			Credit-impaired	161	138	69	47

Note:

For accounts and bills receivables, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Target Group determines the ECL on these items using a provision matrix, grouped by debtors' ageing.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal, power, coal chemical products and transportation services because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivable which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). Accounts receivable that are credit-impaired with gross carrying amounts of RMB161 million, RMB137 million, RMB70 million and RMB47 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, were assessed individually.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022	Average loss rate 31 December 2023	Accounts receivable 31 December 2023	Average loss rate 31 December 2024	Accounts receivable 31 December 2024	Average loss rate 31 July 2025	Accounts receivable 31 July 2025
	%	RMB million	%	RMB million	%	RMB million	%	RMB million
Current (not past due)	2	972	*	808	*	846	*	1,438
Less than one year past due	10	3	10	-	-	-	-	-
One to two years past due	20	-	20	1	20	-	-	-
Two to three years past due	50	48	50	-	50	1	50	1
Three to four years past due	-	-	80	48	-	-	-	-
More than four years past due	100	89	100	91	100	55	100	55
		1,112		948		902		1,494

* Ratio less than 0.05%
** Amount less than RMB 0.5 million

The loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing (continued)

The following table shows the movements in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	127	234	361
Impairment losses recognised	5	1	6
Impairment losses reversed	-	(69)	(69)
Write-offs	-	(5)	(5)
As at 1 January 2023	132	161	293
Impairment losses recognised	3	-	3
Impairment losses reversed	(2)	(23)	(25)
As at 1 January 2024	133	138	271
Impairment losses recognised	11	2	13
Impairment losses reversed	(86)	(71)	(157)
Write-offs	(1)	-	(1)
As at 1 January 2025	57	69	126
Impairment losses reversed	(1)	(22)	(23)
As at 31 July 2025	56	47	103

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing (continued)

The following tables show the reconciliation of loss allowances that have been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	50	4	54
Impairment losses recognised	1	-	1
Impairment losses reversed	(3)	-	(3)
Write-offs	(1)	(1)	(2)
As at 1 January 2023	47	3	50
Impairment losses recognised	-	-	-
Impairment losses reversed	(5)	-	(5)
As at 1 January 2024	42	3	45
Impairment losses recognised	8	-	8
Impairment losses reversed	(1)	-	(1)
As at 1 January 2025	49	3	52
As at 31 July 2025	49	3	52

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for its operations, financial, and capital obligations, which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each of the Relevant Periods) and the earliest date the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		9,966	278	835	3,538	14,617	13,272
Borrowings variable interest rate	3.37	759	228	2,928	-	3,915	3,615
Borrowings fixed interest rate	3.61	4,011	-	-	-	4,011	3,960
		14,736	506	3,763	3,538	22,543	20,847

	31 December 2023						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		9,447	278	835	3,259	13,819	12,498
Borrowings variable interest rate	2.96	509	1,802	410	-	2,721	2,572
Borrowings fixed interest rate	2.18	6,421	-	-	-	6,421	6,342
		16,377	2,080	1,245	3,259	22,961	21,412

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	31 December 2024						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		9,889	1,978	835	2,981	15,683	14,407
Borrowings variable interest rate	2.73	2,146	448	1,410	30	4,034	3,848
Borrowings fixed interest rate	2.26	8,317	-	-	-	8,317	8,193
		20,352	2,426	2,245	3,011	28,034	26,448

	31 July 2025						
	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities		10,057	278	835	2,703	13,873	12,725
Borrowings variable interest rate	2.29	3,682	1,093	2,668	57	7,500	7,148
Borrowings fixed interest rate	2.24	6,577	1	2	28	6,608	6,530
		20,316	1,372	3,505	2,788	27,981	26,403

Saved as discussed above, the Target Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.3 Fair value measurements

Fair value of the Target Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets:						
Financial assets at fair value through other comprehensive income (non-current)	3,878	4,204	3,334	3,510	Level 1	Quoted prices in active market.
Unlisted equity securities	56	56	298	302	Level 3	Market comparison approach. Fair value is estimated based on value of comparable listed companies, multiples and discount for lack of liquidity. Discounted cash flow method. The significant observable inputs used by the Target Group for the valuation are the expected rates of return
Accounts and bills receivables	25	15	8	53	Level 2	

There were no transfers between Level 1, Level 2 and Level 3 during the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2025.

Except as detailed in the following table, the directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:								
Fixed rate bank borrowings	3,960	3,881	6,342	6,233	8,193	8,038	6,530	6,415

The fair value of fixed rate bank borrowings above in the Level 2 category is measured using discounted cash flow method where the future cash flows are estimated based on the contracts and discounted at rates that reflect the credit risk of the issuers.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. COMMITMENTS AND CONTINGENT LIABILITIES

37.1 Capital commitments

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had capital commitments for land, buildings, exploration and evaluation assets and equipment as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Land, buildings and exploration and evaluation assets	284	508	546	403
– Equipment	193	166	135	223
	477	674	681	626

37.2 Legal contingencies

The Target Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. Meanwhile, the Target Company is also the defendant in a lawsuit related to Excluded Business, and the outcome of the lawsuit will be borne by the acquiree of the Disposal. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Target Group.

37.3 Environmental contingencies

To date, the Target Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Target Group. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Target Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

38. EMPLOYEE BENEFITS PLAN

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the year ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025 were RMB296 million, RMB314 million, RMB313 million, RMB179 million and RMB198 million, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS

39.1 Transactions with China Energy Group, fellow subsidiaries, and joint ventures of the Target Group

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Target Group also has entered into transactions with its joint ventures, over which the Target Group can exercise significant influence.

The Target Group had the following transactions with China Energy Group, fellow subsidiaries, and joint ventures of the Target Group that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	10	4	4	1	1
Income from entrusted loans	(ii)	34	16	6	4	3
Interest expense	(iii)	174	104	171	64	185
Purchases of ancillary materials and spare parts	(iv)	216	400	449	191	181
Purchases of ancillary and social services	(v)	198	647	574	45	139
Provide of ancillary services	(vi)	154	89	64	16	114
Sale of coal	(vii)	5,062	5,212	4,912	2,216	2,538
Purchase of coal	(viii)	32	34	-	-	-
Purchase of equipment and construction work	(ix)	116	86	8	2	5
Other income	(x)	53	59	61	24	58
Grant of loans	(xi)	4,400	1,300	1,200	250	250
Repayment of loans	(xii)	4,047	1,800	1,993	1,134	1,700
Factoring services	(xiii)	-	-	-	-	100
Other procurement expenses	(xiv)	56	56	17	6	10
New entrusted loans	(ii)	500	300	200	-	-
Collection of entrusted loans	(ii)	1,034	517	306	4	2

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (continued)

39.1 Transactions with China Energy Group, fellow subsidiaries, and joint ventures of the Target Group (continued)

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Income from entrusted loans represents interest earned from an entrusted loan to fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iv) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Group's operations from fellow subsidiaries of China Energy Group.

(v) Purchases of ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries.

(vi) Provide of ancillary services represents income earned from fellow subsidiaries coal mining services.

(vii) Sale of coal represents income from sale of coal to fellow subsidiaries of China Energy Group.

(viii) Purchase of coal represents coal purchased from China Energy Group and fellow subsidiaries.

(ix) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(x) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, lease income, etc. earned from China Energy Group and fellow subsidiaries.

(xi) Grant of loans represents loans granted from China Energy Group and fellow subsidiaries.

(xii) Repayment of loans represents repayment of loans from China Energy Group and fellow subsidiaries.

(xiii) Factoring services refer to receiving factoring services from Guoneng (Beijing) Commercial Factoring Co., Ltd.

(xiv) Other procurement expenses mainly include brokerage and agency service fees, information technology service fees.

The directors of the Target Company are of the opinion that the above transactions with related parties were in accordance with the agreements governing such transactions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (continued)

39.1 Transactions with China Energy Group, fellow subsidiaries, and joint ventures of the Target Group (continued)

The Target Group entered into a number of agreements with China Energy Group, fellow subsidiaries, and joint ventures of the Target Group. The terms of the principal agreements are summarised as follows:

(i) The Target Group has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with China Energy Group and fellow subsidiaries. Pursuant to the agreement, China Energy Group and fellow subsidiaries provide the Target Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Target Group provides fellow subsidiaries with water supplies, rolling stock management, railway transportation and other related or similar production supplies or services and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.

(ii) The Target Group has entered into coal supply agreements with China Energy Group and fellow subsidiaries and joint ventures of the Target Group. The coal supplied is charged at the prevailing market price.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (continued)

39.1 Transactions with China Energy Group, fellow subsidiaries, and joint ventures of the Target Group (continued)

(iii) The Target Group has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Target Group. The interest rate for the deposits with Finance Company from the Target Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Target Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

(iv) The Target Group has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Target Group before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Target Company has a pre-emptive right to purchase such property under terms no less favorable than other third party.

(v) The Target Group has entered into a land leasing agreement with fellow subsidiaries of China Energy Group. The annual rent is determined based on the local market rate. The Target Group is not allowed to sub-let the leased land.

(vi) The Target Group has entered into agreements with fellow subsidiaries of China Energy Group under which the Target Group has been granted the right to use certain trademarks. Fellow subsidiaries of China Energy Group bear its own cost for the registration of such trademarks during the term of the trademarks license agreement and expenses for enforcement against any infringement of the licensed trademarks by third parties.

(vii) The Target has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring Company"). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Target Group with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Target Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Target Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the PBOC for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Target Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Target Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (continued)

39.1 Transactions with China Energy Group, fellow subsidiaries, and joint ventures of the Target Group (continued)

Amounts due from/to China Energy Group, fellow subsidiaries, and joint ventures of the Target Group:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with Finance Company	1,536	1,550	1,301	1,541
Accounts and bills receivables	825	720	757	829
Prepaid expenses and other current assets	620	514	317	341
Total amounts due from China Energy Group, fellow subsidiaries, and joint ventures of the Target Group	2,981	2,784	2,375	2,711
Borrowings	5,229	4,818	4,118	3,069
Accounts payable	310	262	331	706
Accrued expenses and other payables	5,663	5,397	5,400	5,057
Contract liabilities	-	-	-	35
Total amounts due to China Energy Group, fellow subsidiaries, and joint ventures of the Target Group	11,202	10,477	9,849	8,867

Other than those disclosed in notes 23, 24, 26, 28, 29, 30 and 31 to the Historical Financial Information, amounts due from/to China Energy Group, fellow subsidiaries, and joint ventures of the Target Group bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. RELATED PARTY TRANSACTIONS (continued)

39.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	9	10	11	3	4
Post-employment benefits	1	1	1	1	1
Total	10	11	12	4	5

Total remuneration is included in "personnel expenses" as disclosed in note 11 to the Historical Financial Information.

39.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 38 to the Historical Financial Information.

39.4 Transactions with other government-related entities in the PRC

The Target Company is ultimately controlled by the PRC government and the Target Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, fellow subsidiaries and joint ventures of the Target Group as disclosed above, the Target Group conducts business with other government-related entities which include but are not limited to the following:

– Sales and purchases of coal;

– Transportation services;

– Construction work;

– Purchases of ancillary materials and spare parts;

– Ancillary and social services; and

– Financial services arrangements.

These transactions are conducted in the ordinary course of the Target Group's business on terms comparable to those with other entities that are not government-related. The Target Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

40. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

41. SUBSIDIARIES

Equity transaction with non-controlling interests

In January 2022, Inner Mongolia Pingzhuang Energy Co., Ltd. (内蒙古平莊能源股份有限公司) ("Pingzhuang Energy"), a former subsidiary of the Target Company previously listed on the Shenzhen Stock Exchange (before delisting) and in which the Target Company held 61.42% shares, was absorbed and merged by China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司) ("Longyuan Power") through a share swap and completed a material asset disposal with the Target Company (the "Transaction"). Under the Transaction, Pingzhuang Energy transferred all of its assets and liabilities (excluding deferred tax assets, deferred revenue, and taxes payable)(the "Disposed assets") to the Target Company in exchange for a cash consideration of RMB3,437 million, paid by the Target Company to Longyuan Power, the surviving company after the merger.

In return, Longyuan Power issued a total of 345,574,164 A shares (par value RMB1 per share) to the shareholders of Pingzhuang Energy on the registration date of implementation of the merger, in exchange for their holdings of Pingzhuang Energy's A shares. Upon the completion of the merger, Pingzhuang Energy ceased to be listed and its legal entity status was ultimately cancelled. As a result, the Target Company acquired 212,238,141 A shares of Longyuan Power, which were recognised as financial assets at fair value through other comprehensive income at RMB 2,398 million on the Transaction date.

After the Transaction, the carrying amount of non-controlling interests was reduced by RMB1,076 million. The fair value of the consideration amounting to RMB1,039 million, being the difference of the cash payment for the Disposed assets and the equity interest received in Longyuan Power by the Target Company, was recognised in equity in 2022.

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest (%)	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	PRC	49	297	2,276
				2,276

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest (%)	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	PRC	49	759	2,649
				2,649

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest (%)	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	PRC	49	(1,774)	964
				964

31 July 2024/Seven months ended 31 July 2024 (unaudited)

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest (%)	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	PRC	49	(405)	2,244
				2,244

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest (%)	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	PRC	49	351	1,315
				1,315

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

41. SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Inner Mongolia Xilinhe Coal Chemical Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	1,319	1,180	1,053	1,126
Non-current assets	8,255	8,268	9,103	8,942
Current liabilities	3,136	2,368	4,647	4,806
Non-current liabilities	2,952	2,753	4,538	3,527
Total equity	3,486	4,327	971	1,735

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	3,742	3,780	3,790	2,275	2,151
Expenses	1,754	1,917	2,056	1,304	1,137
Profit and total comprehensive income for the year	619	1,621	(3,529)	(752)	757
Dividend paid to non-controlling interests	-	386	-	-	-
Net cash inflow/(outflow) from operating activities	806	515	(344)	(858)	(572)
Net cash outflow from investing activities	(641)	(424)	(731)	(537)	(165)
Net cash (outflow)/inflow from financing activities	(335)	(109)	845	1,419	867
Net cash (outflow)/inflow	(170)	(18)	(230)	24	130

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. EQUITY OF THE TARGET COMPANY

Year ended 31 December 2022

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2022	2,354	(1,994)	896	-	(2,248)	(992)
Loss for the year	-	-	-	-	(535)	(535)
Other comprehensive income for the year	-	-	-	1,109	-	1,109
Total comprehensive income for the year	-	-	-	1,109	(535)	574
Capital contribution from equity holders	2,000	-	-	-	-	2,000
Appropriation of maintenance and production funds	-	-	236	-	(236)	-
Utilisation of maintenance and production funds	-	-	(698)	-	698	-
Capital contribution to the Excluded Business	-	-	-	-	(1,192)	(1,192)
Business combination under common control	-	1,781	-	-	-	1,781
Others	-	49	-	-	-	49
At 31 December 2022	4,354	(164)	434	1,109	(3,513)	2,220

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. EQUITY OF THE TARGET COMPANY (continued)

Year ended 31 December 2023

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2023	4,354	(164)	434	1,109	(3,513)	2,220
Loss for the year	-	-	-	-	(650)	(650)
Other comprehensive income for the year	-	-	-	245	-	245
Total comprehensive income/(loss) for the year	-	-	-	245	(650)	(405)
Appropriation of maintenance and production funds	-	-	57	-	(57)	-
Utilisation of maintenance and production funds	-	-	(186)	-	186	-
Capital contribution to the Excluded Business	-	-	-	-	(185)	(185)
Others	-	(373)	-	-	-	(373)
At 31 December 2023	4,354	(537)	305	1,354	(4,219)	1,257

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. EQUITY OF THE TARGET COMPANY (continued)

Year ended 31 December 2024

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2024	4,354	(537)	305	1,354	(4,219)	1,257
Loss for the year	-	-	-	-	42	42
Other comprehensive income/(loss) for the year	-	-	-	(653)	-	(653)
Total comprehensive income/(loss) for the year	-	-	-	(653)	42	(611)
Appropriation of maintenance and production funds	-	-	116	-	(116)	-
Utilisation of maintenance and production funds	-	-	(204)	-	204	-
Capital contribution to the Excluded Business	-	29	-	-	(823)	(794)
Others	-	15	-	-	-	15
At 31 December 2024	4,354	(493)	217	701	(4,912)	(133)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. EQUITY OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2024 (unaudited)

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2024	4,354	(537)	305	1,354	(4,219)	1,257
Profit for the period	-	-	-	-	462	462
Other comprehensive income/(loss) for the period	-	-	-	(382)	-	(382)
Total comprehensive income/(loss) for the period	-	-	-	(382)	462	80
Appropriation of maintenance and production funds	-	-	74	-	(74)	-
Utilisation of maintenance and production funds	-	-	(8)	-	8	-
Capital contribution to the Excluded Business	-	28	-	-	-	28
At 31 July 2024	4,354	(509)	371	972	(3,823)	1,365

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

42. EQUITY OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2025

	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Other reserves RMB million	Accumulated losses RMB million	Total RMB million
At 1 January 2025	4,354	(493)	217	701	(4,912)	(133)
Loss for the period	-	-	-	-	(74)	(74)
Other comprehensive income for the period	-	-	-	135	-	135
Total comprehensive income for the period	-	-	-	135	(74)	61
Appropriation of maintenance and production funds	-	-	86	-	(86)	-
Utilisation of maintenance and production funds	-	-	(83)	-	83	-
Capital contribution to the Excluded Business	-	(1)	-	-	-	(1)
At 31 July 2025	4,354	(494)	220	836	(4,989)	(73)

Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUODIAN CONSTRUCTION AND INVESTMENT INNER MONGOLIA ENERGY CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. (the "Target Company") set out on pages II-F-3 to II-F-85, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-F-3 to II-F-85 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Company for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-F-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	7,307	2,705	3,066	1,131	2,872
Cost of sales	6	(3,286)	(2,898)	(3,373)	(1,992)	(1,602)
Gross profit/(loss)		4,021	(193)	(307)	(861)	1,270
Selling expenses		(21)	(17)	(15)	(6)	(7)
General and administrative expenses		(85)	(87)	(112)	(71)	(61)
Research and development costs		(33)	(15)	(7)	-	(1)
Other gains and losses	10	(46)	5	(1)	(2)	1
Other income	7	7	6	18	1	6
Loss allowances, net of reversal	10	-	1	-	-	-
Other expenses	7	(2,094)	(40)	(6,409)	(475)	(1)
Interest income	8	6	5	4	2	1
Finance costs	8	(258)	(201)	(285)	(152)	(244)
Share of results of associates		-	14	9	-	-
Profit/(loss) before income tax		1,497	(522)	(7,105)	(1,564)	964
Income tax expense	9	(512)	(25)	(21)	(21)	71
Profit/(loss) for the year/period	10	985	(547)	(7,126)	(1,585)	1,035
Other comprehensive income/(loss) for the year/period						
Items that will not be reclassified to profit or loss, net of income tax:						
Fair value changes on investments in equity instruments at fair value through other comprehensive income		35	52	(9)	-	-
Share of other comprehensive income/(loss) of associates		2	-	(2)	-	-
Other comprehensive income/(loss) for the year/period, net of income tax		37	52	(11)	-	-
Total comprehensive income/(loss) for the year/period		1,022	(495)	(7,137)	(1,585)	1,035

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	8,192	8,144	8,047	7,958
Construction in progress	15	1,565	1,299	1,431	1,487
Intangible assets	16	166	258	337	336
Right-of-use assets	20	365	408	698	728
Interests in associates	17	310	324	319	310
Financial assets at fair value through other comprehensive income	18	245	306	295	295
Other non-current assets	19	3,138	2,835	2,848	2,707
Deferred tax assets	26	2	-	-	36
Total non-current assets		13,983	13,574	13,975	13,857
Current assets					
Inventories	21	114	109	86	108
Accounts and bills receivables	22	379	149	289	418
Prepaid expenses and other current assets	23	198	249	105	259
Restricted bank deposits	24	170	273	132	157
Cash and cash equivalents	25	751	333	416	241
Total current assets		1,612	1,113	1,028	1,183
Current liabilities					
Borrowings	27	2,715	3,879	6,051	5,861
Accounts and bills payables	28	791	1,296	967	944
Accrued expenses and other payables	29	511	326	619	504
Current portion of long-term liabilities	30	2,021	330	2,045	2,102
Income tax payable		113	-	-	-
Contract liabilities		91	34	3	-
Total current liabilities		6,242	5,865	9,685	9,411
Net current liabilities		(4,630)	(4,752)	(8,657)	(8,228)
Total assets less current liabilities		9,353	8,822	5,318	5,629
Non-current liabilities					
Borrowings		2,100	3,504	4,927	6,399
Long-term liabilities		1,033	363	2,333	172
Accrued reclamation obligations		-	-	220	220
Deferred tax liabilities		-	15	35	-
Total non-current liabilities		3,133	3,882	7,515	6,791
Net assets/liabilities		6,220	4,940	(2,197)	(1,162)
Equity					
Paid-up capital		4,135	4,135	4,135	4,135
Reserves		2,085	805	(6,332)	(5,297)
Total equity		6,220	4,940	(2,197)	(1,162)

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Paid-in capital RMB million (Note 32)	Statutory reserves RMB million (Note (i))	Other reserves RMB million	Retained earnings RMB million	Total equity RMB million
At 1 January 2022	4,135	1,023	3	2,535	7,696
Profit for the year	-	-	-	985	985
Other comprehensive income for the year	-	-	37	-	37
Total comprehensive income for the year	-	-	37	985	1,022
Dividend declared (note 13)	-	-	-	(2,498)	(2,498)
Appropriation of maintenance and production funds (note (i))	-	47	-	(47)	-
Appropriation of statutory surplus reserve	-	87	-	(87)	-
At 31 December 2022	4,135	1,157	40	888	6,220

Year ended 31 December 2023

	Paid-in capital RMB million (Note 32)	Statutory reserves RMB million (Note (i))	Other reserves RMB million	Retained earnings RMB million	Total equity RMB million
At 1 January 2023	4,135	1,157	40	888	6,220
Loss for the year	-	-	-	(547)	(547)
Other comprehensive income for the year	-	-	52	-	52
Total comprehensive loss for the year	-	-	52	(547)	(495)
Dividend declared (note 13)	-	-	-	(785)	(785)
Utilisation of maintenance and production funds (note (i))	-	(58)	-	58	-
At 31 December 2023	4,135	1,099	92	(386)	4,940

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Paid-in capital RMB million (Note 32)	Statutory reserves RMB million (Note (i))	Other reserves RMB million	Retained earnings RMB million	Total equity RMB million
At 1 January 2024	4,135	1,099	92	(386)	4,940
Loss for the year	-	-	-	(7,126)	(7,126)
Other comprehensive loss for the year	-	-	(11)	-	(11)
Total comprehensive loss for the year	-	-	(11)	(7,126)	(7,137)
Appropriation of maintenance and production funds (note (i))	-	59	-	(59)	-
At 31 December 2024	4,135	1,158	81	(7,571)	(2,197)

Seven months ended 31 July 2024 (unaudited)

	Paid-in capital RMB million (Note 32)	Statutory reserves RMB million (Note (i))	Other reserves RMB million	Retained earnings RMB million	Total equity RMB million
At 1 January 2024	4,135	1,099	92	(386)	4,940
Loss for the period	-	-	-	(1,585)	(1,585)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,585)	(1,585)
Utilisation of maintenance and production funds (note (i))	-	(17)	-	17	-
At 31 July 2024	4,135	1,082	92	(1,954)	3,355

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I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Paid-in capital RMB million (Note 32)	Statutory reserves RMB million (Note (i))	Other reserves RMB million	Retained earnings RMB million	Total equity RMB million
At 1 January 2025	4,135	1,158	81	(7,571)	(2,197)
Profit for the period	-	-	-	1,035	1,035
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,035	1,035
Appropriation of maintenance and production funds (note (i))	-	175	-	(175)	-
At 31 July 2025	4,135	1,333	81	(6,711)	(1,162)

Note:

(i) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Target Company's Articles of Association, the Target Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve has reached 50% of the registered capital in 2009. Accordingly, no appropriation of net profit to the statutory surplus reserve has been proposed since 1 January 2010.Statutory surplus reserve can be used to make up losses, if any, or to expand the Target Company's business, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital of the Target Company. The statutory surplus reserve is not distributable.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Target Company is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit before income tax	1,497	(522)	(7,105)	(1,564)	964
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	654	511	502	417	311
Depreciation of right-of-use assets (note 10)	3	4	20	188	11
Amortisation of intangible assets (note 10)	6	6	7	2	4
Amortisation of long-term deferred expenses (note 10)	142	194	200	117	113
Impairment losses on property, plant and equipment	41	-	-	-	-
Interest expenses	256	196	285	152	245
Loss allowances, net of reversal	-	(1)	-	-	-
Share of results of associates	-	(14)	(9)	-	-
Impairment of inventories	5	-	-	-	-
Operating cash flows before movements in working capital	2,604	374	(6,100)	(688)	1,648
Changes in working capital:					
(Increase)/decrease in inventories	19	5	23	(16)	(22)
(Increase)/decrease in accounts and bills receivables	243	230	(140)	(81)	(129)
Decrease/(increase) in restricted bank deposits	(95)	(103)	141	141	(25)
Decrease/(increase) in prepaid expenses and other current assets	(8)	(51)	144	(16)	(154)
(Decrease)/increase in accounts and bills payables	(461)	(185)	293	(2,586)	(115)
(Decrease)/increase in accrued expenses and other payables	(1,761)	523	(566)	52	138
Increase/(decrease) in contract liabilities	90	(57)	(31)	(31)	(3)
Increase/(decrease) in long-term liabilities	3,051	(2,361)	3,685	2,088	(2,104)
Cash generated from/(used in) operations	3,682	(1,625)	(2,551)	(1,137)	(766)
Income tax paid	(749)	(264)	134	134	(70)
Net cash generated from/(used in) operating activities	2,933	(1,889)	(2,417)	(1,003)	(836)

I HISTORICAL FINANCIAL INFORMATION
Statement of Cash Flows (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(226)	(122)	(825)	(360)	(384)
Dividends received from an associate	-	-	15	15	8
Net cash used in investing activities	(226)	(122)	(810)	(345)	(376)
Financing activities					
Interest paid (notes 25(b))	(220)	(192)	(390)	(141)	(246)
New borrowings (notes 25(b))	2,100	5,020	7,690	4,650	4,107
Repayments of borrowings (notes 25(b))	(2,409)	(2,450)	(3,990)	(2,322)	(2,824)
Dividend paid to equity holders of the Target Company (notes 25(b))	(2,498)	(785)	-	-	-
Net cash (used in)/generated from financing activities	(3,027)	1,593	3,310	2,187	1,037
(Decrease)/increase in cash and cash equivalents	(320)	(418)	83	839	(175)
Cash and cash equivalents, at the beginning of the year/period	1,071	751	333	416	416
Cash and cash equivalents, at the end of the year/period	751	333	416	1,255	241

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at Bulian Office, Nalanmulun Town, Yijinholuo Banner, Ordos, Inner Mongolia, the PRC.

During the Relevant Periods, the Target Company was involved in integrated coal mining and coal-powered electricity generation business as well as renewable energy business.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company are China Energy Group Western Energy Investment Co. Ltd. ("Western Energy") and China Energy Investment Corporation Limited ("China Energy Group"), respectively, both of which are established in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 July 2025, the Target Company recorded net current liabilities and net liabilities amounting to RMB8,228 million and RMB1,162 million, respectively, because (i) there were unutilised banking facilities of RMB5,302 million available to the Target Company as at 31 July 2025; and (ii) it is expected that there would be sufficient cash inflows to be generated from the Target Company's operation based on the Target Company's cash flow projection prepared by management of the Target Company, which covered a period of not less than twelve months from 31 July 2025. In view of the above, the directors of the Target Company consider itis appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial instruments as disclosed in note 34.3 to the Historical Financial Information, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.2 to the Historical Financial Information.

Material accounting policies adopted by the Target Company are disclosed below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Company has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Company intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Company is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact The Target Company's presentation in the statement of profit or loss and other comprehensive income and disclosures of The Target Company's financial performance. The new standard is not expected to have any impact on The Target Company's results of operations and financial position but has an impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Company considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Company's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the Target Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Company for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Target Company's share of the profit or loss and other comprehensive income of the associate. When the Target Company's share of losses of an associate exceeds the Target Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Company's net investment in the associate, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Target Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Company has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Target Company's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Company's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates (continued)

The Target Company assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Company reduces its ownership interest in an associate but the Target Company continues to use the equity method, the Target Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

Under IFRS 15, the Target Company recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;

- the Target Company's performance creates and enhances an asset that the customer controls as the Target Company performs; or

- the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Company's right to consideration in exchange for goods or services that the Target Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Company's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Company's obligation to transfer goods or services to a customer for which the Target Company has received consideration (or an amount of consideration is due) from the customer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Company to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, and therefore, the Target Company has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Target Company recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Target Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consist of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for freehold land, and mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Landing and buildings	10 to 45 years
Mining related machinery and equipment	8 to 40 years
Generators related machinery and equipment	8 to 22 years
Furniture, fixtures, motor vehicles and other equipment	5 to 22 years

The Directors review the estimated useful lives of the assets annually based on the Target Company's historical experience with similar assets, taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Company's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and does not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Exploration and evaluation assets

Exploration and evaluation assets comprise costs which are directly attributable to the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Expenditure during the initial exploration preparation stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to property, plant and equipment. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Obligations for land reclamation

The Target Company's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Target Company estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible assets are the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Company reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis determined by the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and the right to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where a contract contains lease component and non-lease component, the Target Company has elected not to separate the non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Company enters into a lease in respect of a low-value asset, the Target Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or when there is a change in the Target Company's estimate of the amount expected to be payable under a residual value guarantee, or when there is a change arising from the reassessment of whether the Target Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets (continued)

(ii) As a lessor

When the Target Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Company is an intermediate lessor, the sub-leases are classified as finance leases or operating leases with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Company applies the exemption method, then the Target Company classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of an instrument. All regular-way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset, the Target Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Company may irrevocably designate a financial asset that is required to be measured at amortised cost or FVTOCI to be measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves, and they are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Company recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company always recognises lifetime ECL for accounts receivable. The ECL on these assets is assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Company measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor; and
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Company considers the changes in the risk that the specified debtor will default on the contract.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Company considers that an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collateral held by the Target Company). The Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted the borrower concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and the cash flows that the Target Company expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses are the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Company expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Company applies a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e., the Target Company's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

- past-due status; and

- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in an equity instrument which the Target Company has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or the Target Company's parent.

(b) An entity is related to the Target Company if any of the following conditions applies:

(i) the entity and the Target Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the Target Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in note 2.3 to the Historical Financial Information, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimation (see Note 3.2 below), that the Directors have made in the process of applying the Target Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Going concern

As described in note 2.1 to the Historical Financial Information, the Target Company's ability to continue as a going concern is dependent on generating cash inflows from its operating activities and obtaining cash inflows from borrowings to ensure sufficient cash flow to meet its liabilities as they fall due. Should the Target Company be unable to obtain adequate funding, there exists a material uncertainty regarding the Target Company 's ability to continue as a going concern. The Historical Financial Information does not include any adjustments that would be necessary to the carrying amounts and classification of assets and liabilities should the Target Company be unable to continue as a going concern.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Target Company's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

3.2 Key sources of estimation uncertainty (continued)

Impairment losses

In considering the impairment losses that may be required for certain of the Target Company's assets which mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates and other non-current assets, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Company uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Company has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The Target Company recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 26 to the Historical Financial Information.

Fair value measurement of financial instruments

The Target Company's unquoted equity instruments amounting to RMB245 million, RMB306 million, RMB295 million and RMB295 million as at 31 December 2022, 31 December 2023, 31 December 2024 and 31 July 2025 are measured at fair values with fair values being determined based on observable inputs using valuation techniques as set out in note 34.3 to the Historical Financial Information. Changes in assumptions relating to any key inputs may have a material impact on the reported fair values of these instruments.

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Target Company considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Target Company and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Target Company may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in note 31 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business line is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Coal	4,726	1,444	1,010	-	1,663
– Power	2,577	1,246	2,040	1,124	1,206
Others	4	15	16	7	3
	7,307	2,705	3,066	1,131	2,872

The Target Company's revenues are all derived from contracts with customers.

The Target Company produces and sells coal products to customers at spot market. For sales of coal products, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Target Company's historical experiences, there was no significant exchange or return of coal occurred. There is no sales-related warranties associated with coal products.

For sales of power, revenue is recognised upon the transmission of electric power to the power grid companies. Power could not be returned or exchanged and there is also no warranties associated with power sales.

All performance obligations of sales of coal, power and other materials are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Company has only one reportable operating segment. Management monitors the operating results of the Target Company's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Company's revenue from external customers was from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of the Target Company's non-current non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

Revenue derived from single customers which accounted for 10% or more of the Target Company's total revenue is as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024	Seven months ended 31 July 2025
	RMB million	RMB million	RMB million	RMB million (unaudited)	RMB million
Customer A	2,483	1,228	2,054	1,150	1,163
Customer B	2,667	962	1,005	-*	1,664

* The corresponding revenue did not contribute over 10% of the total revenue of the Group during that particular period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	207	608	1,250	1,054	74
Personnel expenses	499	567	628	379	439
Depreciation and amortisation	800	708	706	374	441
Repairs and maintenance	140	96	131	54	31
Transportation charges	231	71	73	-	141
Taxes and surcharges	704	246	246	20	237
Other operating costs	705	602	339	111	239
	3,286	2,898	3,373	1,992	1,602

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Government grants	2	4	1	1	1
Carbon emission quota income	-	-	16	-	-
Write-off of accounts payable	-	-	-	-	2
Others	5	2	1	-	3
	7	6	18	1	6

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	6	5	4	2	1
Total interest income	6	5	4	2	1
Interest on:					
– borrowings	256	196	269	147	174
Total finance costs on financial liabilities	256	196	269	147	174
Less: amount capitalised	-	-	-	-	(1)
	256	196	269	147	173
Others	2	5	-*	-*	-*
Unwinding of discount	-	-	16	5	71
Total finance costs	258	201	285	152	244
Net finance costs	252	196	281	150	243

* Amount smaller than RMB500,000

Note:

Borrowing costs capitalised during the year ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025 arose from the general borrowing pools and were calculated by applying capitalisation rates from nil, nil, nil, nil (unaudited) and from 1.82% to 3.12%, respectively, per annum to expenditure on qualifying assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	529	-	-	-	-
Income tax difference adjustment in respect of prior year/period	(10)	17	-	-	-
Deferred tax	(7)	8	21	21	(71)
	512	25	21	21	(71)

The tax charge for the year/period can be reconciled to the profit/(loss) before income tax per the statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit/(loss) before income tax	1,450	(463)	(7,164)	(1,578)	789
Tax at the PRC income tax rate of 25%	363	(116)	(1,791)	(395)	197
Tax effects of:					
– effect of preferential tax rates	(145)	46	716	158	(79)
– non-deductible expenses	304	17	997	156	5
– utilisation of tax losses and deductible temporary difference previously not recognised	-	-	-	-	(136)
– tax losses and deductible temporary difference not recognised	-	62	102	102	-
– tax losses recognised	-	-	-	-	(57)
– income tax difference adjustment in respect of prior year/period	(10)	17	-	-	-
– income not subject to taxation		(1)	(3)	-	(1)
Income tax expense	512	25	21	21	(71)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC resident enterprise was 25% for the Relevant Periods and for the seven months ended 31 July 2024. The Target Company is qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030 because the Target Company operates in the Western developing region of the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/ PERIOD

Profit/(loss) for the year/period has been arrived at after charging/(crediting):

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	575	643	711	514	497
– Contributions to defined contribution plans	52	76	82	60	50
Depreciation of property, plant and equipment (note 14)	654	511	502	417	311
Depreciation of right-of-use assets (note 20)	3	4	20	188	11
Amortisation of intangible assets (note 16)	6	6	7	2	4
Amortisation of long-term deferred expenses	142	194	200	117	113
Depreciation and amortisation charged for the year/period	805	715	729	724	439
Loss allowances					
– Other receivables and other loans (note 34.2)	-	(1)	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, representing:					
– Losses/(gains) on changes in fair value of financial assets	-	(5)	1	2	(1)
– Impairment losses on construction in progress (note 15)	41	-	-	-	-
– Write-down of inventories	5	-	-	-	-
	46	(5)	1	2	(1)
Carrying amount of inventories sold	1,309	477	352	-	728
Operating lease charges relating to short-term leases,	-*	-*	-*	-*	1
Auditors' remuneration					
– Audit service	1	-	1	-	-

Note:

The Target Company has recorded impairment losses for certain long-term assets.

The recoverable amount is the higher of the fair value of the cash generating units ("CGU") less costs to sell and value in use ("VIU") of the CGUs.

Recoverable amount by calculating fair value less costs to sell:

As at 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025, the Target Company had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement.

Recoverable amount by calculating present value of estimated future cash flow:

The Target Company had treated long-term assets groups with impairment indicators as individual cash-generating units and had made relevant impairment assessment by calculating the present value of estimated future cash flow of each cash generating unit.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fees	Basic salaries, housing and other allowance and benefits in kind	Discretionary bonus	Retirement scheme contributions	Total
		RMB million	RMB million	RMB million	RMB million	RMB million
Directors						
Zhang Juguo	(i)	-	1.03	-	0.06	1.09
Wang Jianghu		-	1.03	-	0.09	1.12
Sun Naxin	(iii)	-	-	-	-	-
Ma Jianxin	(iii)	-	-	-	-	-
Zhao Tianzhong	(iv)	-	-	-	-	-
Cao Wenjin	(iv)	-	-	-	-	-
Sun Min	(i)&(iv)	-	-	-	-	-
Li Min	(i)	-	0.92	-	0.06	0.98
Sub-total		-	2.98	-	0.21	3.19
Supervisors						
Wei Aili	(iii)	-	-	-	-	-
Li Jianhui	(i)&(iv)	-	-	-	-	-
Xu Yanjuan	(ii)	-	0.93	-	0.06	0.99
Sub-total		-	0.93	-	0.06	0.99
Total		-	3.91	-	0.27	4.18

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2023				
	Notes	Fees	Basic salaries, housing and other allowance and benefits in kind	Discretionary bonus	Retirement scheme contributions	Total
		RMB million	RMB million	RMB million	RMB million	RMB million
Directors						
Zhang Juguo	(i)	-	1.39	-	0.06	1.45
Wang Jianghu		-	1.40	-	0.09	1.49
Sun Naxin	(iii)	-	-	-	-	-
Ma Jianxin	(iii)	-	-	-	-	-
Zhao Tianzhong	(iv)	-	-	-	-	-
Cao Wenjin	(iv)	-	-	-	-	-
Sun Min	(i)&(iv)	-	-	-	-	-
Zhao Xianguo	(ii)&(iv)	-	-	-	-	-
Li Min	(i)	-	0.30	-	0.03	0.33
Sun Haiying	(ii)	-	0.32	-	0.05	0.37
Sub-total		-	3.41	-	0.23	3.64
Supervisors						
Wei Aili	(iii)	-	-	-	-	-
Li Jianhui	(i)&(iv)	-	-	-	-	-
Bai Zhijun	(ii)&(iv)	-	-	-	-	-
Xu Yanjuan	(ii)	-	0.93	-	0.06	0.99
Sub-total		-	0.93	-	0.06	0.99
Total		-	4.34	-	0.29	4.63

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonus RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhang Juguo	(i)	-	1.37	-	0.07	1.44
Wang Jianghu		-	1.39	-	0.10	1.49
Sun Naxin	(iii)	-	-	-	-	-
Ma Jianxin	(iii)	-	-	-	-	-
Zhao Tianzhong	(iii)	-	-	-	-	-
Cao Wenjin	(iv)	-	-	-	-	-
Zhao Xianguo	(ii)&(iv)	-	-	-	-	-
Sun Haiying	(ii)	-	0.91	-	0.10	1.01
Sub-total		-	3.67	-	0.27	3.94
Supervisors						
Wei Aili	(iii)	-	-	-	-	-
Bai Zhijun	(ii)&(iv)	-	-	-	-	-
Xu Yanjuan	(ii)	-	0.89	-	0.07	0.96
Sub-total		-	0.89	-	0.07	0.96
Total		-	4.56	-	0.34	4.90

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonus RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhang Juguo	(i)	-	1.02	-	0.04	1.06
Wang Jianghu		-	1.03	-	0.06	1.09
Sun Naxin	(iii)	-	-	-	-	-
Ma Jianxin	(iii)	-	-	-	-	-
Zhao Tianzhong	(iv)	-	-	-	-	-
Cao Wenjin	(iv)	-	-	-	-	-
Zhao Xianguo	(ii)&(iv)	-	-	-	-	-
Sun Haiying	(ii)	-	0.67	-	0.06	0.73
Sub-total		-	2.72	-	0.16	2.88
-						
Supervisors						
Wei Aili	(iii)	-	-	-	-	-
Bai Zhijun	(ii)&(iv)	-	-	-	-	-
Xu Yanjuan	(ii)	-	0.29	-	0.04	0.33
Sub-total		-	0.29	-	0.04	0.33
Total		-	3.01	-	0.20	3.21

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonus RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Wang Jianghu		-	0.47	-	0.06	0.53
Sun Naxin	(iii)	-	-	-	-	-
Ma Jianxin	(iii)	-	-	-	-	-
Zhao Tianzhong	(iv)	-	-	-	-	-
Cao Wenjin	(iv)	-	-	-	-	-
Zhao Xianguo	(ii)&(iv)	-	-	-	-	-
Sun Haiying	(ii)	-	0.05	-	0.01	0.06
Sub-total		-	0.52	-	0.07	0.59
Supervisors						
Wei Aili	(iii)	-	-	-	-	-
Bai Zhijun	(ii)&(iv)	-	-	-	-	-
Xu Yanjuan	(ii)	-	0.41	-	0.04	0.45
Sub-total		-	0.41	-	0.04	0.45
Total		-	0.93	-	0.11	1.04

Notes:

(i) Mr. Zhang Juguo was ceased to serve as a director on 31 December 2024.
Ms. Sun Min was ceased to serve as a director on 25 April 2023.
Mr. Li Min was ceased to serve as a director on 27 June 2023.
Mr. Li Jianhui was ceased to serve as a supervisor on 27 June 2023.

(ii) Ms. Xu Yanjuan was appointed as a supervisor on 24 June 2022.
Mr. Zhao Xianguo as appointed as a director on 25 April 2023.
Mr. Sun Haiying was appointed as an director on 27 June 2023.
Mr. Bai Zhijun was s appointed as a supervisor on 27 June 2023.

(iii) The emoluments of these directors and supervisors were borne by Gd Power Development Co., Ltd. ("Gd Power") during the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025.

(iv) The emoluments of these directors and supervisors were borne by Hebei Construction & Investment Group Co.,Ltd ("Hebei Construction & Investment") during the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025.

Except for those emoluments of directors and supervisors whose emoluments were borne by China Energy Group and Hebei Construction & Investment, the directors' and supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Target Company, four, four, four, four and three were directors of the Target Company whose emoluments are disclosed in note 11 to the Historical Financial Information for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025. The emoluments of other one, one, one, one and two highest paid individuals are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	0.61	0.84	0.98	0.72	0.37
Retirement scheme contributions	0.02	0.06	0.07	0.04	0.05
	0.63	0.9	1.05	0.76	0.42

Their emoluments are within the following bands:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Nil to HKD500,000	-	-	-	-	2
HKD500,001 to HKD1,000,000	1	1	-	1	-
HKD1,000,001 to HKD1,500,000	-	-	1	-	-
	1	1	1	1	2

13. DIVIDENDS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Dividend declared and paid	2,498	785	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Company

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2022	2,903	2,947	2,303	3,906	502	12,561
Additions	2	-	45	1	9	57
Transferred from construction in progress (note 15)	6	-	272	60	11	349
Reclassification and other additions	69	-	(7)	-	-	62
Disposals or write-off	-	-	-	-	(1)	(1)
At 31 December 2022 and 1 January 2023	2,980	2,947	2,613	3,967	521	13,028
Additions	50	-	18	-	6	74
Transferred from construction in progress (note 15)	52	-	176	140	21	389
Disposals or write-off	-	-	-	-	(1)	(1)
At 31 December 2023	3,082	2,947	2,807	4,107	547	13,490

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost						
At 1 January 2024	3,082	2,947	2,807	4,107	547	13,490
Additions	-	242	6	1	4	253
Transferred from construction in progress (note 15)	67	-	8	45	33	153
Disposals or write-off	-	-	-	-	(3)	(3)
At 31 December 2024 and 1 January 2025	3,149	3,189	2,821	4,153	581	13,893
Additions	2	-	31	6	12	51
Transferred from construction in progress (note 15)	71	-	72	11	17	171
At 31 July 2025	3,222	3,189	2,924	4,170	610	14,115
Depreciation and impairment						
At 1 January 2022	700	372	1,133	1,665	320	4,190
Charge for the year	145	45	213	194	57	654
Disposals or write-off	-	-	(7)	-	(1)	(8)
At 31 December 2022 and 1 January 2023	845	417	1,339	1,859	376	4,836
Charge for the year	94	17	174	197	29	511
Disposals or write-off	-	-	-	-	(1)	(1)
At 31 December 2023	939	434	1,513	2,056	404	5,346

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company (continued)

	Land and buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Generators related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment						
At 1 January 2024	939	434	1,513	2,056	404	5,346
Charge for the year	81	10	175	206	30	502
Disposals or write-off	-	-	-	-	(2)	(2)
At 31 December 2024 and 1 January 2025	1,020	444	1,688	2,262	432	5,846
Charge for the period	48	19	101	124	19	311
At 31 July 2025	1,068	463	1,789	2,386	451	6,157
Net carrying amounts						
At 31 December 2022	2,135	2,530	1,274	2,108	145	8,192
At 31 December 2023	2,143	2,513	1,294	2,051	143	8,144
At 31 December 2024	2,129	2,745	1,133	1,891	149	8,047
At 31 July 2025	2,154	2,726	1,135	1,784	159	7,958

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB433 million, RMB1,072 million, RMB1,157 million and RMB1,157 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) As at 31 December 2022, 2023 and 2024 and 31 July 2025, the property, plant and equipment with aggregate net carrying amounts of RMB1,641 million, RMB1,504 million, RMB2,408 million and RMB2,408 million, respectively, have been pledged to the banks to secure the banking facilities granted to the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	1,698	1,565	1,299	1,431
Additions	353	187	305	242
Transferred to property, plant and equipment (note 14)	(349)	(389)	(153)	(171)
Transferred to intangible assets (note 16)	(4)	(9)	(6)	(1)
Impairment losses (note)	(41)	-	-	-
Others	(92)	(55)	(14)	(14)
At the end of the year/period	1,565	1,299	1,431	1,487

Notes:

As a result of deferral of certain projects, management performed impairment assessments of the related construction in progress and concluded that an impairment provision of RMB41 million was required, which was recognised in profit or loss for the year ended 31 December 2022.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

16. INTANGIBLE ASSETS

The Target Company

The movements in intangible assets, mainly licences, software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	102	166	258	337
Additions	66	89	80	2
Transferred from construction in progress (note 15)	4	9	6	1
Amortisation	(6)	(6)	(7)	(4)
At the end of the year/period	166	258	337	336

17. INTERESTS IN ASSOCIATES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	305	305	305	305
Share of post-acquisition profits and other comprehensive income, net of dividend received	5	19	14	5
	310	324	319	310

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INTERESTS IN ASSOCIATES (continued)

The Target Company's associates are unlisted and established in the PRC.

Aggregate information of associates that are not individually material:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Aggregate carrying amount of individually immaterial associates	310	324	319	310

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Aggregate amounts of the Target Group's share of individually immaterial associates					
–Loss for the year/period	-*	14	9	-*	-*
– Total comprehensive loss for the year/period	-*	14	9	-*	-*

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPERHENSIVE INCOME

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets				
Unlisted equity securities	245	306	295	295

The above unlisted equity investments represent the Target Company's equity interest in entities established in the PRC. The directors of the Target Company have elected to designate these equity investments as FVTOCI as it is the Target Company's strategy to hold these investments for long-term purposes and realising their performance potential in the long run.

19. OTHER NON-CURRENT ASSETS

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	110	-	205	177
Long-term deferred expenses (note)	1,061	868	676	563
Prepayments for resource exploration	1,967	1,967	1,967	1,967
	3,138	2,835	2,848	2,707

Note:

The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	1,061	868	676
Additions	1,203	1	8	-
Amortisation	(142)	(194)	(200)	(113)
At the end of the year/period	1,061	868	676	563

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. RIGHT-OF-USE ASSETS

The Target Company

The right-of-use assets represent the considerations of land use rights paid to the PRC's government authorities and the amounts of leased assets. The Target Company is in the process of applying for the title certificates of certain land use rights certificates with aggregate carrying amount of RMB129 million, RMB26 million, RMB2 million and RMB2 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

The Target Company leases assets including land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Land use rights RMB million	Total RMB million
Cost		
At 1 January 2022	393	393
At 31 December 2022 and 1 January 2023	393	393
Additions	47	47
At 31 December 2023 and 1 January 2024	440	440
Additions	310	310
At 31 December 2024 and 1 January 2025	750	750
Additions	41	41
At 31 July 2025	791	791
Accumulated depreciation		
At 1 January 2022	25	25
Depreciation	3	3
At 31 December 2022 and 1 January 2023	28	28
Depreciation	4	4
At 31 December 2023 and 1 January 2024	32	32
Depreciation	20	20
At 31 December 2024 and 1 January 2025	52	52
Depreciation	11	11
At 31 July 2025	63	63
Net carrying amounts		
At 31 December 2022	365	365
At 31 December 2023	408	408
At 31 December 2024	698	698
At 31 July 2025	728	728

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. INVENTORIES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	26	28	18	17
Materials and supplies	93	86	73	95
	119	114	91	112
Less: write-down of inventories	(5)	(5)	(5)	(4)
	114	109	86	108

The movements of write-down of inventories during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	5	5	5
Write-down of inventories	5	-	-	-
Write-off of inventories	-	-	-	(1)
At the end of the year/period	5	5	5	4

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. ACCOUNTS RECEIVABLE

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	38	-	76	220
– Third parties	348	149	213	198
	386	149	289	418
Less: Allowance for credit losses	7	-	-	-
	379	149	289	418

As at the end of each of the Relevant Periods, accounts receivable are from contracts with customers.

As of the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is less than one year.

Details of credit risk of accounts receivable ons at the end of each of the Relevant Periods are set out in note 34.2 to the Historical Financial Information.

All accounts receivable are denominated in RMB.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Other receivables	1	2	39	31
– Current portion of long -term receivable	6	-	-	-
	7	2	39	31
Less: impairment losses	1	-	-	-
	6	2	39	31
Dividends receivables	-	2	-	-
Prepaid expenses and deposits	192	53	65	159
Deductible Value-added tax (VAT) and other taxes	-	192	1	69
	198	249	105	259

24. RESTRICTED BANK DEPOSITS

The Target Company

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines and restoration development deposits.

The Target Company performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 34.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. CASH AND CASH EQUIVALENTS

The Target Company

(a) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	921	606	548	398
Less: Restricted bank deposits	170	273	132	157
Cash and cash equivalents	751	333	416	241

As at the end of each of the Relevant Periods, the Target Company performed an impairment assessment on bank balances and concluded that the probability of default of the counterparty banks was insignificant and accordingly, no allowance for credit losses was provided. Details of impairment assessment of bank deposits are set out in note 34.2 to the Historical Financial Information.

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statement of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 27)	Accrued expenses and other payables RMB million (note 29)	Total RMB million
At 1 January 2022	5,121	972	6,093
Proceeds from borrowings	2,100	-	2,100
Repayments of borrowings	(2,409)	-	(2,409)
Interest accrual	(220)	-	(220)
Interest expenses	223	-	223
Dividends declared	-	3,283	3,283
Dividends paid	-	(2,498)	(2,498)
Changes from operating activities and investing activities	-	(1,073)	(1,073)
At 31 December 2022	4,815	684	5,499
At 1 January 2023	4,815	684	5,499
Proceeds from borrowings	5,020	-	5,020
Repayments of borrowings	(2,450)	-	(2,450)
Interest accrual	(192)	-	(192)
Interest expenses	190	-	190
Dividends paid	-	(785)	(785)
Changes from operating activities and investing activities	-	740	740
At 31 December 2023	7,383	639	8,022

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Borrowings RMB million (note 27)	Accrued expenses and other payables RMB million (note 29)	Total RMB million
At 1 January 2024	7,383	639	8,022
Proceeds from borrowings	7,690	-	7,690
Repayments of borrowings	(3,990)	-	(3,990)
Interest accrual	(390)	-	(390)
Interest expenses	285	-	285
Changes from operating activities and investing activities	-	387	387
At 31 December 2024	10,978	1,026	12,004
At 1 January 2025	10,978	1,026	12,004
Proceeds from borrowings	4,107	-	4,107
Repayments of borrowings	(2,824)	-	(2,824)
Interest accrual	(246)	-	(246)
Interest expenses	245	-	245
Changes from operating activities and investing activities	-	(69)	(69)
At 31 July 2025	12,260	957	13,217

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. DEFERRED TAXATION

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets/ (liabilities)	2	(15)	(35)	36

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2022 RMB million
Allowances, primarily for receivables and inventories	1	1	2
Fair value changes on investments in equity instruments at fair value through other comprehensive income	(1)	(6)	(7)
Property, plant and equipment	-	6	6
Others	1	-	1
Deferred tax assets	1	1	2

	1 January 2023 RMB million	Charged to profit or loss RMB million	31 December 2023 RMB million
Allowances, primarily for receivables and inventories	2	(1)	1
Fair value changes on investments in equity instruments at fair value through other comprehensive income	(7)	(10)	(17)
Property, plant and equipment	6	(6)	-
Others	1	-	1
Deferred tax assets/(liabilities)	2	(17)	(15)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. DEFERRED TAXATION (continued)

The Target Company (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the years/periods:

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2024 RMB million
Allowances, primarily for receivables and inventories	1	-	1
Fair value changes on investments in equity instruments at fair value through other comprehensive income	(17)	2	(15)
Property, plant and equipment	-	(36)	(36)
Others	1	14	15
Deferred tax assets/(liabilitites)	(15)	(20)	(35)

	1 January 2025 RMB million	Credited to profit or loss RMB million	31 July 2025 RMB million
Allowances, primarily for receivables and inventories	1	-	1
Fair value changes on investments in equity instruments at fair value through other comprehensive income	(15)	-	(15)
Property, plant and equipment	(36)	1	(35)
Others	15	70	85
Deferred tax assets/(liabilities)	(35)	71	36

The following are unused tax losses available for offset against future profits as of 31 December 2022, 2023 and 2024 and 31 July 2025.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unused tax losses	-	414	1,092	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. DEFERRED TAXATION (CONTINUED)

The Target Company (continued)

The unrecognised tax losses will expire in the following years:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
2028	-	414	414	-
2029	-	-	678	-
	-	414	1,092	-

27. BORROWINGS

The Target Company

An analysis of the Target Company's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and other borrowings	400	1,601	4,272	3,768
Current portion of long-term borrowings	2,315	2,278	1,779	2,093
	2,715	3,879	6,051	5,861
Non-current borrowings:				
Long-term borrowings, less current portion	2,100	3,504	4,927	6,399
	4,815	7,383	10,978	12,260
Secured	1,297	2,704	1,548	995
Unsecured	3,518	4,679	9,430	11,265
	4,815	7,383	10,978	12,260

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company's short-term borrowings bore interest at rates ranging from 1.85% to 3.05%,1.82% to 2.90% and LPR-0.25% to LPR-1.75%,1.85% to 2.90% and LPR-0.65% to LPR-0.75% and1.78% to 4.35% and LPR-0.60% to LPR-1.21% per annum, respectively, and long-term borrowings bore interest at rates ranging from 3.0% to 4.41%, 2.38% to 4.41%, 2.30% to 4.41% and 1.75% to 5.60% per annum, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. BORROWINGS (continued)

The Target Company (continued)

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	2,315	2,278	1,779	2,093
More than one year, but not exceeding two years	722	1,926	1,937	2,028
More than two years, but not exceeding five years	1,242	1,538	2,990	4,371
More than five years	136	40	-	-
	4,415	5,782	6,706	8,492

The Target Company's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rates ranging from 2.19% to 5.55% per annum with maturities through 25 June 2028	813	1,943	2,814	3,939
RMB denominated	Interest rates ranging from LPR-1.75% to LPR-0.25% per annum with maturities through 12 August 2029	3,602	3,839	3,892	4,553
		4,415	5,782	6,706	8,492
Less: current portion of long-term borrowings		2,315	2,278	1,779	2,093
		2,100	3,504	4,927	6,399

As at 31 December 2022, 2023 and 2024 and 31 July 2025, included in the above outstanding long-term borrowings were borrowings from China Energy Group and fellow subsidiaries amounting to RMB200 million, RMB1,200 million, RMB3,300 million and RMB4,265 million, respectively, and bore interest at rates ranging from 2.38% to 3.50%, 2.38% to 3.00%, 2.38% to 2.80% and 2.18% to 2.80% per annum, respectively.

As of 31 December, 2022, 2023 and 2024 and 31 July 2025, certain borrowings are secured over certain property, plant and equipment with aggregate net carrying amounts of RMB1,641 million, RMB1,504 million, RMB2,408 million and RMB2,408 million, respectively (note 14(ii)).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. ACCOUNTS AND BILLS PAYABLES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group, an associate of China Energy Group and fellow subsidiaries	125	122	12	61
– Third parties	617	884	955	883
	742	1,006	967	944
Bills payable	49	290	-	-
	791	1,296	967	944

As at the end of each of the Relevant Periods, the following is an ageing analysis of accounts and bills payables, based on the invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	511	922	515	460
One to two years	19	39	24	13
Two to three years	5	6	4	1
More than three years	256	329	424	470
	791	1,296	967	944

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	14	19	24	255
Taxes payable other than income tax	213	24	91	60
Other accrued expenses and payables (note)	284	283	504	189
	511	326	619	504

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	27	52	50	54

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. LONG-TERM LIABILITIES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payable for resettlement compensation	1,030	690	265	195
Payable for inspection penalty	2,021	-	-	-
Payable for donations to public welfare foundation	-	-	4,098	2,064
Deferred income (note)	3	3	2	2
Others			13	13
	3,054	693	4,378	2,274
Analysed for reporting purpose as:				
Current liabilities	2,021	330	2,045	2,102
Non-current liabilities	1,033	363	2,333	172
	3,054	693	4,378	2,274

Note:

Deferred income mainly represents grants provided by several local governments in the PRC to encourage the construction of non-current assets.

31. ACCRUED RECLAMATION OBLIGATIONS

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	-	-	220
Addition for the year/period	-	-	228	-
Accretion expense	-	-	5	5
Accrued reclamation obligations utilised	-	-	(13)	(5)
At the end of the year/period	-	-	220	220

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. PAID-UP CAPITAL

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Registered and paid-up capital	4,135	4,135	4,135	4,135

33. CAPITAL RISK MANAGEMENT

The Target Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Company monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Company aims to maintain the gearing ratio at a reasonable level. The Target Company's gearing ratios as at 31 December 2022, 2023 and 2024 and 31 July 2025 were 60.1%,66.4%, 114.6% and 107.7%, respectively.

There were no changes in the Target Company's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	1,307	757	876	847
Equity securities at FVTOCI (note 18)	245	306	295	295
	1,552	1,063	1,171	1,142
Financial liabilities				
Amortised cost	8,660	9,372	16,323	15,478

34.2 Financial risk management objectives and policies

The Target Company's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, other receivables, accounts and bills payables, borrowings, other payables, long-term liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Interest rate risk

The Target Company is exposed to fair value interest rate risk in relation to fixed-rate borrowings.

The Target Company is also exposed to cash flow interest rate risk in relation to variable-rate borrowings. Other than the concentration of interest rate risk related to the movements in Secured Overnight Financing Rate and the loan interest published by the People's Bank of China ("PBOC"), the Target Company has no significant concentration of interest rate risk.

The Target Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (continued)

34.2 Financial risk management objectives and policies (continued)

Market risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and variable-rate loans and receivables at the end of the reporting period. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Target Company considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact of profit or loss for the year is insignificant.

The analysis is prepared assuming variable-rate borrowings and variable-rate loans and receivables outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points, 100 basis points, 100 basis points, 100 basis points and 100 basis points higher/lower and all other variables were held constant, the Target Company's profit for the year ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025 would decrease/increase by RMB32 million, RMB38 million, RMB39 million, RMB44 million (unaudited) and RMB45 million, respectively.

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company arising from the amount of financial guarantees provided by the Target Company is disclosed in note 35.2. The Target Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets and financial guarantee contracts.

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Company has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Target Company's credit risk is significantly reduced.

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables represent pledged and guarantee deposits, dividend receivables and interest receivables. The pledged and guarantee deposits are paid for regular businesses. The dividend receivables relate to the investments of the Target Company and the interest receivables mainly relate to related parties and stated owned entities. Thus, the credit risk on other receivables is limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (continued)

34.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Target Company's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised cost							
Loans receivables	26	N/A	12-month ECL	-	-	-	-
Restricted bank deposits	27	N/A	12-month ECL	170	273	132	157
Cash and cash equivalents	28	N/A	12-month ECL	751	333	416	241
Other receivables	26	N/A	12-month ECL	-	4	39	31
			Credit-impaired	1	-	-	-
Service concession receivables	22, 26	N/A	12-month ECL	-	-	-	-
Other loans	26	N/A	Credit-impaired	6	-	-	-
Accounts receivable (note)	25	N/A	Provision matrix	386	149	289	418
			Credit-impaired	-	-	-	-

Note:

For accounts receivable, the Target Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Target Company determines the ECL on these items by using a provision matrix, grouped by debtors' ageing.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (continued)

34.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing

As part of the Target Company's credit risk management, the Target Company uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal and power because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivable which are assessed based on a provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). The Target Company has no accounts receivable assessed that are credit-impaired individually.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	-	-	-	-	-	-	-	-
Less than one year past due	-	386	-	149	-	289	-	418
	-	386	-	149	-	289	-	418

The loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The Target Company is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025, the Target Company provided impairment allowance for accounts receivable RMB7 million, nil, nil, nil (unaudited) and nil, respectively, based on the provision matrix.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (continued)

34.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	1	-	1
– Impairment losses reversed	-	-	-
As at 31 December 2022 and 1 January 2023	1	-	1
– Impairment losses reversed	(1)	-	(1)
As at 31 December 2023 and 1 January 2024	-	-	-
– Impairment losses reversed	-	-	-
As at 31 December 2024 and 1 January 2025	-	-	-
– Impairment losses reversed	-	-	-
As at 31 July 2025	-	-	-

Liquidity risk

Liquidity risk is the risk that the Target Company will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Target Company's reputation.

The Target Company closely monitors cash flow requirements and optimises its cash returns. The Target Company prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (continued)

34.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Company's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each of the Relevant Periods) and the earliest date the Target Company can be required to pay:

	31 December 2022						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	1,237	582	395	-	2,214	2,093
Borrowings variable interest rate	2.90%	1,306	984	1,231	136	3,657	3,206
Borrowings fixed interest rate	3.55%	1,573	40	11	-	1,624	1,609
	–	4,116	1,606	1,637	136	7,495	6,908

	31 December 2023						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	2,217	129	132	-	2,478	2,265
Borrowings variable interest rate	2.80%	713	695	2,722	40	4,170	3,843
Borrowings fixed interest rate	3.65%	3,545	10	-	-	3,555	3,540
	-	6,475	834	2,854	40	10,203	9,648

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. FINANCIAL INSTRUMENTS (continued)

36.2 Financial risk management objectives and policies (continued)

Liquidity risk (Continued)

	31 December 2024						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	4,003	2,185	67	-	6,255	5,834
Borrowings variable interest rate	3.00%	3,767	1,809	727	-	6,303	5,924
Borrowings fixed interest rate	3.55%	2,804	-	2,263	-	5,067	5,054
	-	10,574	3,994	3,057	-	17,625	16,812

	31 July 2025						
	Weighted average interest rate	On demand or less than 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	3,731	67	-	-	3,798	3,392
Borrowings variable interest rate	2.90%	1,552	1,943	1,342	-	4,837	4,366
Borrowings fixed interest rate	3.55%	4,424	497	3,029	-	7,950	7,862
	-	9,707	2,507	4,371	-	16,585	15,620

Save as discussed above, the Target Company also makes use of bank and financial institution facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (continued)

34.3 Fair value measurements

Fair value of the Target Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets:						
Unlisted equity securities	245	306	295	295	Level 3	Comparable Public Company Method: Fair value is estimated primarily based on key input variables, including the fair market values, valuation multiples, and illiquidity discount rates of comparable publicly traded companies within the same industry.

There were no transfer between Level 1, Level 2 and Level 3 during the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. FINANCIAL INSTRUMENTS (continued)

34.3 Fair value measurements (continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:								
Fixed rate bank borrowings	1,609	1,566	3,540	3,433	5,054	4,746	7,862	7,464

The fair value of fixed rate bank borrowings above in the Level 2 category is measured using discounted cash flow method where the future cash flows are estimated based on the contract and discounted at a rate that reflects the credit risk of the banks.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. COMMITMENTS AND CONTINGENT LIABILITIES

35.1 Capital commitments

As at the end of each of the Revant Periods, the Target Company had capital commitments for land, buildings and mining rights, exploration and evaluation assets, equipment and other as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Land, buildings and exploration and evaluation assets	59	105	275	584
– Equipment and others	493	171	128	821
	552	276	403	1,405

35.2 Financial guarantees issued

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no outstanding financial guarantees.

35.3 Legal contingencies

The Target Company is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Target Company.

35.4 Environmental contingencies

To date, the Target Company has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Target Company. The regulatory bodies, however, have moved, and may move further towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Target Company's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

35.5 Other contingency

In September 2025, the Target Company received a notice from the Ordos Bureau of Natural Resources requiring the Target Company to carry out with the payment procedures for the mining rights grant proceeds in respect of the Chahasu Coal Mine. The Target Company and China Energy Group are currently engaged in ongoing discussions with the relevant authorities regarding this matter. China Energy Group has further confirmed that, should the Target Company be required to make any additional payment of mining rights grant proceeds for the Chahasu Coal Mine (License No.: C1500002024071210157148), China Energy Group will be responsible for coordinating the resolution of such payment obligation.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. EMPLOYEE BENEFIT PLANS

The Target Company participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Company is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. The Target Company has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Company's contributions for the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025 were RMB52 million, RMB76 million, RMB82 million, RMB60 million (unaudited) and RMB50 million, respectively.

37. RELATED PARTY TRANSACTIONS

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company

The Target Company is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, an associate of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Target Company has also entered into transactions with its associates, over which the Target Company can exercise significant influence.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (continued)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company (continued)

The Target Company had the following transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company that were carried out in the normal course of business during years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	3	2	2	-	-*
Interest expense	(ii)	28	28	144	74	107
Purchases of ancillary materials and spare parts	(iii)	176	15	72	3	-
Ancillary and social services	(iv)	114	185	127	117	66
Transportation service expense	(v)	-	-	-	-	46
Sale of coal	(vi)	2,718	975	1,011	15	1,664
Purchase of coal	(vii)	49	17	33	1	1
Purchase of equipment and construction work	(viii)	66	44	3	-	-
Other income	(ix)	24	12	38	1	7
Net deposits placed with Finance Company	(x)	-	(417)	83	-	(175)
Granting of loans from China Energy Group	(xi)	-	1,600	6,400	3,300	3,345
Repayment of loans from China Energy Group	(xii)	-	600	2,500	1,050	2,280

* Amount smaller than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (continued)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company (continued)

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the People's Bank of China (PBOC).

(ii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the People's Bank of China (PBOC).

(iii) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Company's operations from fellow subsidiaries and associates of China Energy Group.

(iv) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries and associates of China Energy Group.

(v) Transportation service income represents income earned from fellow subsidiaries in respect of coal transportation services.

(vi) Sale of coal represents income from sale of coal to fellow subsidiaries and associates of China Energy Group.

(vii) Purchase of coal represents coal purchased from associates of the Target Company, associates of China Energy Group and fellow subsidiaries.

(viii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(ix) Other income includes agency income, repairs and maintenance service income, sales of ancillary materials and spare parts, management fee income, sales of water and electricity, lease income, etc. earned from China Energy Group, an associate of China Energy Group and fellow subsidiaries.

(x) Net deposits placed with Finance Company represent net deposits placed by the Target Company with the Finance Company.

(xi) Granting of loans from China Energy Group and fellow subsidiaries.

(xii) Repayment of loans from China Energy Group and fellow subsidiaries.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (continued)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company (continued)

The Target Company entered into a number of agreements with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company. The terms of the principal agreements are summarised as follows:

(i) The Target Company has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with associates of China Energy Group and fellow subsidiaries. Pursuant to the agreement, associates of China Energy Group and fellow subsidiaries provide the Target Company with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Target Company provides fellow subsidiaries with water supplies, rolling stock management, railway management, railway transportation and other related or similar production supplies or services and the use of the information network system.

The products and services provided under the agreement, other than the shared use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practicable to apply the above pricing policy, the price to be agreed between the relevant parties shall be based on the reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.

(ii) The Target Company has entered into coal supply agreements with an associate of China Energy Group, fellow subsidiaries and associates of the Target Company. The coal supplied is charged at the prevailing market price.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (continued)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company (continued)

(iii) The Target Company has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Target Company. The interest rate for the deposits with Finance Company from the Target Company should not be lower than the lowest limit published by the People's Bank of China (PBOC) for the same type of deposit. The interest rate for loans made by Finance Company to the Target Company should not be higher than the highest limit published by the People's Bank of China (PBOC) for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the People's Bank of China (PBOC) or the China Banking Regulatory Commission.

(iv) The Target Company has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Target Company before the fellow subsidiaries obtain the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Target Company has a pre-emptive right to purchase such property on terms no less favorable than other third party.

(v) The Target Company has entered into a land leasing agreement with fellow subsidiaries of China Energy Group. The annual rent is determined based on the local market rate. The Target Company is not allowed to sub-let the leased land.

(vi) The Target Company has entered into an agency agreement for the export of coal with a fellow subsidiary of China Energy Group. The fellow subsidiary is appointed as a non–exclusive export agent of the Target Company and is entitled to receive an agency fee based on the relevant market rates or lower rates. Currently, the rate is 0.7% of the free on board sales price of coal exported. When obtaining export agent conditions from a third party that are equal to or inferior to those of the China Energy Group, the Target Company shall give preference to the China Energy Group as the export agent of coal products.

(vii) The Target Company has entered into an agency agreement for the sale of coal with fellow subsidiaries of China Energy Group. The Target Company is appointed as the exclusive sales agent of fellow subsidiaries of China Energy Group for thermal coal and a non-exclusive sales agent for coking coal. The Target Company is entitled to receive an agency fee, which is based on its related costs incurred plus a profit margin of 5% for sales of coal outside the Inner Mongolia Autonomous Region. No agency fee is charged for sales of coal within the Inner Mongolia Autonomous Region.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (continued)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company (continued)

(viii) The Target Company has entered into agreements with fellow subsidiaries of China Energy Group under which the Target Company has been granted the right to use certain trademarks. Fellow subsidiaries of China Energy Group bear its own cost for the registration of such trademarks during the term of the trademarks license agreement and expenses for enforcement against any infringement of the licensed trademarks by third parties.

(ix) The Target Company has entered into a factoring service agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd. ("Guoneng Factoring Company"). Pursuant to the agreement, Guoneng Factoring Company agreed to provide the Target Company with factoring services and factoring-related services. For the provision of factoring services by Guoneng Factoring Company to the Target Company, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Target Company, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the People's Bank of China (PBOC) for the same period. For the service fee charged from the provision of other relevant services by Guoneng Factoring Company to the Target Company, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to the Target Company, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (continued)

37.1 Transactions with China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company (continued)

Amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cash and time deposits at bank	749	332	415	240
Accounts and bills receivables	38	-	76	220
Prepaid expenses and other current assets	165	46	88	122
Total amounts due from China Energy Group, an associate of China Energy Group, fellow subsidiaries and associates of the Group	952	378	579	582
Borrowings	600	3,801	6,755	7,399
Accounts payable	135	97	12	18
Accrued expenses and other payables	419	46	50	54
Contract liabilities	24	5	-*	-*
Current portion of other non-current liabilities	-	-	2	11
Total amounts due to China Energy Group, an associate of China Energy Group and fellow subsidiaries, and associates of the Group	1,178	3,949	6,819	7,482

* Amount smaller than RMB500,000

Other than those disclosed in notes 19, 22, 23, 27 and 28 to the Historical Financial Information, amounts due from/to China Energy Group, an associate of China Energy Group, fellow subsidiaries, and associates of the Target Company bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. RELATED PARTY TRANSACTIONS (continued)

37.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Company is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	4	5	5	4	1
Post-employment benefits	-*	-*	-*	-*	-*
	4	5	5	4	1

* Amount smaller than RMB500,000

Total remuneration is included in "personnel expenses" as disclosed in note 11 to the Historical Financial Information.

37.3 Contributions to post-employment benefit plans

The Target Company participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Company's post-employment benefit plans are disclosed in note 36 to the Historical Financial Information.

37.4 Transactions with other government-related entities in the PRC

The Target Company is ultimately controlled by the PRC government and the Target Company operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, fellow subsidiaries and joint ventures of the Target Company as disclosed above, the Target Company conducts business with other government-related entities which include but are not limited to the following:

Sales and purchases of coal;

Transportation services;

Construction work;

Purchases of ancillary materials and spare parts;

Ancillary and social services; and

Financial services arrangements.

These transactions are conducted in the ordinary course of the Target Company's business on terms comparable to those with other entities that are not government-related. The Target Company has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

China Energy Shaanxi Shenyan Coal Co., Ltd.

Accountants' Report on Historical Financial Information

**31 December 2022, 2023 and 2024 and
the seven months ended 31 July 2024 and 2025**

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHINA ENERGY SHAANXI SHENAN COAL CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of China Energy Shaanxi Shenyan Coal Co., Ltd. (the "Target Company") set out on pages II-G-3 to II-G-67, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-G-3 to II-G-67 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua"), dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua ("the Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Company for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-G-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	7,137	6,824	7,059	4,244	3,585
Cost of sales	6	(2,784)	(3,377)	(3,409)	(2,168)	(1,833)
Gross profit		4,353	3,447	3,650	2,076	1,752
General and administrative expenses		(54)	(63)	(72)	(38)	(35)
Other gains and losses	10	(1)	(14)	(3)	-	-
Other income	7	2	6	6	2	2
Other expenses		(29)	(53)	(66)	(11)	(3)
Interest income	8	16	57	26	15	21
Finance costs	8	(22)	(30)	(13)	(9)	(4)
Share of results of an associate		5	6	5	5	4
Profit before income tax		4,270	3,356	3,533	2,040	1,737
Income tax expense	9	(669)	(510)	(560)	(311)	(262)
Profit for the year/period	10	3,601	2,846	2,973	1,729	1,475
Other comprehensive income for the year/period		-	-	-	-	-
Total comprehensive income for the year/period		3,601	2,846	2,973	1,729	1,475

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	5,364	5,270	5,079	4,882
Construction in progress	15	154	48	14	30
Intangible assets	16	50	77	53	68
Right-of-use assets	19	161	157	153	151
Interests in an associate	17	28	34	30	34
Other non-current assets	18	1,833	1,587	1,337	1,192
Deferred tax assets	25	-	1	27	46
Total non-current assets		7,590	7,174	6,693	6,403
Current assets					
Inventories	20	122	144	106	123
Accounts receivables	21	1,323	1,226	1,055	667
Prepaid expenses and other current assets	22	134	149	67	111
Restricted bank deposits	23	539	795	993	1,140
Time deposits with original maturity over three months	24	1,500	-	-	2,812
Cash and cash equivalents	24	1,000	2,222	2,757	1,642
Total current assets		4,618	4,536	4,978	6,495
Current liabilities					
Borrowings	26	-	501	-	-
Accounts payable	27	1,258	1,267	993	926
Accrued expenses and other payables	28	368	2,652	631	672
Current portion of lease liabilities		1	-	-	-
Current portion of long-term liabilities	29	33	69	-	-
Current portion of accrued reclamation obligations	30	311	70	54	22
Income tax payable		278	226	267	77
Contract liabilities		5	-	-	-
Total current liabilities		2,254	4,785	1,945	1,697
Net current assets/(liabilities)		2,364	(249)	3,033	4,798
Total assets less current liabilities		9,954	6,925	9,726	11,201

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Long-term liabilities	29	90	47	-	-
Accrued reclamation obligations	30	226	155	101	101
Deferred tax liabilities	25	24	-	-	-
Total non-current liabilities		340	202	101	101
Net assets		9,614	6,723	9,625	11,100
Equity					
Paid-up capital	31	2,180	2,739	2,739	2,739
Reserves		7,434	3,984	6,886	8,361
Total equity		9,614	6,723	9,625	11,100

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Paid-up capital RMB million (note 31)	Other reserve RMB million (note (i))	Statutory reserves RMB million (note (ii))	Retained earnings RMB million	Total equity RMB million
At 1 January 2022	2,180	1	807	3,025	6,013
Profit for the year	-	-	-	3,601	3,601
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,601	3,601
Appropriation of statutory surplus reserve (note (ii))	-	-	347	(347)	-
Appropriation of maintenance and production funds (note (ii))	-	-	165	(165)	-
Utilisation of maintenance and production funds (note (ii))	-	-	(155)	155	-
At 31 December 2022	2,180	1	1,164	6,269	9,614

Year ended 31 December 2023

	Paid-up capital RMB million (note 31)	Other reserve RMB million (note (i))	Statutory reserves RMB million (note (ii))	Retained earnings RMB million	Total equity RMB million
At 1 January 2023	2,180	1	1,164	6,269	9,614
Profit for the year	-	-	-	2,846	2,846
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,846	2,846
Dividend declared (note 13)	-	-	-	(7,533)	(7,533)
Appropriation of statutory surplus reserve (note (ii))	-	-	273	(273)	-
Appropriation of maintenance and production funds (note (ii))	-	-	169	(169)	-
Utilisation of maintenance and production funds (note (ii))	-	-	(182)	182	-
Capital contribution from equity holders (note (i))	559	1,237	-	-	1,796
At 31 December 2023	2,739	1,238	1,424	1,322	6,723

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Paid-up capital RMB million (note 31)	Other reserve RMB million (note (i))	Statutory reserves RMB million (note (ii))	Retained earnings RMB million	Total equity RMB million
At 1 January 2024	2,739	1,238	1,424	1,322	6,723
Profit for the year	-	-	-	2,973	2,973
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	2,973	2,973
Dividend declared (note 13)	-	-		(71)	(71)
Appropriation of statutory surplus reserve (note (ii))	-	-	287	(287)	-
Appropriation of maintenance and production funds (note (ii))	-	-	177	(177)	-
Utilisation of maintenance and production funds (note (ii))	-	-	(109)	109	-
At 31 December 2024	2,739	1,238	1,779	3,869	9,625

Seven months ended 31 July 2024 (unaudited)

	Paid-up capital RMB million (note 31)	Other reserve RMB million (note (i))	Statutory reserves RMB million (note (ii))	Retained earnings RMB million	Total equity RMB million
At 1 January 2024	2,739	1,238	1,424	1,322	6,723
Profit for the period	-	-	-	1,729	1,729
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,729	1,729
Appropriation of maintenance and production funds (note (ii))	-	-	105	(105)	-
Utilisation of maintenance and production funds (note (ii))	-	-	(46)	46	-
At 31 July 2024	2,739	1,238	1,483	2,992	8,452

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Paid-up capital RMB million (note 31)	Other reserve RMB million (note (i))	Statutory reserves RMB million (note (ii))	Retained earnings RMB million	Total equity RMB million
At 1 January 2025	2,739	1,238	1,779	3,869	9,625
Profit for the period	-	-	-	1,475	1,475
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,475	1,475
Appropriation of maintenance and production funds (note (ii))	-	-	102	(102)	-
Utilisation of maintenance and production funds (note (ii))	-	-	(18)	18	-
At 31 July 2025	2,739	1,238	1,863	5,260	11,100

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY (continued)

Notes:

(i) The other reserve represents (i) the difference between the total amount of the increase in registered capital of the Target Company and the amount of the net proceeds received upon the capital injection in 2023, and (ii) the changes in other components of equity of the Target Company's associate (note 17).

(ii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Target Company's Articles of Association, the Target Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Target Company is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

The directors of the Target Company (the "Directors") have not proposed any appropriation to the discretionary surplus reserve in 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025.

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit before income tax	4,270	3,356	3,533	2,040	1,737
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	280	381	410	241	249
Depreciation of right-of-use assets (note 10)	17	4	4	2	2
Amortisation of intangible assets (note 10)	-*	1	1	-*	1
Amortisation of long-term deferred expenses (note 10)	236	242	250	148	145
Losses on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	1	14	3	-	-
Interest income (note 8)	(16)	(57)	(26)	(15)	(21)
Share of results of an associate	(5)	(6)	(5)	(5)	(4)
Interest expenses (note 8)	18	7	3	3	-
Other income (note 7)	(2)	(6)	(6)	(2)	(2)
Operating cash flows before movements in working capital	4,799	3,936	4,167	2,412	2,107
Changes in working capital:					
(Increase)/decrease in inventories	(36)	(21)	38	12	(17)
(Increase)/decrease in accounts receivables	(271)	97	171	401	388
(Increase)/decrease in prepaid expenses and other assets	(15)	(12)	(6)	26	(55)
Increase/(decrease) in accounts payables	109	206	(138)	(244)	(2)
(Decrease)/increase in accrued expenses and other liabilities	(441)	(115)	(48)	134	(19)
Increase/(decrease) in contract liabilities	3	(5)	-	-	-
Cash generated from operations	4,148	4,086	4,184	2,741	2,402
Income tax paid	(690)	(587)	(546)	(441)	(472)
Net cash generated from operating activities	3,458	3,499	3,638	2,300	1,930
Investing activities					
Additions of property, plant and equipment, intangible assets, construction in progress and other non-current assets	(205)	(340)	(198)	(95)	(99)
Dividend received from an associate	5	-	10	-	-
Increase in restricted bank deposits	(240)	(256)	(198)	(206)	(146)
Placement of time deposits with original maturity over three months	(1,500)	(1,800)	-	-	(2,800)
Maturity of time deposits with original maturity over three months	-	3,300	-	-	-
Net cash (used in)/generated from investing activities	(1,940)	904	(386)	(301)	(3,045)

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Financing activities					
Capital element of lease rentals paid (note 24(b))	(27)	(38)	(116)	(116)	-
Interest element of lease rentals paid (note 24(b))	(5)	(5)	(2)	(2)	-
Interest paid (note 24(b))	(16)	(1)	(1)	(1)	-
New borrowings (note 24(b))	130	500	-	-	-
Repayments of borrowings (note 24(b))	(1,360)	-	(501)	(501)	-
Capital contribution from equity holders	-	1,796	-	-	-
Dividend paid to equity holders of the Target Company (note 13)	-	(5,433)	(2,097)	-	-
Net cash used in financing activities	(1,278)	(3,181)	(2,717)	(620)	-
Increase/(decrease) in cash and cash equivalents	240	1,222	535	1,379	(1,115)
Cash and cash equivalents, at the beginning of the year/period	760	1,000	2,222	2,222	2,757
Cash and cash equivalents, at the end of the year/period	1,000	2,222	2,757	3,601	1,642

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at Office Building of Xiwan Open-Pit Coal Mine, Yusheng Industrial Park, Shenmu City, Yulin City, Shaanxi Province, the PRC.

During the Relevant Periods, the Target Company was involved in the production and sale of coal to companies in the PRC.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Co., Ltd. ("China Energy Group"), which is established in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared on the historical cost basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Company are disclosed below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Company has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Company intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Historical Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Company is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Company's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Company's financial performance. IFRS18 is not expected to have any impact on the Target Company's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Company considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Company's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the Target Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The historical financial information of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Company for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Target Company's share of the profit or loss and other comprehensive income of the associate. When the Target Company's share of losses of an associate exceeds the Target Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Company's net investment in the associate, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable), the Target Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Company has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Target Company's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Company's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates (continued)

The Target Company assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Company reduces its ownership interest in an associate but the Target Company continues to use the equity method, the Target Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

Under IFRS 15, the Target Company recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;

- the Target Company's performance creates and enhances an asset that the customer controls as the Target Company performs; or

- the Target Company's performance does not create an asset with an alternative use to the Target Company, and the Target Company has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Company's right to consideration in exchange for goods or services that the Target Company has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Company's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Company's obligation to transfer goods or services to a customer for which the Target Company has received consideration (or an amount of consideration is due) from the customer.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Company to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Company has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the statement of profit or loss and other comprehensive income because of the income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investments in subsidiaries, associates and joint venture to the extent that the Target Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OCED").

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

The Target Company recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in associates, except where the Target Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consists of buildings, mining structures and mining rights, mining related machinery and equipment, furniture, fixtures, motor vehicles and other equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for mining structures and mining rights and obligations for land reclamation, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Buildings	10 - 45
Mining related machinery and equipment	5 - 20
Furniture, fixtures, motor vehicles and other equipment	5 - 20

The directors reviewed the estimated useful lives of the assets annually based on the Target Company's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Company's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the costs of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Obligations for land reclamation

The Target Company's obligations for land reclamation consist of spending estimates at surface mines in accordance with the PRC rules and regulations. The Target Company estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Company records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Company reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Company has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Company recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Company enters into a lease in respect of a low-value asset, the Target Company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets (continued)

(ii) As a lessor

When the Target Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Company is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Company applies the exemption method, then the Target Company classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Target Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Company may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the line item "other gains and losses".

Impairment of financial assets

The Target Company recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Company always recognises lifetime ECL for accounts receivable. The ECL on accounts receivable is assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Company measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Company considers the changes in the risk that the specified debtor will default on the contract.

The Target Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collateral held by the Target Company). The Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) *Measurement and recognition of ECL* (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Company in accordance with the contract and the cash flows that the Target Company expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Company expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Company will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e., the Target Company's accounts receivable and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

- Past-due status; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Company recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Company has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts payable, other payables and long-term liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Company if that person:

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or the Target Company's parent.

(b) An entity is related to the Target Company if any of the following conditions applies:

(i) The entity and the Target Company are members of the same group;

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the Target Company's parent;

(iv) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, which are described in note 2.3 to the Historical Financial Information, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of financial assets

The Target Company reviews financial instruments measured at amortized cost at each reporting date to assess expected credit losses. The Target Company estimates the likelihood of credit losses occurring and the expected loss rates using information from past events, while taking current conditions and future projections into account. Changes in the likelihood of credit losses occurring and the expected loss rates resulting from updates to the aforementioned relevant information are treated as changes in estimates. The resulting increase or reversal of credit impairment losses is recognized in profit or loss for the period.

Coal reserves

Engineering estimates of the Target Company's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

Depreciation

Other than the mining structures and mining rights and obligations for land reclamation, property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Target Company reviews the estimated useful lives and residual value of the assets regularly based on the Target Company's historical experience with similar assets and taking into account anticipated technological changes. Depreciation for future periods is adjusted if there is a significant change from previous estimates. The carrying amount of the property, plant and equipment is disclosed in note 14 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Deferred tax assets

The Target Company recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 25 to the Historical Financial Information.

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Target Company considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Target Company and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Target Company may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in note 30 to the Historical Financial Information.

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Coal	7,136	6,820	7,058	4,244	3,584
Others	1	4	1	-*	1
	7,137	6,824	7,059	4,244	3,585

* Amount less than RMB500,000

The Target Company's revenues from contracts with customers are RMB7,136 million, RMB6,820 million, RMB7,058 million, RMB4,244 million (unaudited) and RMB3,584 million for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively.

The Target Company produces and sells coal and coal-based powder to customers at spot market. For sales of coal and coal-based powder, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers from the Target Company. According to the Target Company's historical experiences, there was no significant exchange or return of coal and coal-based powder occurred. There are no sales-related warranties associated with coal and coal-based powder.

All performance obligations of sales of coal and coal-based powder are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Company only has one reportable operating segment. Management monitors the operating results of the Target Company's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Company's revenue from external customers was from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of Target Company's non-current non-financial assets (excluding deferred tax assets) were located in Mainland China as at the end of each of the Relevant Periods.

Revenue derived from single customers which accounted for 10% or more of the Target Company's total revenue is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Customer A	3,623	3,471	3,600	2,164	1,834
Customer B	3,470	3,346	3,458	2,080	1,751

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	275	281	346	200	171
Personnel expenses	311	376	464	307	261
Depreciation and amortisation	530	626	664	390	396
Taxes and surcharges	888	876	909	540	473
Stripping costs	675	1,041	825	635	479
Repairs and maintenance	13	22	16	7	3
Other operating costs	92	155	185	89	50
	2,784	3,377	3,409	2,168	1,833

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Government grants	-*	-*	3	-	-
Compensation and penalty income	2	6	2	2	2
Others	-*	-*	1	-*	-*
	2	6	6	2	2

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	16	57	26	15	21
Total interest income	16	57	26	15	21
Interest on:					
– borrowings	13	2	1	1	-
– lease liabilities	5	-	-	-	-
– long-term liabilities	-	5	2	2	-
Total finance costs on financial liabilities	18	7	3	3	-
Unwinding of discount	4	23	10	6	4
Total finance costs	22	30	13	9	4
Net finance costs	6	(27)	(13)	(6)	(17)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	656	535	586	348	281
Deferred tax	13	(25)	(26)	(37)	(19)
	669	510	560	311	262

The tax charge for the year/period can be reconciled to the profit before income tax per statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit before income tax	4,270	3,356	3,533	2,040	1,737
Tax at the PRC income tax rate of 25%	1,068	839	883	510	434
Tax effects of:					
– effect of preferential tax rate	(427)	(336)	(353)	(204)	(174)
– non-deductible expenses	23	8	31	5	3
– share of results of an associate	5	(1)	(1)	-	(1)
Income tax expense	669	510	560	311	262

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rates applicable for the PRC resident enterprise is 25% for the Relevant Periods and for the seven months ended 31 July 2024. The Target Company is qualified to be entitled to a preferential tax rate of 15% from 2021 to 2030 because the Target Company operates in the Western developing region of the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	311	376	464	307	261
– contributions to defined contribution plans	41	48	62	35	39
Depreciation of property, plant and equipment (note 14)	280	381	410	241	249
Depreciation of right-of-use assets (note 19)	17	4	4	2	2
Amortisation of intangible assets (note 16)	-*	1	1	-*	1
Amortisation of long-term deferred expenses (note 18)	236	242	250	148	145
Depreciation and amortisation	533	628	665	391	397
Other gains and losses, represent:					
- losses on disposal of property, plant and equipment, intangible assets and non-current assets	1	14	3	-	-
Carrying amount of inventories sold	2,784	3,377	3,409	2,168	1,833
Auditors' remuneration – audit service	-*	-*	-*	-*	-*

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Liu Minqiang	(iv)	-	0.37	0.66	0.12	1.15
Cui Jianping		-	0.39	0.65	0.05	1.09
Huang Jing	(ii) & (iv)	-	-	-	-	-
Qiu Yashe	(ii) & (iv)	-	-	-	-	-
You Wenshun	(i) & (iv)	-	-	-	-	-
Yang Gensheng	(i) & (iv)	-	-	-	-	-
Yang Yonghong	(i) & (iii)	-	-	-	-	-
Wang Jianping	(ii)	-	-	-	-	-
Zhang Huaiguo		-	0.34	0.53	0.11	0.98
Sub-total		-	1.10	1.84	0.28	3.22
Supervisors						
Dong Liming		-	0.19	0.55	0.11	0.85
Xue Li	(i) & (iv)	-	-	-	-	-
Dai Yongjun	(ii)	-	-	-	-	-
Sub-total		-	0.19	0.55	0.11	0.85
Total		-	1.29	2.39	0.39	4.07

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2023				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Xiangming	(iii)	-	0.14	0.16	0.04	0.34
Liu Minqiang	(iv)	-	0.26	0.81	0.09	1.16
Cui Jianping		-	0.40	0.97	0.05	1.42
Yang Gensheng	(i) & (iv)	-	-	-	-	-
You Wenshun	(i) & (iv)	-	-	-	-	-
Huang Jing	(ii) & (iv)	-	-	-	-	-
Qiu Yashe	(ii) & (iv)	-	-	-	-	-
Yang Yonghong	(i) & (iii)	-	-	-	-	-
Wang Jianping	(ii)	-	-	-	-	-
Yang Ming	(iii)	-	0.02	0.03	-	0.05
Zhang Huaiguo		-	0.35	0.78	0.12	1.25
Sub-total		-	1.17	2.75	0.30	4.22
Supervisors						
Dong Liming		-	0.19	0.61	0.12	0.92
Yang Cheng	(iii)	-	0.02	0.04	0.01	0.07
Xue Li	(i) & (iv)	-	-	-	-	-
Dai Yongjun	(ii)	-	-	-	-	-
Ren Zhipeng	(iii)	-	0.02	0.03	-	0.05
Sub-total		-	0.23	0.68	0.13	1.04
Total		-	1.40	3.43	0.43	5.26

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Xiangming	(iii)	-	0.43	0.60	0.15	1.18
Cui Jianping		-	0.43	0.93	0.06	1.42
You Wenshun	(i) & (iv)	-	-	-	-	-
Yang Gensheng	(i) & (iv)	-	-	-	-	-
Yang Yonghong	(i) & (iii)	-	-	-	-	-
Wang Jianping	(ii)	-	-	-	-	-
Yang Ming	(iii)	-	0.35	0.38	0.10	0.83
Zhang Huaiguo		-	0.37	0.80	0.14	1.31
Sub-total		-	1.58	2.71	0.45	4.74
Supervisors						
Dong Liming		-	0.21	0.55	0.12	0.88
Yang Cheng	(iii)	-	0.19	0.59	0.12	0.90
Dai Yongjun	(ii)	-	-	-	-	-
Xue Li	(i) & (iv)	-	-	-	-	-
Ren Zhipeng	(iii)	-	0.35	0.38	0.10	0.83
Sub-total		-	0.75	1.52	0.34	2.61
Total		-	2.33	4.23	0.79	7.35

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Xiangming	(iii)	-	0.25	0.28	0.08	0.61
Cui Jianping		-	0.25	0.28	0.03	0.56
You Wenshun	(i) & (iv)	-	-	-	-	-
Yang Gensheng	(i) & (iv)	-	-	-	-	-
Yang Yonghong	(i) & (iii)	-	-	-	-	-
Wang Jianping	(ii)	-	-	-	-	-
Yang Ming	(iii)	-	0.21	0.22	0.06	0.49
Zhang Huaiguo		-	0.22	0.22	0.08	0.52
Sub-total		-	0.93	1.00	0.25	2.18
Supervisors						
Dong Liming		-	0.12	0.24	0.07	0.43
Dai Yongjun	(ii)	-	-	-	-	-
Xue Li	(i) & (iv)	-	-	-	-	-
Yang Cheng	(iii)	-	0.12	0.24	0.07	0.43
Ren Zhipeng	(iii)	-	0.21	0.22	0.06	0.49
Sub-total		-	0.45	0.70	0.20	1.35
Total		-	1.38	1.70	0.45	3.53

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Xiangming	(iii)	-	0.26	0.22	0.09	0.57
Cui Jianping		-	0.25	0.22	0.03	0.50
Yang Yonghong	(i) & (iii)	-	-	-	-	-
Wang Jianping	(ii)	-	-	-	-	-
Yang Ming	(iii)	-	0.21	0.22	0.06	0.49
Zhang Huaiguo		-	0.23	0.22	0.09	0.54
Sub-total		-	0.95	0.88	0.27	2.10
Supervisors						
Dong Liming		-	0.12	0.24	0.07	0.43
Yang Cheng	(iii)	-	0.20	0.19	0.07	0.46
Dai Yongjun	(ii)	-	-	-	-	-
Ren Zhipeng	(iii)	-	0.21	0.22	0.06	0.49
Sub-total		-	0.53	0.65	0.20	1.38
Total		-	1.48	1.53	0.47	3.48

Discretionary bonuses were determined in accordance with the relevant human resources policies.

Notes:

(i) The emoluments of these directors and supervisors were borne by China Energy Group during the Relevant Periods and the seven months ended 31 July 2024.

(ii) The emoluments of these directors and supervisors were borne by Shaanxi Yanchang Petroleum and Mining Co., Ltd. ("Yanchang Petroleum") during the Relevant Periods and the seven months ended 31 July 2024.

(iii) Mr. Huang Xiangming was appointed as a director on 20 September 2023.
Mr. Yang Yonghong was appointed as a director on 8 May 2024.
Mr. Yang Ming was appointed as a director on 15 November 2023.
Mr. Yang Cheng was appointed as a supervisor on 15 November 2023.
Mr. Ren Zhipeng was appointed as a supervisor on 15 November 2023.

(iv) Mr. Liu Minqiang ceased to serve as a director on 30 August 2023.
Mr. Huang Jing ceased to serve as a director on 9 November 2023.
Mr. Qiu Yashe ceased to serve as a director on 9 November 2023.
Mr. You Wenshun ceased to serve as a director on 8 May 2024.
Ms. Xue Li ceased to serve as a supervisor on 28 October 2024.
Mr. Yang Gensheng ceased to serve as a director on 25 October 2024.

Except for those emoluments of directors or supervisors whose emoluments were borne by China Energy Group and Shaanxi Yanchang Petroleum and Mining Co., Ltd., the executive directors' and supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Target Company, two, two, three, three and two were the directors of the Target Company whose remuneration are disclosed in note 11 to the Historical Financial Information above for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively. The emoluments of other three, three, two, two and three highest paid individuals are as follows：

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	1.00	1.09	0.77	0.46	0.71
Discretionary bonuses	1.86	2.45	1.42	0.44	0.66
Retirement scheme contributions	0.34	0.39	0.26	0.14	0.24
Total	3.20	3.93	2.45	1.04	1.61

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
HKD500,001 to HKD1,000,000	-	-	-	2	3
HKD1,000,001 to HKD1,500,000	3	2	2	-	-
HKD1,500,001 to HKD2,000,000	-	1	-	-	-
Total	3	3	2	2	3

13. DIVIDENDS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Dividend paid	-	5,433	2,097	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost					
At 1 January 2022	654	3,182	1,668	11	5,515
Additions	21	537	57	-	615
Transferred from construction in progress (note 15)	105	-	15	-	120
Reclassified from right-of-use assets (note 19)	-	-	179	-	179
Disposals or write-off	-	-	(2)	-	(2)
At 31 December 2022 and 1 January 2023	780	3,719	1,917	11	6,427
Additions	1	-	20	-	21
Transferred from construction in progress (note 15)	77	-	203	-	280
Disposals or write-off	(16)	-	(9)	-*	(25)
At 31 December 2023	842	3,719	2,131	11	6,703

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost					
At 1 January 2024	842	3,719	2,131	11	6,703
Additions	3	-	46	-	49
Transferred from construction in progress (note 15)	9	-	82	-	91
Transferred from intangible assets (note 16)	-	-	82	-	82
Reclassification	3	-	(3)	-	-
Disposals or write-off	(3)	-	(2)	-	(5)
At 31 December 2024 and 1 January 2025	854	3,719	2,336	11	6,920
Additions	4	-	40	-	44
Transferred from construction in progress (note 15)	8	-	-	-	8
At 31 July 2025	866	3,719	2,376	11	6,972

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment					
At 1 January 2022	23	396	348	2	769
Charge for the year	61	124	94	1	280
Reclassified from right-of-use assets (note 19)	-	-	15	-	15
Disposals or write-off	-	-	(1)	-	(1)
At 31 December 2022 and 1 January 2023	84	520	456	3	1,063
Charge for the year	21	209	150	1	381
Disposals or write-off	(3)	-	(8)	-	(11)
At 31 December 2023	102	729	598	4	1,433

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RMB million	Mining structures and mining rights RMB million	Mining related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment					
At 1 January 2024	102	729	598	4	1,433
Charge for the year	22	219	168	1	410
Reclassification	1	-	(1)	-	-
Disposals or write-off	(1)	-	(1)	-	(2)
At 31 December 2024 and 1 January 2025	124	948	764	5	1,841
Charge for the period	13	126	110	-	249
At 31 July 2025	137	1,074	874	5	2,090
Net carrying amounts					
At 31 December 2022	696	3,199	1,461	8	5,364
At 31 December 2023	740	2,990	1,533	7	5,270
At 31 December 2024	730	2,771	1,572	6	5,079
At 31 July 2025	729	2,645	1,502	6	4,882

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate carrying amounts of RMB182 million, RMB185 million, RMB180 million and RMB178 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There is no pledged property, plant and equipment of Target Company to secure the banking facilities granted to the Target Company at 31 December 2023.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	138	154	48	14
Additions	137	178	57	24
Transferred to property, plant and equipment (note 14)	(120)	(280)	(91)	(8)
Transferred to intangible assets (note 16)	(1)	(4)	-	-
At the end of the year/period	154	48	14	30

16. INTANGIBLE ASSETS

The movements of intangible assets, mainly software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	24	50	77	54
Additions	25	24	59	16
Transferred from construction in progress (note 15)	1	4	-	-
Amortisation	-*	(1)	(1)	(1)
Transferred to property, plant and equipment (note 14)	-	-	(82)	-
At the end of the year/period	50	77	54	68

* Amount less than RMB500,000

17. INTERESTS IN AN ASSOCIATE

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted shares, at cost	15	15	15	15
Share of post-acquisition profits, net of dividend received	13	19	15	19
	28	34	30	34

The Target Company's associate is unlisted and established in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INTERESTS IN AN ASSOCIATE (continued)

Aggregate information of associates that are not individually material:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Carrying amount of immaterial associate	28	34	30	34

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Amounts of the Target Company's share of immaterial associate					
– Profit for the year/period	5	6	5	5	4
– Total comprehensive income for the year/period	5	6	5	5	4

18. OTHER NON-CURRENT ASSETS

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments for mining projects	425	425	425	425
Long-term deferred expenses (note)	1,408	1,162	912	767
	1,833	1,587	1,337	1,192

Note:

The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	1,650	1,408	1,162	912
Amortisation	(236)	(242)	(250)	(145)
Disposal	(6)	(4)	-	-
At the end of the year/period	1,408	1,162	912	767

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. RIGHT-OF-USE ASSETS

The right-of-use assets represent the consideration of land use rights paid to the PRC's government authorities and the amounts of leased assets.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

The Target Company leases assets including buildings, machinery, equipment and other properties, and land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Buildings RMB million	Machinery, equipment and other properties RMB million	Land use rights RMB million	Total RMB million
Cost				
At 1 January 2022	9	179	175	363
Transferred to property, plant and equipment (note 14)	-	(179)	-	(179)
Disposals	(2)	-	-	(2)
At 31 December 2022, 2023 and 2024 and 31 July 2025	7	-	175	182
Accumulated depreciation				
At 1 January 2022	5	4	12	21
Depreciation	3	11	3	17
Transferred to property, plant and equipment (note 14)	-	(15)	-	(15)
Disposals	(2)	-	-	(2)
At 31 December 2022 and 1 January 2023	6	-	15	21
Depreciation	1	-	3	4
At 31 December 2023 and 1 January 2024	7	-	18	25
Depreciation	-	-	4	4
At 31 December 2024 and 1 January 2025	7	-	22	29
Depreciation	-	-	2	2
At 31 July 2025	7	-	24	31
Net carrying amounts				
At 31 December 2022	1	-	160	161
At 31 December 2023	-	-	157	157
At 31 December 2024	-	-	153	153
At 31 July 2025	-	-	151	151

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. INVENTORIES

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	10	21	6	2
Materials and supplies	112	123	100	121
	122	144	106	123

21. ACCOUNTS RECEIVABLE

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– Fellow subsidiaries	477	465	425	418
– Associates	-	-	-	-
– A non-controlling shareholder	846	761	630	249
	1,323	1,226	1,055	667
Less: Allowance for credit losses	-	-	-	-
	1,323	1,226	1,055	667

As at the end of each of the Relevant Periods, all accounts receivable are from contracts with customers.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is less than one year.

As at the end of each of the Relevant Periods, there were no accounts receivable of the Target Company that were pass due.

All accounts receivable are denominated in RMB.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Other receivables due from associates	5	1	1	17
– Other receivables	70	75	2	5
	75	76	3	22
Less: Impairment losses	-	-	-	-
	75	76	3	22
Prepaid expenses and deposits	45	60	64	89
Deductible Value-added tax ("VAT") and other taxes	14	13	-	-
	134	149	67	111

23. RESTRICTED BANK DEPOSITS

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines and restoration development deposits.

The Target Company performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks is insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 33.2 to the Historical Financial Information.

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents

Cash and cash equivalents in the statements of financial position and the statements of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	3,039	3,017	3,750	5,594
Less: Restricted bank deposits	539	795	993	1,140
Less: Time deposits with original maturity over three months	1,500	-	-	2,812
Cash and cash equivalents	1,000	2,222	2,757	1,642

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks was insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 33.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statement of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 26)	Long-term liabilities RMB million (note 29)	Current portion of long-term liabilities RMB million (note 29)	Lease liabilities RMB million	Total RMB million
At 1 January 2022	1,233	-	-	28	1,261
Capital element of lease rentals paid	-	-	-	(27)	(27)
Interest element of lease rentals paid	-	-	-	(5)	(5)
Interest paid	(16)	-	-	-	(16)
Proceeds from borrowings	130	-	-	-	130
Repayments of borrowings	(1,360)	-	-	-	(1,360)
Interest expenses	13	-	-	5	18
Increase in lease liabilities from entering into new leases during the year	-	123	-	-	123
Reclassified into current liabilities	-	(33)	33	-	-
At 31 December 2022	-	90	33	1	124
At 1 January 2023	-	90	33	1	124
Capital element of lease rentals paid	-	(4)	(33)	(1)	(38)
Interest element of lease rentals paid	-	(5)	-	-	(5)
Interest paid	(1)	-	-	-	(1)
Proceeds from borrowings	500	-	-	-	500
Interest expenses	2	5	-	-	7
Increase in lease liabilities from entering into new leases during the year	-	30	-	-	30
Reclassified into current liabilities	-	(69)	69	-	-
At 31 December 2023	501	47	69	-	617

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

The table below shows the detailed changes in the Target Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statement of cash flows as cash flows from financing activities. (continued)

	Borrowings RMB million (note 26)	Long-term liabilities RMB million (note 29)	Current portion of long-term liabilities RMB million (note 29)	Lease liabilities RMB million	Total RMB million
At 1 January 2024	501	47	69	-	617
Capital element of lease rentals paid	-	(47)	(69)	-	(116)
Interest element of lease rentals paid	-	(2)	-	-	(2)
Interest paid	(1)	-	-	-	(1)
Repayments of borrowings	(501)	-	-	-	(501)
Interest expenses	1	2	-	-	3
At 31 December 2024	-	-	-	-	-

(c) Total cash outflows for leases

Amounts included in the statement of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Within financing cash flows	32	43	118	118	-

These amounts relate to the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Lease rental paid	32	43	118	118	-

25. DEFERRED TAXATION

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax (liabilities)/assets	(24)	1	27	46

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. DEFERRED TAXATION (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2022 RMB million
Depreciation of property, plant and equipment	(185)	(47)	(232)
Accrued salaries and other expenses not yet paid	144	36	180
Gross profit from trial production	30	(2)	28
Deferred tax (liabilities)/assets	(11)	(13)	(24)

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2023 RMB million
Depreciation of property, plant and equipment	(232)	46	(186)
Accrued salaries and other expenses not yet paid	180	(19)	161
Gross profit from trial production	28	(2)	26
Deferred tax (liabilities)/assets	(24)	25	1

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2024 RMB million
Depreciation of property, plant and equipment	(186)	48	(138)
Accrued salaries and other expenses not yet paid	161	(20)	141
Gross profit from trial production	26	(2)	24
Deferred tax assets	1	26	27

	1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	31 July 2025 RMB million
Depreciation of property, plant and equipment	(138)	28	(110)
Accrued salaries and other expenses not yet paid	141	(8)	133
Gross profit from trial production	24	(1)	23
Deferred tax assets	27	19	46

As at the end of each of the Relevant Periods, the Target Company had no unused tax losses.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. BORROWINGS

An analysis of the Target Company's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term borrowings	-	501	-	-
Unsecured	-	501	-	-

As at 31 December 2023, the Target Company's short-term borrowings were unsecured and bore interest at a rate of 2.2% per annum.

As at 31 December 2023, the Target Company has short-term borrowings from China Energy Finance Co., Ltd. (Finance Company) amounting to RMB501 million.

27. ACCOUNTS PAYABLE

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– An associate of China Energy Group and fellow subsidiaries	117	200	144	126
– Third parties	1,141	1,067	849	800
	1,258	1,267	993	926

As at the end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice dates, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	1,218	1,233	931	870
One to two years	35	34	48	33
Two to three years	5	-	14	23
	1,258	1,267	993	926

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	21	18	27	82
Taxes payable other than income tax	222	215	232	166
Dividends payable	-	2,100	-	-
Other accrued expenses and payables (note)	125	319	372	424
	368	2,652	631	672

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	-*	-*	-*	-*

* Amount less than RMB500,000

The above balances are unsecured, interest-free and payable on demand.

29. LONG-TERM LIABILITIES

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Long-term liabilities under finance lease (note)	123	116	-	-
Analysed for reporting purpose as:				
Current liabilities	33	69	-	-
Non-current liabilities	90	47	-	-
	123	116	-	-

Note:

The Target Company entered into a finance lease arrangement with Guoneng Financial Leasing Co., Ltd. for the purchase of mining trucks. The finance lease bears interest at 4.3% per annum.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. ACCRUED RECLAMATION OBLIGATIONS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	80	537	225	155
Addition for the year/period	537	-	-	-
Accretion expense	4	23	10	4
Accrued reclamation obligations utilised	(84)	(335)	(80)	(36)
At the end of the year/period	537	225	155	123
Analysed for reporting purpose as:				
Current liabilities	311	70	54	22
Non-current liabilities	226	155	101	101
	537	225	155	123

31. PAID-UP CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Registered and paid-up capital	2,180	2,739	2,739	2,739

During the year ended 31 December 2023, the equity holders made a capital contribution of RMB1,796 million to the Target Company, of which RMB559 million were recorded as paid-up capital.

32. CAPITAL RISK MANAGEMENT

The Target Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or raise capital to reduce debts.

The Target Company monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Company aims to maintain the gearing ratio at a reasonable level. The Target Company's gearing ratios as at 31 December 2022, 2023 and 2024 and 31 July 2025 were 21.2%, 42.6%, 17.5% and 13.9%, respectively. The increase in gearing ratio as at 31 December 2023 was mainly due to dividend payable amounting to RMB2,100 million (note 28).

There were no changes in the Target Company's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

The carrying amounts of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	4,437	4,319	4,808	6,283
Financial liabilities				
Amortised cost	1,506	3,802	1,364	1,350

33.2 Financial risk management objectives and policies

The Target Company's major financial instruments include accounts receivable, deposits to China Energy Group and fellow subsidiaries, amounts due from/to an associate, other receivables, accounts payable, borrowings, other payables, long-term liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Target Company is exposed to fair value interest rate risk in relation to fixed-rate borrowings (see note 26). The Target Company does not have variable rate borrowings or variable loans, therefore the directors believe the Target Company has no significant concentration of interest rate risk.

The Target Company's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note.

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, the Target Company's maximum exposure to credit risk was best represented by those financial assets' carrying amounts. The Target Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts receivable arising from contracts with customers

In order to minimise the credit risk, the management of the Target Company has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Target Company's credit risk is significantly reduced.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables

Other receivables represent dividend receivables and interest receivables. The dividend receivables relate to the investments of the Target Company and the interest receivables mainly relate to related parties and stated owned entities. Thus, the credit risk on other receivables is limited.

The table below details the credit risk exposures of the Target Company's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	12-month ECL or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Restricted bank deposits	23	N/A	12-month ECL	539	795	993	1,140
Cash and cash equivalents and time deposits	24	N/A	12-month ECL	2,500	2,222	2,757	4,454
Other receivables	22	N/A	12-month ECL	75	76	3	22
			Credit-impaired	-	-	-	-
Accounts receivable (note)	21	N/A	Provision matrix	1,323	1,226	1,055	667
			Credit-impaired	-	-	-	-

Note:

For accounts receivable, the Target Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Target Company determines the ECL on these items by using a provision matrix, grouped by age of debtors.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – age of debtors

As part of the Target Company's credit risk management, the Target Company uses age of debtors to assess the impairment for its receivables from customers in relation to its sales of coal and coal-based powder because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivable which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). The Target Company has no individually assessed accounts receivable as at 31 December 2022, 2023 and 2024 and 31 July 2025.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	-	1,323	-	1,226	-	1,055	-	667

The estimated loss rates are estimated based on historical observed default rates over the expected lives of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. As at 31 July 2025, the Target Company had not incurred any default in relation to its accounts receivable.

Liquidity risk

The following table details the remaining contractual maturity of the Target Company's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date on which the Target Company can be required to pay:

	31 December 2022						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Accounts payable, other payables, lease liabilities and long-term liabilities	-*	1,422	36	60	-	1,518	1,506

* Ratio less than 0.05%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Company's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date on which the Target Company can be required to pay: (continued)

	31 December 2023						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Accounts payable, other payables, lease liabilities and long-term liabilities	-*	3,733	45	32	-	3,810	3,802
Borrowings fixed interest rates	2.20	501	-	-	-	501	501
	-*	4,234	45	32	-	4,311	4,303

* Ratio less than 0.05%

	31 December 2024						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Accounts payable, other payables, lease liabilities and long-term liabilities	-*	1,364	-	-	-	1,364	1,364

* Ratio less than 0.05%

	31 July 2025						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1-2 years RMB million	2-5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Accounts payable, other payables, lease liabilities and long-term liabilities	-	1,350	-	-	-	1,350	1,350

Saved as discussed above, the Target Company also makes use of banks and financial institution facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.3 Fair value measurements

Fair values of the Target Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Target Company does not have financial asset or financial liabilities that are measure at fair value on a recuring basis.

Fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. The fair values of fixed rate borrowings approximate their fair values as they are borrowed on a period of 3 to 6 months, during which the time value of money is insignificant.

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:								
Long-term liabilities	123	124	116	118	-	-	-	-

The fair value of the long-term liabilities above is in the Level 2 category, and is measured using discounted cash flow method where the future cash flows were estimated based on the contracts and discounted at a rate that reflected the credit risks of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. COMMITMENTS AND CONTINGENT LIABILITIES

34.1 Capital commitments

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had capital commitments for land, buildings and mining rights, exploration and evaluation assets, equipment and others as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Land, buildings and exploration and evaluation assets	36	23	35	36
– Equipment	142	196	422	437
	178	219	457	473

34.3 Legal contingencies

The Target Company is the defendant in several legal proceedings and the plaintiff in other lawsuits arising from daily operations. Although the outcome of these legal proceedings cannot be determined at this time, the directors believe that any liabilities arising therefrom will not have a material adverse effect on the Historical Financial Information.

34.2 Environmental contingencies

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and has not accrued any further amounts for environmental remediation relating to its operations apart from the provision for land reclamation costs. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Target Company. The regulatory bodies, however, have moved, and may move towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Target Company's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to, coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present and could be material.

35. EMPLOYEE BENEFIT PLANS

The Target Company participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Company is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Company makes contribution to a supplemental defined contribution pension plan for its employees. The fund of that plan is managed by a qualified fund manager. The Target Company has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Company's contributions for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025 were RMB40 million, RMB47 million, RMB60 million, RMB35 million and RMB38 million, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS

36.1 Transactions with associates of China Energy Group, fellow subsidiaries, the associate of the Target Company and Yanchang Petroleum

The Target Company is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, associates of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control. The Target Company has entered into transaction with Yanchang Petroleum, which is the second largest equity holder of the Target Company, and has significant influence over the Target Company. The Target Company also has entered into transactions with its associate, over which the Target Company can exercise significant influence.

The Target Company had the following transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, the associate of the Target Company and Yanchang Petroleum. The following transactions were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and seven months ended 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	9	41	10	4	14
Interest expense	(ii)	6	6	3	-	-
Purchases of ancillary materials and spare parts	(iii)	66	100	107	64	74
Ancillary services	(iv)	21	22	26	13	14
Sale of coal	(v)	3,623	3,469	3,600	2,164	1,833
Purchase of equipment and construction work	(vi)	91	415	343	230	221
Other income	(vii)	1	3	1	-	1
Net deposits placed with Finance Company	(viii)	1,739	(277)	535	1,379	1,697
Granting of loans from Finance Company	(ix)	-	500	-	-	-
Repayment of loans from Finance Company	(x)	-	-	500	500	-

Transactions with Yanchang Petroleum	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Sale of coal	(v)	3,470	3,346	3,458	2,080	1,751

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with associates of China Energy Group, Fellow Subsidiaries, the associate of the Target Company and Yanchang Petroleum (continued)

The Target Company had the following transactions with China Energy Group, associates of China Energy Group, fellow subsidiaries, the associate of the Target Company and Yanchang Petroleum. The following transactions were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and seven months ended 2024 and 2025: (continued)

(i) Interest income represents interest earned from deposits in Finance Company. The applicable interest rate is determined in accordance with the prevailing interest rates published by the People's Bank of China (PBOC).

(ii) Interest expense represents interest incurred from loans from Fellow Subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Company's operations from Fellow Subsidiaries and associates of China Energy Group.

(iv) Ancillary services represent expenditures for support services such as operation and maintenance service fee, engineering consulting fee and the supply of electricity to associates of China Energy Group, Fellow Subsidiaries and associates of the Target Company.

(v) Sale of coal represents income from sale of coal to Fellow Subsidiaries, the associate of China Energy Group and Yanchang Petroleum.

(vi) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by Fellow Subsidiaries.

(vii) Other income mainly includes sales of water and electricity to associates of China Energy Group, Fellow Subsidiaries and the associate of the Target Company.

(viii) Net deposits placed with Finance Company represents net deposits placed by the Target Company with Finance Company.

(ix) Granting of loans from Finance Company.

(x) Repayment of loans from Finance Company.

The directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with associates of China Energy Group, Fellow Subsidiaries, the associate of the Target Company and Yanchang Petroleum (continued)

Amounts due from/to associates of China Energy Group, Fellow Subsidiaries, the associate of the Target Company and Yanchang Petroleum:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cash and time deposits at bank	2,499	2,222	2,756	4,453
Accounts receivable	477	465	425	418
Prepaid expenses and other current assets	38	53	60	87
Total amounts due from associates of China Energy Group, Fellow Subsidiaries and the associate of the Target Company	3,014	2,740	3,241	4,958
Borrowings	-	500	-	-
Accounts payable	117	200	144	126
Accrued expenses and other payables	-*	-*	40	40
Total amounts due to associates of China Energy Group and Fellow Subsidiaries, and the associate of the Target Company	117	700	184	166

Transactions with Yanchang Petroleum	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable	846	761	630	249
Total amounts due from Yanchang Petroleum	846	761	630	249

* Amount less than RMB500,000

Other than those disclosed in notes 21, 22, 24, 26, 27, 28 and 29 to the Historical Financial Information, amounts due from/to associates of China Energy Group, Fellow Subsidiaries, the associate of the Target Company and Yanchang Petroleum bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Company is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	3.28	3.71	3.82	1.29	1.76
Post-employment benefits	0.32	0.37	0.44	0.17	0.27
	3.60	4.08	4.26	1.46	2.03

Total remuneration is included in "personnel expenses" as disclosed in note 10 to the Historical Financial Information.

36.3 Contributions to post-employment benefit plans

The Target Company participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Company's post-employment benefit plans are disclosed in note 35 to the Historical Financial Information.

37. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

Shanxi Province Jinshen Energy Co., Ltd.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANXI PROVINCE JINSHEN ENERGY CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the Historical Financial Information of Shanxi Province Jinshen Energy Co., Ltd. (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-H-3 to II-H-103, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-H-3 to II-H-103 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-H-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	5,917	5,625	3,060	2,006	1,771
Cost of sales	6	(2,345)	(2,446)	(1,789)	(1,087)	(1,383)
Gross profit		3,572	3,179	1,271	919	388
Selling expenses		(55)	(50)	(28)	(23)	(17)
General and administrative expenses		(303)	(320)	(310)	(179)	(159)
Other gains and losses	10	1	(12)	-	-	-
Other income	7	-	12	5	1	3
Loss allowances, net of reversal	10	(2)	(6)	(1)	-	1
Other expenses		(36)	(44)	(43)	(17)	(60)
Interest income	8	11	9	7	5	4
Finance costs	8	(61)	(19)	(9)	(6)	(5)
Share of results of associates		5	(7)	(7)	(4)	(1)
Profit before income tax		3,132	2,742	885	696	154
Income tax expense	9	(820)	(698)	(236)	(183)	(58)
Profit for the year/period	10	2,312	2,044	649	513	96
Other comprehensive income for the year/period		-	-	-	-	-
Total comprehensive income for the year/period		2,312	2,044	649	513	96

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit for the year/period attributable to:					
Equity holders of the Company	1,848	1,564	395	419	59
Non-controlling interests	464	480	254	94	37
	2,312	2,044	649	513	96
Total comprehensive income for the year/period attributable to:					
Equity holders of the Company	1,848	1,564	395	419	59
Non-controlling interests	464	480	254	94	37
	2,312	2,044	649	513	96

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	2,834	2,891	3,427	3,539
Investment properties		1	1	1	-
Construction in progress	15	218	214	250	40
Right-of-use assets	16	72	70	68	67
Interests in associates	17	42	42	49	51
Other non-current assets	19	342	381	418	506
Deferred tax assets	25	82	41	33	29
Total non-current assets		3,591	3,640	4,246	4,232
Current assets					
Inventories	20	306	183	201	168
Accounts and bills receivables	21	75	18	4	36
Prepaid expenses and other current assets	22	771	3,518	3,177	2,398
Restricted bank deposits	23	429	662	688	610
Time deposits with original maturity over three months	24	-	-	-	180
Cash and cash equivalents	24	2,847	95	14	79
Total current assets		4,428	4,476	4,084	3,471
Current liabilities					
Borrowings	26	180	-	-	-
Accounts and bills payables	27	335	390	335	271
Accrued expenses and other payables	28	608	717	973	444
Current portion of long-term liabilities	29	87	40	10	-
Income tax payable		242	192	131	20
Contract liabilities		1	1	2	1
Total current liabilities		1,453	1,340	1,451	736
Net current assets		2,975	3,136	2,633	2,735
Total assets less current liabilities		6,566	6,776	6,879	6,967

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Borrowings	26	328	18	18	18
Long-term liabilities	29	50	10	-	-
Accrued reclamation obligations	30	558	498	440	432
Total non-current liabilities		936	526	458	450
Net assets		5,630	6,250	6,421	6,517
Equity					
Paid-up capital	31	574	574	574	574
Reserves		4,042	4,491	4,600	4,659
Equity attributable to equity holders of the Target Company		4,616	5,065	5,174	5,233
Non-controlling interests		1,014	1,185	1,247	1,284
Total equity		5,630	6,250	6,421	6,517

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (note 30)	Capital reserve RMB million	Statutory reserves RMB million (note (i))	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	574	22	121	2,051	2,768	550	3,318
Profit for the year	-	-	-	1,848	1,848	464	2,312
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,848	1,848	464	2,312
Appropriation of maintenance and production funds (note (i))	-	-	301	(301)	-	-	-
Utilisation of maintenance and production funds (note (i))	-	-	(130)	130	-	-	-
At 31 December 2022	574	22	292	3,728	4,616	1,014	5,630

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (note 31)	Capital reserve RMB million	Statutory reserves RMB million (note (i))	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	574	22	292	3,728	4,616	1,014	5,630
Profit for the year	-	-	-	1,564	1,564	480	2,044
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,564	1,564	480	2,044
Dividend declared (note 13)	-	-	-	(1,115)	(1,115)	-	(1,115)
Appropriation of maintenance and production funds (note (i))	-	-	618	(618)	-	-	-
Utilisation of maintenance and production funds (note (i))	-	-	(169)	169	-	-	-
Distributions to non-controlling shareholders	-	-	-	-	-	(309)	(309)
At 31 December 2023	574	22	741	3,728	5,065	1,185	6,250

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (note 31)	Capital reserve RMB million	Statutory reserves RMB million (note (i))	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	574	22	741	3,728	5,065	1,185	6,250
Profit for the year	-	-	-	395	395	254	649
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	395	395	254	649
Dividend declared (note 13)	-	-	-	(286)	(286)	-	(286)
Appropriation of maintenance and production funds (note (i))	-	-	273	(273)	-	-	-
Utilisation of maintenance and production funds (note (i))	-	-	(209)	209	-	-	-
Contributions from non-controlling shareholders	-	-	-	-	-	(192)	(192)
At 31 December 2024	574	22	805	3,773	5,174	1,247	6,421

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (note 31)	Capital reserve RMB million	Statutory reserves RMB million (note (i))	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	574	22	741	3,728	5,065	1,185	6,250
Profit for the period	-	-	-	419	419	94	513
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	419	419	94	513
Appropriation of maintenance and production funds (note (i))	-	-	161	(161)	-	-	-
Utilisation of maintenance and production funds (note (i))	-	-	(87)	87	-	-	-
At 31 July 2024	574	22	815	4,073	5,484	1,279	6,763

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (note 31)	Capital reserve RMB million	Statutory reserves RMB million (note (i))	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	574	22	805	3,773	5,174	1,247	6,421
Profit for the period	-	-	-	59	59	37	96
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	59	59	37	96
Appropriation of maintenance and production funds (note (i))	-	-	205	(205)	-	-	-
Utilisation of maintenance and production funds (note (i))	-	-	(183)	183	-	-	-
At 31 July 2025	574	22	827	3,810	5,233	1,284	6,517

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Note:

(i) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Target Company's Articles of Association, the Target Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to shareholders.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Target Group is required to transfer production and maintenance funds at fixed rates based on relevant bases, such as production volume, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit before income tax	3,132	2,742	885	696	154
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	285	258	202	111	165
Depreciation of right-of-use assets (note 10)	2	2	2	1	1
Amortisation of long-term deferred expenses (note 10)	21	39	20	2	104
Losses on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	(1)	-	-	-	-
Impairment losses on property, plant and equipment (note 10)	-	12	-	-	-
Interest income (note 8)	(11)	(9)	(7)	(5)	(4)
Loss allowances, net of reversal (note 10)	2	6	1	-	(1)
Interest expenses	50	8	-	-	-
Other income	-	-	-	1	2
Operating cash flows before movements in working capital	3,480	3,058	1,103	806	421
Decrease/(increase) in inventories	136	123	(18)	(49)	33
Decrease/(increase) in accounts and bills receivables	18	56	14	11	(31)
Decrease/(increase) in prepaid expenses and other assets	76	(2,718)	432	116	709
(Decrease)/increase in accounts and bills payables	(52)	55	(55)	(40)	(64)
(Decrease)/increase in accrued expenses and other liabilities	(452)	(414)	(447)	592	(14)
(Decrease)/increase in contract liabilities	(74)	(1)	(3)	(2)	(5)
Cash generated from operations	3,132	159	1,026	1,434	1,049
Income tax paid	(963)	(707)	(347)	(303)	(150)
Net cash generated from/(used in) operating activities	2,169	(548)	679	1,131	899

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(23)	(165)	(525)	(237)	(235)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	1	-	3	-	-
Investments in financial asset at fair value through profit or loss	(14)	(14)	(14)	(8)	(8)
Decrease/(increase) in restricted bank deposits	(429)	(233)	(26)	(15)	78
Placement of time deposits with original maturity over three months	-	-	-	-	(180)
Maturity of time deposits with original maturity over three months	657	-	-	-	1
Net cash generated from/(used in)investing activities	192	(412)	(562)	(260)	(344)

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Financing activities					
Capital element of lease rentals paid	(215)	(41)	-	-	-
Interest element of lease rentals paid	(46)	(46)	(40)	(26)	(10)
Interest paid	(50)	(9)	-	-	-
Repayments of borrowings	(410)	(490)	-	-	-
Distributions to non-controlling shareholders	-	(91)	(158)	(157)	(194)
Dividend paid to equity holders of the Target Company (note 13)	-	(1,115)	-	-	(286)
Net cash generated from/(used in) financing activities	(721)	(1,792)	(198)	(183)	(490)
Increase/(decrease) in cash and cash equivalents	1,640	(2,752)	(81)	688	65
Cash and cash equivalents, at the beginning of the year/period	1,207	2,847	95	95	14
Cash and cash equivalents, at the end of the year/period	2,847	95	14	783	79

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	22	21	20	19
Investments in subsidiaries	18	768	768	768	768
Investments in associates	17	42	42	49	51
Total non-current assets		832	831	837	838
Current assets					
Inventories	20	12	-	-	-
Accounts and bills receivables	21	5	-	-	-
Prepaid expenses and other current assets	22	1,589	3,425	3,155	2,496
Restricted bank deposits	23	-	-	2	2
Cash and cash equivalents	24	2,738	21	2	13
Total current assets		4,344	3,446	3,159	2,511

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current liabilities					
Accounts and bills payables	27	4,519	3,308	2,714	2,359
Accrued expenses and other payables	28	58	44	312	18
Current portion of long-term liabilities	29	1	1	-	-
Total current liabilities		4,578	3,353	3,026	2,377
Net current (liabilities)/assets		(234)	93	133	134
Total assets less current liabilities		598	924	970	972
Non-current liabilities					
Long-term liabilities	29	1	-	-	-
Total non-current liabilities		1	-	-	-
Net assets		597	924	970	972
Equity					
Paid-up capital	31	574	574	574	574
Reserves	38	23	350	396	398
Total equity		597	924	970	972

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located in Heping 2nd Lane, Qixiang Road, Xinfu District, Xinzhou City, Shanxi Province, the PRC.

During the Relevant Periods, the Target Group was involved in the following principal activities: (i) the production and sale of coal; and (ii) the provision of railway transportation services to coal production and sales companies in the PRC.

In the opinion of the directors the immediate holding company and the ultimate holding company of the Target Company are Shanxi Coal Transportation and Sales Group Co., Ltd. and Jinneng Holdings Group Co., Ltd., respectively, both of which are established in the PRC.

As at the date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Paid-up capital RMB million	Proportion of ownership interest held by the Target Group	Principal activities
Shanxi Jinshen Hequ Coal Development Co., Ltd.山西晉神河曲煤炭開發有限公司	PRC/Mainland China 30 September 2005	15	99.50	Research and development of new coal technologies
Shanxi Jinshen Employee Education and Training Co., Ltd.山西晉神職工教育培訓有限公司	PRC/Mainland China 25 September 2013	1	99.50	Business services
Shanxi Jinshen Shaping Coal Industry Co., Ltd.山西晉神沙坪煤業有限公司	PRC/Mainland China 5 July 2010	80	100.00	Coal mining and selection
Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. 山西河曲晉神磁窯溝煤業有限公司	PRC/Mainland China 17 June 2011	240	60.00	Coal mining and selection
Shanxi Xinzhou Jinshen Coal Sales Co., Ltd.山西忻州晉神煤炭銷售有限公司	PRC/Mainland China 18 November 2014	10	100.00	Coal distribution, wholesale, loading and unloading
Shanxi Xinzhou Local Railway Co., Ltd.山西省忻州地方鐵路有限公司	PRC/Mainland China 02 December 1985	0	100.00	Railway transportation
Shanxi Jinshen Railway Co., Ltd.山西晉神鐵路有限公司	PRC/Mainland China 12 April 2012	20	100.00	Railway transportation

The statutory financial statements of the above entities for the years ended 31 December 2022, 2023 and 2024 prepared under Chinese Accounting Standards were audited by Shanxi Tianzheng Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared on the historical cost basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. IFRS 18 is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries. Control is achieved when the Target Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Target Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating units within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Target Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate. When the Target Group's share of losses of an associate exceeds the Target Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group reduces its ownership interest in an associate but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interest in the associate that is not related to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e, when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e, only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of the income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investments in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "OECD").

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consists of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except freehold land, and mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation)
Land and buildings	20 to 35 years
Mining rights，mining related machinery and equipment	5 to 12 years
Furniture, fixtures, motor vehicles and other equipment	5 to 8 years

The directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation. Incurred during the production stage of the ore body and does not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Obligations for land reclamation

The Target Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Target Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets (continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable, other receivables, etc.). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. ECLs on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collateral held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected loss is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e., the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group;

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent;

(ix) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Coal reserves

Engineering estimates of the Target Group's coal reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated coal reserves can be designated as "proved" and "probable". Proved and probable coal reserve estimates are updated at regular basis and have taken into account recent production and technical information of each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable coal reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expenses and impairment loss. Depreciation rates are determined based on estimated proved and probable coal reserve quantity (the denominator) and capitalised costs of mining structures and mining rights (the numerator). The capitalised cost of mining structures and mining rights are amortised based on the units of coal produced.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.1 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates and other non-current assets, the recoverable amount of the asset need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is regarding the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The Group recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 25 to the Historical Financial Information.

Obligations for land reclamation

The estimation of the liabilities for reclamation and mine closure involves the estimates of the amount and timing for the future cash spending as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Target Group considers the factors including development plan of the mines, the geological structure of the mining regions and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Target Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred. The discount rate used by the Target Group may also be altered to reflect the changes in the market assessments of the time value of money and the risks specific to the liability, such as change of the borrowing rate and inflation rate in the market. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation will be recognised at the appropriate discount rate. The carrying amounts of the obligations are disclosed in note 30 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Coal	5,809	5,523	3,042	1,992	1,771
– Transportation and other services	96	95	13	10	-
Others	12	7	5	4	-
	5,917	5,625	3,060	2,006	1,771

The Target Group's revenues are all derived from contracts with customers.

The Target Group produces and sells coal to customers at spot market. For sales of coal, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location. According to the Target Group's historical experiences, there was no significant exchange or return of coal occurred. There are no sales-related warranties associated with coal.

The Target Group provides railway transportation services to customers. Such services are recognised as a performance obligation satisfied over time as the Target Group rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation.

All performance obligations of sales of coal and railway transportation services are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Group's revenue from external customers was from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of Target Group's non-current non-financial assets (excluding deferred tax assets) were located in Mainland China as at the end of each of the Relevant Periods.

Revenue derived from a single customer which accounted for 10% or more of the Target Group's total revenue is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Customer A	5,532	5,521	3,030	1,983	1,768

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	1,349	1,480	1,024	618	864
Personnel expenses	323	382	336	203	188
Depreciation and amortisation	229	184	151	83	116
Taxes and surcharges	444	400	278	183	215
	2,345	2,446	1,789	1,087	1,383

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Government grants	-	-	-	-	1
Claim income	-	7	1	1	-
Others	-	5	4	-	2
	-	12	5	1	3

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	7	9	7	5	4
– other loans and receivables	4	-	-	-	-
Total interest income	11	9	7	5	4
Interest on:					
– borrowings	50	8	-	-	-
Total finance costs on financial liabilities	50	8	-	-	-
Unwinding of discount	11	11	9	6	5
Total finance costs	61	19	9	6	5
Net finance costs	50	10	2	1	1

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	807	650	220	164	54
Income tax difference adjustment in respect of prior year/period	6	7	8	16	-
Deferred tax	7	41	8	3	4
	820	698	236	183	58

The tax charge for the year/period can be reconciled to the profit before income tax per consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit before income tax	3,132	2,742	885	696	154
Tax at the PRC income tax rate of 25%	783	686	221	174	39
Tax effects of:					
– non-deductible expenses	30	5	9	(6)	19
– share of results of associates	1	-	(2)	(1)	-
– Income tax difference adjustment in respect of prior year/period	6	7	8	16	-
Income tax expense	820	698	236	183	58

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Periods and for the seven months ended 31 July 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PERIOD

Profit has been arrived at after charging/(crediting):

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	559	661	613	351	329
– Contributions to defined contribution plans	55	60	67	39	37
Depreciation of property, plant and equipment (note 14)	285	258	202	111	165
Depreciation of right-of-use assets (note 16)	2	2	2	1	1
Amortisation of long-term deferred expenses (note 19)	21	39	20	2	104
Depreciation and amortisation	308	299	224	114	270
Loss allowances					
– Accounts receivable (note 33.2)	1	6	-	-	(1)
– Other receivables and other loans (note 33.2)	1	-	1	-	-
	2	6	1	-	(1)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PERIOD (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, represent:					
- Losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets	1	-	-	-	-
- Reversal of Impairment losses on property, plant and equipment (note 14)	-	(12)	-	-	-
	1	(12)	-	-	-
Carrying amount of inventories sold	3,311	3,734	1,920	1,271	2,538

Note:

The Target Group has recorded impairment losses for certain long-term assets when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the cash generating units ("CGU") less costs to sell and value in use ("VIU") of the CGUs.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Hua		-	0.18	0.48	0.03	0.69
Wang Dengpan		-	0.16	0.43	0.03	0.62
Zhao Zhijian		-	0.16	0.40	0.03	0.59
Niu Lixin		-	0.16	0.40	0.03	0.59
Shang Zhongyuan		-	0.16	0.40	0.14	0.70
Wang Xiuli		-	0.16	0.40	0.14	0.70
Zhang Youhe	(iv)	-	-	-	-	-
Cai Zhiwei	(ii)	-	-	-	-	-
He Guangdong	(i)	-	-	-	-	-
Li Hongfei	(i)	-	-	-	-	-
Sub-total		-	0.98	2.51	0.40	3.89
Supervisors						
Shi Jianbin	(i)	-	-	-	-	-
He Yan	(i)	-	-	-	-	-
Meng Jiwei	(ii)	-	-	-	-	-
Sub-total		-	-	-	-	-
Total		-	0.98	2.51	0.40	3.89

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:(Continued)

		Year ended 31 December 2023				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Hua		-	0.19	0.34	0.04	0.57
Wang Dengpan		-	0.17	0.44	0.04	0.65
Zhao Zhijian		-	0.16	0.42	0.04	0.62
Niu Lixin		-	0.16	0.42	0.04	0.62
Shang Zhongyuan		-	0.16	0.42	0.14	0.72
Wang Xiuli		-	0.16	0.44	0.14	0.74
Zhang Youhe	(iv)	-	-	-	-	-
Cai Zhiwei	(ii)	-	-	-	-	-
Hao Jia	(ii)	-	-	-	-	-
He Guangdong	(i)	-	-	-	-	-
Li Hongfei	(i)	-	-	-	-	-
Sub-total		-	1.00	2.48	0.44	3.92
Supervisors						
Shi Jianbin	(i)	-	-	-	-	-
He Yan	(i)	-	-	-	-	-
Meng Jiwei	(ii)	-	-	-	-	-
Sub-total		-	-	-	-	-
Total		-	1.00	2.48	0.44	3.92

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:(Continued)

		Year ended 31 December 2024				
	Notes	Fees	Basic salaries, housing and other allowance and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
		RMB million	RMB million	RMB million	RMB million	RMB million
Directors						
Huang Hua		-	0.17	0.59	0.04	0.80
Wang Dengpan		-	0.18	0.53	0.04	0.75
Zhao Zhijian		-	0.16	0.51	0.04	0.71
Niu Lixin		-	0.16	0.49	0.04	0.69
Shang Zhongyuan		-	0.16	0.50	0.16	0.82
Wang Xiuli		-	0.17	0.50	0.15	0.82
Zhang Youhe	(iv)	-	-	-	-	-
Sub-total		-	1.00	3.12	0.47	4.59
Supervisors						
Shi Jianbin	(i)	-	-	-	-	-
He Yan	(i)	-	-	-	-	-
Meng Jiwei	(ii)	-	-	-	-	-
Sub-total		-	-	-	-	-
Total		-	1.00	3.12	0.47	4.59

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:(Continued)

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Hua		-	0.11	0.05	0.02	0.18
Wang Dengpan		-	0.10	0.04	0.02	0.16
Zhao Zhijian		-	0.10	0.06	0.02	0.18
Niu Lixin		-	0.10	0.04	0.02	0.16
Shang Zhongyuan		-	0.10	0.04	0.09	0.23
Wang Xiuli		-	0.10	0.04	0.09	0.23
Zhang Youhe	(iv)	-	-	-	-	-
Cai Zhiwei	(ii)	-	-	-	-	-
Hao Jia	(ii)	-	-	-	-	-
He Guangdong	(i)	-	-	-	-	-
Li Hongfei	(i)	-	-	-	-	-
Sub-total		-	0.61	0.27	0.26	1.14
Supervisors						
Shi Jianbin	(i)	-	-	-	-	-
He Yan	(i)	-	-	-	-	-
Meng Jiwei	(ii)	-	-	-	-	-
Sub-total		-	-	-	-	-
Total		-	0.61	0.27	0.26	1.14

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:(Continued)

		Seven months ended 31 July 2025				
	Notes	Fees RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Huang Hua		-	0.10	0.04	0.02	0.16
Wang Dengpan		-	0.11	0.04	0.02	0.17
Zhao Zhijian		-	0.08	0.02	0.02	0.12
Niu Lixin		-	0.10	0.04	0.02	0.16
Shang Zhongyuan		-	0.10	0.04	0.10	0.24
Wang Xiuli		-	0.10	0.04	0.10	0.24
Song Libing	(iii)	-	-	-	-	-
Cai Zhiwei	(ii)	-	-	-	-	-
Hao Jia	(ii)	-	-	-	-	-
He Guangdong	(i)	-	-	-	-	-
Li Hongfei	(i)	-	-	-	-	-
Sub-total		-	0.59	0.22	0.28	1.09
Supervisors						
Shi Jianbin	(i)	-	-	-	-	-
He Yan	(i)	-	-	-	-	-
Meng Jiwei	(ii)	-	-	-	-	-
Sub-total		-	-	-	-	-
Total		-	0.59	0.22	0.28	1.09

Discretionary bonuses were determined in accordance with the relevant human resources policies.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Notes:

(i) The emoluments of these directors and supervisors were borne by China Energy Shendong Coal Group Co., Ltd. during the Relevant Periods and the seven months ended 31 July 2024.

(ii) The emoluments of these directors and supervisors were borne by Jinneng Holding Coal Group Co.,Ltd. during the Relevant Periods and the seven months ended 31 July 2024.

(iii) Mr. Song Libing was appointed as a director on 28 February 2025.

(iv) Mr. Zhang Youhe ceased to serve as a director on 30 December 2024.

Except for those emoluments of directors or supervisors whose emoluments were borne by China Energy Shendong Coal Group Co., Ltd. and Jinneng Holding Coal Group Co.,Ltd., the directors' and supervisors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Target Company and the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Target Group, nil, nil, two, nil and nil were directors of the Target Company whose emoluments are disclosed in note 11 to the Historical Financial Information for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively. The emoluments of other five, five, three, five and five highest paid individuals are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	3.20	3.64	1.48	2.56	1.95
Discretionary bonuses	0.56	0.55	0.88	0.39	0.33
Retirement scheme contributions	0.33	0.35	0.23	0.12	0.12
Total	4.09	4.54	2.59	3.07	2.40

Their emoluments are within the following band:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
HKD500,001 to HKD1,000,000	5	4	2	5	5
HKD1,000,001 to HKD1,500,000	-	1	1	-	-
Total	5	5	3	5	5

13. DIVIDENDS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Dividend paid	-	1,115	-	-	286

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Land and buildings RMB million	Mining rights , mining related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost				
At 1 January 2022	1,218	3,605	497	5,320
Additions	21	11	17	49
Transferred from construction in progress (note 15)	13	70	-	83
Disposals or write-off	-	(1)	(5)	(6)
At 31 December 2022 and 1 January 2023	1,252	3,685	509	5,446
Additions	-	133	52	185
Transferred from construction in progress (note 15)	143	-	-	143
Disposals or write-off	(24)	(28)	(7)	(59)
At 31 December 2023 and 1 January 2024	1,371	3,790	554	5,715
Additions	-	637	48	685
Transferred from construction in progress (note 15)	63	-	-	63
Reclassification and other additions	(5)	-	-	(5)
Disposals or write-off	(4)	(13)	(3)	(20)
At 31 December 2024 and 1 January 2025	1,425	4,414	599	6,438
Additions	1	23	19	43
Transferred from construction in progress (note 15)	22	72	140	234
Disposals or write-off	(5)	-	(1)	(6)
At 31 July 2025	1,443	4,509	757	6,709

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Group (continued)

	Land and buildings RMB million	Mining rights , mining related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2022	454	1,466	412	2,332
Charge for the year	52	206	27	285
Impairment losses	-	-	-	-
Disposals or write-off	-	(1)	(4)	(5)
At 31 December 2022 and 1 January 2023	506	1,671	435	2,612
Charge for the year	56	186	16	258
Impairment losses	12	-	-	12
Disposals or write-off	(30)	(21)	(7)	(58)
At 31 December 2023	544	1,836	444	2,824

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Group (continued)

	Land and buildings RMB million	Mining rights , mining related machinery and equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2024	544	1,836	444	2,824
Charge for the year	62	117	23	202
Disposals or write-off	(2)	(10)	(3)	(15)
At 31 December 2024 and 1 January 2025	604	1,943	464	3,011
Charge for the period	35	113	17	165
Disposals or write-off	(5)	-	(1)	(6)
At 31 July 2025	634	2,056	480	3,170
Net carrying amounts				
At 31 December 2022	746	2,014	74	2,834
At 31 December 2023	827	1,954	110	2,891
At 31 December 2024	821	2,471	135	3,427
At 31 July 2025	809	2,453	277	3,539

Notes:

(i) The Target Group was in the process of applying for the title certificates of certain of its properties with aggregate carrying amounts of RMB497million, RMB593 million, RMB554 million and RMB546 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There is no pledged property, and equipment of the Target Group to secure the banking facilities granted to the Target Group as at 31 December 2022, 2023 and 2024 and 31 July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company

	Land and buildings RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost			
At 1 January 2022	27	16	43
Disposals or write-off	-	(2)	(2)
At 31 December 2022, 2023 and 2024 and 31 July 2025	27	14	41

	Land and buildings RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment			
At 1 January 2022	9	11	20
Charge for the year	1	-	1
Disposals or write-off	-	(2)	(2)
At 31 December 2022 and 1 January 2023	10	9	19
Charge for the year	1	-	1
At 31 December 2023	11	9	20

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company (continued)

	Land and buildings RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment			
At 1 January 2024	11	9	20
Charge for the year	1	-	1
At 31 December 2024 and 1 January 2025	12	9	21
Charge for the period	1	-	1
At 31 July 2025	13	9	22
Net carrying amounts			
At 31 December 2022	17	5	22
At 31 December 2023	16	5	21
At 31 December 2024	15	5	20
At 31 July 2025	14	5	19

Notes:

(i) The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate carrying amounts of RMB19 million, RMB18 million, RMB17 million and RMB16 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

(ii) There is no pledged property, plant and equipment of the Target Company to secure the banking facilities granted to the Target Company at 31 December 2022, 2023 and 2024 and 31 July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	178	218	214	250
Additions	123	139	99	24
Transferred to property, plant and equipment (note 14)	(83)	(143)	(63)	(234)
At the end of the year/period	218	214	250	40

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

16. RIGHT-OF-USE ASSETS

The Target Group

The right-of-use assets represent the considerations of land use rights paid to the PRC's government authorities. The Target Group was applying for the title certificates of certain land use rights certificates with aggregate carrying amounts of RMB72 million, RMB70 million, RMB68 million and RMB67 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The Directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned land use rights.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

The Target Group leases assets including land use rights. Information about leases for which the Target Group is a lessee is presented below.

	Land use rights RMB million	Total RMB million
Cost		
At 1 January 2022, 31 December 2022, 2023 and 2024 and 31 July 2025	92	92
Accumulated depreciation		
At 1 January 2022	18	18
Depreciation	2	2
At 31 December 2022 and 1 January 2023	20	20
Depreciation	2	2
At 31 December 2023 and 1 January 2024	22	22
Depreciation	2	2
At 31 December 2024 and 1 January 2025	24	24
Depreciation	1	1
At 31 July 2025	25	25
Net carrying amounts		
At 31 December 2022	72	72
At 31 December 2023	70	70
At 31 December 2024	68	68
At 31 July 2025	67	67

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. INTERESTS IN ASSOCIATES

The Target Group and The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	25	25	25	25
Share of post-acquisition profits and other comprehensive income, net of dividend received	17	17	24	26
	42	42	49	51

The Target Group's associates are unlisted and established in the PRC. The equity interests of these entities are directly held by the Target Company.

Aggregate information of associates that are not individually material:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Aggregate carrying amount of individually immaterial associates	42	42	49	51

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Aggregate amounts of the Target Group's share of individually immaterial associates					
–Profit/(loss) for the year/period	5	(7)	(7)	(4)	(1)
– Total comprehensive income/(loss) for the year/period	5	(7)	(7)	(4)	(1)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN SUBSIDIARIES

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	30 July 2025 RMB million
Unlisted investments, at cost	768	768	768	768

The Target Company's balances with subsidiaries are unsecured, interest-free and repayable on demand.

Particulars of the Target Company's subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

19. OTHER NON-CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	6	7	7	141
Goodwill (note (i))	273	273	273	273
Long-term deferred expenses (note (ii))	63	101	138	92
	342	381	418	506

Notes:

(i) Impairment test of goodwill

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cost	273	273	273	273
Accumulated impairment losses	-	-	-	-
Net carrying amount	273	273	273	273

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. OTHER NON-CURRENT ASSETS (continued)

Notes: (continued)

(i) Impairment test of goodwill (continued)

In the impairment assessment of the Target Group, goodwill is allocated to cash-generating units ("CGUs") that were expected to benefit from the synergies of the business combination and is allocated to the relevant CGUs. The CGUs are consistent with those used on the purchase dates and in the impairment tests during the Relevant Periods. The carrying amount of the goodwill allocated to CGU are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Carrying amount of goodwill("Jinshen CGU")	273	273	273	273

The recoverable amount of a CGU has been determined based on value-in-use calculations. The cash flow projections of CGUs are based on management's forecasted cash flows in the next five years. Based on existing production capacity, the Target Group expects cash flows beyond such periods will be similar to that in the fifth year and thus a zero terminal growth rate is utilised in the forecasts. The following describes each of the key assumptions on which management has based its cash flow projections of Jinshen CGU to undertake impairment testing of goodwill during the Relevant Periods:

Forecast period — The basis used to determine the operating period is the remaining exploitable years of the coal mine within Jinshen CGU, taking into account the annual coal production capacity.

Discount rate — The discount rate adopted by the Target Group reflects the specific risks of the relevant asset unit. The pre-tax discount rates used at 31 December 2022, 2023 and 2024 and 31 July 2025 were 10.38%, 10.26%, 9.96% and 10.06%, respectively.

Coal production capacity—According to the mining licence approved by the government, the annual production capacity of Jinshen CGU is 13 million tons per year.

Sales price — The sales price is based on the historical average sales price, adjusted according to future supply and demand forecasts.

According to the impairment assessment, there was no impairment provided for the goodwill for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025.

(ii) The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	70	63	101	138
Additions	14	77	57	58
Amortisation	(21)	(39)	(20)	(104)
At the end of the year/period	63	101	138	92

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. INVENTORIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	314	185	197	135
Materials and supplies	2	8	14	43
	316	193	211	178
Less: write-down of inventories	10	10	10	10
	306	183	201	168

The movement in write-down of inventories during the year/period are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
At the beginning and end of the year/period	10	10	10	10

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Coal	18	6	6	6
Less: write-down of inventories	6	6	6	6
	12	-	-	-

The movement in write-down of inventories during the year/period are as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
At the beginning and end of the year/period	6	6	6	6

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. ACCOUNTS RECEIVABLE

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and associates	2	-	-	26
–Jinneng Holding Group Co.，Ltd ("Jinneng Holding Group") and fellow subsidiaries	9	13	2	8
–Non-controlling shareholder of a subsidiary	89	31	28	27
	100	44	30	61
Less: Allowance for credit losses	25	26	26	25
	75	18	4	36

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	2	13	2	33
One to two years	-	-	-	-
Two to three years	1	-	-	-
More than three years	72	5	2	3
	75	18	4	36

As at the end of each of the Relevant Periods, there were no accounts receivable of the Target Group that were pass due.

Details of credit risks of accounts receivable at the end of each of the Relevant Periods are set out in note 33.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. ACCOUNTS AND BILLS RECEIVABLES (continued)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– Jinneng Holding Group and fellow subsidiaries	5	-	-	-
	5	-	-	-
Less: Allowance for credit losses	-	-	-	-
	5	-	-	-

As at the end of each of the Relevant Periods, accounts receivable from contracts with customers.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice dates and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	-	-	-	-
More than three years	5	-	-	-
	5	-	-	-

Details of credit risks of accounts receivable at the end of each of the Relevant Periods are set out in note 33.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Other receivables	783	3,501	3,069	2,360
Less: Impairment losses	51	51	52	52
	732	3,450	3,017	2,308
Prepaid expenses and deposits	38	54	34	21
Deductible VAT and other taxes	1	14	126	69
	771	3,518	3,177	2,398

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Other receivables	1,579	3,433	3,162	2,507
Less: Impairment losses	11	11	11	11
	1,568	3,422	3,151	2,496
Prepaid expenses and deposits	21	-	-	-
Deductible VAT and other taxes	-	3	4	-
	1,589	3,425	3,155	2,496

23. RESTRICTED BANK DEPOSITS

The Target Group

Restricted bank deposits mainly include the mine geographical environment governance recovery fund of coal mines, restoration development deposits and litigation freezing deposits.

The Target Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks is insignificant and accordingly, no allowance for credit losses is provided.

Details of impairment assessment of restricted bank deposits are set out in note 33.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at bank and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	3,276	757	702	869
Less: Restricted bank deposits	429	662	688	610
Less: Time deposits with original maturity over three months	-	-	-	180
Cash and cash equivalents	2,847	95	14	79

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks was insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 33.2 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	2,738	21	4	15
Less: Restricted bank deposits	-	-	2	2
Cash and cash equivalents	2,738	21	2	13

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks was insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 33.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 26)	Long-term liabilities RMB million (note 29)	Accrued interest payable RMB million (note 28)	Total RMB million
At 1 January 2022	918	398	-	1,316
Capital element of lease rentals paid	-	(215)	-	(215)
Interest element of lease rentals paid	-	(46)	-	(46)
Interest paid	-	-	(50)	(50)
Repayments of borrowings	(410)	-	-	(410)
Interest accrual	-	-	50	50
At 31 December 2022	508	137	-	645
At 1 January 2023	508	137	-	645
Capital element of lease rentals paid	-	(41)	-	(41)
Interest element of lease rentals paid	-	(46)	-	(46)
Interest paid	-	-	(9)	(9)
Repayments of borrowings	(490)	-	-	(490)
Interest accrual	-	-	9	9
At 31 December 2023 and 1 January 2024	18	50	-	68
Capital element of lease rentals paid	-	-	-	-
Interest element of lease rentals paid	-	(40)	-	(40)
At 31 December 2024	18	10	-	28
At 1 January 2025	18	10	-	28
Capital element of lease rentals paid	-	-	-	-
Interest element of lease rentals paid	-	(10)	-	(10)
At 31 July 2025	18	-	-	18

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. DEFERRED TAXATION

The Target Group

For the purpose of the presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	82	41	33	29
	82	41	33	29

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2022 RMB million
Depreciation of property, plant and equipment	90	(9)	81
Allowance for receivables	-	1	1
Net deferred tax assets	90	(8)	82

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2023 RMB million
Depreciation of property, plant and equipment	81	(41)	40
Allowance for receivables	1	-	1
Net deferred tax assets	82	(41)	41

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. DEFERRED TAXATION (continued)

The Target Group (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the year/period: (continued)

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2024 RMB million
Depreciation of property, plant and equipment	40	(8)	32
Allowance for receivables	1	-	1
Net deferred tax assets	41	(8)	33

	1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	31 July 2025 RMB million
Depreciation of property, plant and equipment	32	(4)	28
Allowance for receivables	1	-	1
Net deferred tax assets	33	(4)	29

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. BORROWINGS

The Target Group

An analysis of the Target Group's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Current portion of long-term borrowings	180	-	-	-
	180	-	-	-
Non-current borrowings:				
Long-term borrowings, less current portion	328	18	18	18
	508	18	18	18
Secured	112	-	-	-
Unsecured	396	18	18	18
	508	18	18	18

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group's borrowings were unsecured and bore interest at rates ranging from 3.60% to 6.80% per annum, 3.60% per annum, 3.60% per annum and 3.60% per annum, respectively.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
The exposure of the long-term borrowings and the contractual maturity dates:				
Within one year	180	-	-	-
More than five years	328	18	18	18
	508	18	18	18

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. BORROWINGS (continued)

The Target Group's long-term borrowings comprise:

		31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Loans from banks and other institutions					
RMB denominated	Interest rate of 10% per annum with maturity of 23 September 2023	180	-	-	-
RMB denominated	Interest rate 6.80% per annum with maturity of 15 January 2025	310	-	-	-
RMB denominated	Interest rate 3.60% per annum	18	18	18	18
		508	18	18	18
Less: Current portion of long-term borrowings		180	-	-	-
		328	18	18	18

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. ACCOUNTS PAYABLE

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
–China Energy Group and associates	8	-	3	12
– Jinneng Holding Group and fellow subsidiaries	57	55	57	15
– Third parties	270	335	275	244
	335	390	335	271

As at the end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	320	350	307	243
One to two years	6	34	11	24
Two to three years	1	1	12	2
More than three years	8	5	5	2
	335	390	335	271

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– Jinneng Holding Group and fellow subsidiaries	4,519	3,308	2,714	2,359

As at the end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	4,497	3,308	2,705	2,340
One to two years	22	-	9	19
	4,519	3,308	2,714	2,359

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	136	117	87	25
Taxes payable other than income tax	72	78	42	38
Dividends payable	-	158	479	-
Other accrued expenses and payables (note)	400	364	365	381
	608	717	973	444

Note:

Other accrued expenses and payables of the Target Group included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	2	1	-	2
Amounts due to Jinneng Holding Group and fellow subsidiaries	24	24	65	61
	26	25	65	63

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. ACCRUED EXPENSES AND OTHER PAYABLES (continued)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	3	3	2	3
Accrued interest payable	-	-	-	-
Taxes payable other than income tax	-	4	1	-
Dividends payable	-	-	286	-
Other accrued expenses and payables (note)	55	37	23	15
	58	44	312	18

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to Jinneng Holding Group and fellow subsidiaries	8	7	7	7

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Compensation fee for volcano platform	2	1	-	-
Rental fee for equipment	135	49	10	-
	137	50	10	-
Analysed for reporting purpose as:				
Current liabilities	87	40	10	-
Non-current liabilities	50	10	-	-
	137	50	10	-

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Compensation fee for volcano platform	2	1	-	-
Analysed for reporting purpose as:				
Current liabilities	1	1	-	-
Non-current liabilities	1	-	-	-
	2	1	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. ACCRUED RECLAMATION OBLIGATIONS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
At the beginning of the year/period	653	558	498	440
Accretion expense	11	10	9	5
Accrued reclamation obligations utilised	(106)	(70)	(67)	(13)
At the end of the year/period	558	498	440	432

31. PAID-UP IN CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Registered and paid-up capital	574	574	574	574

32. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratios as at 31 December 2022, 2023 and 2024 and 31 July 2025 were 19.03%, 13.77%, 14.25% and 7.93%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	902	876	879	1,032
Financial liabilities				
Amortised cost	1,352	950	1,149	654

33.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, loans and advances to, deposits from and amounts due to China Energy Group and fellow subsidiaries, amounts due from/to associates, other receivables, accounts and bills payables, borrowings, other payables, long-term liabilities and bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Market risk

Interest rate risk

The Target Group is exposed to fair value interest rate risk in relation to fixed-rate loan and receivables and borrowings (see note 26).

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, The Target Group did not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Target Group's credit risk is significantly reduced.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China, China CITIC Bank and Agricultural Bank of China.

Other receivables

Other receivables represent a pledge and guarantee deposit, dividend receivables. The pledge and guarantee deposit is paid for regular businesses. The dividend receivables relate to the investments of the Target Company. Thus, the credit risk on other receivables are limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The table below detail the credit risk exposures of the Target Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Restricted bank deposits	23	N/A	12-month ECL	429	662	688	610
Cash and cash equivalents and time deposits	23	N/A	12-month ECL	2,847	95	14	259
Other receivables	21	N/A	12-month ECL	783	3,501	3,069	2,360
			Credit-impaired	(51)	(51)	(52)	(52)
Accounts receivable (note)	20	N/A	Provision matrix	100	44	30	61
			Credit-impaired	(25)	(26)	(26)	(25)

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Target Group determines the ECL on these items by using a provision matrix, grouped by age of debtor.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – age of debtor

As part of the Target Group's credit risk management, the Target Group uses age of debtor to assess the impairment for its receivables from customers in relation to its sales of coal and transportation services because these customers consist of a large number with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). Accounts receivable with credit-impaired with gross carrying amounts of RMB100 million, RMB44 million, RMB30 million and RMB61 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, were assessed individually.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	-	-	-	-	-	-	-	-
Less than one year past due	-	-	-	-	-	-	-	-
One to two years past due	-	-	-	-	-	-	-	-
Two to three years past due	80%	-	-	-	-	-	-	-
More than three years past due	97%	100	97%	44	97%	30	97%	61
		100		44		30		61

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025, the Target Group provided RMB1 million, RMB6 million and RMB1 million impairment allowance for accounts receivable and reversed RMB1 million, based on the provision matrix.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	24	-	24
Impairment losses recognised	1	-	1
As at 1 January 2023	25	-	25
Impairment losses recognised	6	-	6
Write-offs	(5)	-	(5)
As at 1 January 2024	26	-	26
Impairment losses recognised	-	-	-
As at 1 January 2025	26	-	26
Impairment losses reversed	(1)	-	(1)
As at 31 July 2025	25	-	25

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	50	-	50
– Impairment losses recognised	1	-	1
As at 1 January 2023	51	-	51
– Impairment losses recognised	-	-	-
As at 1 January 2024	51	-	51
– Impairment losses recognised	1	-	1
As at 1 January 2025	52	-	52
– Impairment losses recognised	-	-	-
As at 31 July 2025	52	-	52

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	319	6	1	8	334	334
Borrowings fixed interest rate	3.60%-6.8%	508	-	-	-	508	508
	-	827	6	1	8	842	842

	31 December 2023						
	Weighted average interest rate	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	350	34	1	5	390	390
Borrowings fixed interest rate	3.60%	18	-	-	-	18	18
	-	368	34	1	5	408	408

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	31 December 2024						
	Weighted average interest rate	On demand or less than 1 year RMB million	1 to 2 years RMB million	2 to 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	307	11	12	5	335	335
Borrowings fixed interest rate	3.60%	18	-	-	-	18	18
	-	325	11	12	5	353	353

	31 July 2025						
	Weighted average interest rate	On demand or less than 1 year RMB million	1 to 2 years RMB million	2 to 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	280	24	2	2	308	308
Borrowings fixed interest rate	3.60%	18	-	-	-	18	18
	-	298	24	2	2	326	326

Saved as discussed above, the Target Group also makes use of banks and financial institution facilities as one of the effective sources of liquidity.

33.3 Fair value measurements

Fair values of the Target Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

There were no transfer between Level 1, Level 2 and Level 3 during the years ended 31 December 2022, 2023 and 2024, and the seven months ended 31 July 2024 and 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.3 Fair value measurements (continued)

Fair values of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million	Carrying amount RMB million	Fair value RMB million
Financial liabilities:								
Fixed rate bank borrowings	508	506	18	18	18	18	18	18

The fair values of fixed rate bank borrowings above in the Level 2 category are measured using discounted cash flow method where the future cash flows are estimated based on the contract and discounted at a rate that reflects the credit risk of the issuers.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. COMMITMENTS AND CONTINGENT LIABILITIES

34.1 Capital commitments

As at the end of each of the Relevant Periods, the Target Group had capital commitments for land, buildings and mining rights, exploration and evaluation assets, equipment and other as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Equipment	7	404	144	330
– Other	73	35	17	16
	80	439	161	346

34.2 Legal contingencies

The Target Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Target Group.

34.3 Environmental contingencies

To date, the Target Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Under the existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Target Group. The regulatory bodies, however, have moved, and may move towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Target Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to coal mines and land development areas, whether operating, closed or sold; (ii) the extent of required cleanup efforts; (iii) varying costs of alternative remediation strategies; (iv) changes in environmental remediation requirements; and (iv) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislation cannot reasonably be estimated at present, and could be material.

35. EMPLOYEE BENEFIT PLANS

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the years ended 31 December 2022, 2023 and 2024, and the seven months ended 31 July 2024 and 2025 were RMB55 million, RMB60 million, RMB67 million, RMB39 million and RMB37 million, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS

36.1 Transactions with Jinneng Holding Group and China Energy Group, fellow subsidiaries, and associates of the Target Group

The Target Group is controlled by Jinneng Holding Group, China Energy Group has significant influence on the Target Group as the second largest shareholder. The Target Group has significant transactions and relationships with Jinneng Holding Group and China Energy Group, subsidiaries of Jinneng Holding Group ("fellow subsidiaries"), and subsidiaries of China Energy Group ("associates"). Related parties refer to enterprises over which Jinneng Holding Group or China Energy Group is able to exercise significant influence or control. The Target Group also has entered into transactions with its associates, over which the Target Group can exercise significant influence.

The Target Group had the following transactions with Jinneng Holding Group and China Energy Group, subsidiaries of Jinneng Holding Group ("fellow subsidiaries"), and subsidiaries of China Energy Group ("associates"), and associates of the Target Group that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2024 and 2025.

Transactions with China Energy	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	-	-	-	-	-
Purchases of ancillary materials and spare parts	(ii)	-	-	-	-	23
Ancillary and social services	(iii)	-	-	8	2	20
Sale of coal	(iv)	5,607	5,521	3,030	1,983	1,768
Purchase of equipment and construction work	(ii)	35	20	16	11	-

Transactions with Jinneng Holding Group	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	-	6	4	2	1
Purchases of ancillary materials and spare parts	(ii)	1	383	31	31	-
Ancillary and social services	(iii)	21	17	25	14	17
Sale of coal	(iv)	6	2	10	6	3
Purchase of equipment and construction work	(ii)	274	302	467	222	53

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Group's operations from Jinneng Holding Group and China Energy Group, fellow subsidiaries and associates.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION
36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with Jinneng Holding Group and China Energy Group, an associate of Jinneng Holding Group and China Energy Group, fellow subsidiaries, and associates of the Target Group (Continued)

(iii) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to Jinneng Holding Group and China Energy Group, fellow subsidiaries and associates..

(iv) Sale of coal represents income from sale of coal to Jinneng Holding Group and China Energy Group, fellow subsidiaries and associates..

(v) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by Jinneng Holding Group and China Energy Group, fellow subsidiaries and associates.

The directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with Jinneng Holding Group and China Energy Group, an associate of Jinneng Holding Group and China Energy Group, fellow subsidiaries, and associates of the Target Group (Continued)

Amounts due from/to Jinneng Holding Group and China Energy Group, fellow subsidiaries, and associates of the Target Group:

Transactions with China Energy	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts and bills receivables	2	-	-	26
Prepaid expenses and other current assets	11	11	11	11
Total amounts due from China Energy Group, and subsidiaries of China Energy Group	13	11	11	37
Accounts payable	8	-	3	12
Accrued expenses and other payables	1	1	140	3
Total amounts due to China Energy Group, and subsidiaries of China Energy Group	9	1	143	15

Transactions with Jinneng Holding Group	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts and bills receivables	9	13	2	8
Prepaid expenses and other current assets	712	3,416	2,945	2,313
Other non-current assets	-	-	-	109
Total amounts due from China Energy Group, and subsidiaries of China Energy Group	721	3,429	2,947	2,430
Accounts payable	57	55	57	15
Accrued expenses and other payables	24	182	404	61
Total amounts due to China Energy Group, and subsidiaries of China Energy Group	81	237	461	76

Other than those disclosed in notes 19, 21, 22, 26, 27 and 28 to the Historical Financial Information, amounts due from/to Jinneng Holding Group and China Energy Group, fellow subsidiaries, and associates of the Target Group bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	6	7	9	2	2
Post-employment benefits	1	1	1	1	1
	7	8	10	3	3

Total remuneration is included in "personnel expenses" as disclosed in note 10 to the Historical Financial Information.

36.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 34 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. SUBSIDIARIES

Details of non-wholly-owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	PRC/Mainland China	40	-	1,010

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	PRC/Mainland China	40	309	1,177

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	PRC/Mainland China	40	501	1,238

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

31 July 2024/Seven months ended 31 July 2024 (unaudited)

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	PRC/Mainland China	40	-	722

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	PRC/Mainland China	40	-	1,275

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. SUBSIDIARIES (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	2,696	2,692	2,671	2,611
Non-current assets	1,029	1,007	1,129	1,022
Current liabilities	836	560	534	265
Non-current liabilities	364	197	170	180
Total equity	2,525	2,942	3,096	3,188

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	2,687	2,641	1,753	895	904
Expenses	917	852	711	391	554
Profit and total comprehensive income for the year	1,043	1,047	550	235	145
Dividend paid to non-controlling interests	1,010	1,176	1,238	722	1,275
Net cash inflow from operating activities	62	217	320	235	256
Net cash outflow from investing activities	-	(1)	(84)	-	-
Net cash outflow from financing activities	-	(91)	(158)	(157)	(194)
Net cash outflow	62	125	78	78	62

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY

Year ended 31 December 2022

	Capital reserve RMB million	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2022	574	3	18	595
Profit for the year	-	-	2	2
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	2	2
Appropriation of maintenance and production funds	-	-	-	-
At 31 December 2022	574	3	20	597

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Year ended 31 December 2023

	Capital reserve RMB million	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2023	574	3	20	597
Profit for the year	-	-	1,442	1,442
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,442	1,442
Dividend declared (Note 13)	-	-	(1,115)	(1,115)
Appropriation of maintenance and production funds	-	284	(284)	-
At 31 December 2023	574	287	63	924

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Year ended 31 December 2024

	Capital reserve RMB million	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	574	287	63	924
Profit for the year	-	-	332	332
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	332	332
Dividend declared (Note 13)	-	-	(286)	(286)
Appropriation of maintenance and production funds	-	73	(73)	-
At 31 December 2024	574	360	36	970

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2024 (unaudited)

	Capital reserve RMB million	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	574	287	63	924
Profit for the period	-	-	13	13
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	13	13
Appropriation of maintenance and production funds	-	-	-	-
At 31 July 2024	574	287	76	937

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2025

	Capital reserve RMB million	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2025	574	360	36	970
Profit for the period	-	-	2	2
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2	2
Appropriation of maintenance and production funds	-	-	-	-
At 31 July 2025	574	360	38	972

According to the Target Company's Articles of Association, the amount of retained earnings available for distribution to equity holders of the Target Company is the lower of the amount determined in accordance with the Accounting Standards for Business Enterprise and the amount determined in accordance with IFRS Accounting Standards after the appropriation to reserves as detailed in note (iii) to the consolidated statements of changes in equity.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the aggregate amounts of retained earnings determined in accordance with the Accounting Standards for Business Enterprise available for distribution to equity holders of the Target Company were nil, RMB1,115 million, RMB286 million and nil, respectively.

39. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

China Energy Group Baotou Mining Co., Ltd.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHINA ENERGY GROUP BAOTOU MINING COMPANY LIMITED TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of China Energy Group Baotou Mining Company Limited (the "Target Company") and its subsidiaries except for the Excluded Businesses as defined in note 2.1 to the Historical Financial Information (together, the "Target Group") set out on pages II-I-3 to II-I-87, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-I-3 to II-I-87 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-I-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest millions except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Goods and services	4	182	168	132	73	93
Cost of sales	6	(119)	(133)	(156)	(113)	(57)
Gross profit/(loss)		63	35	(24)	(40)	36
General and administrative expenses		(2)	(21)	(30)	(28)	(2)
Other gains and losses	10	-	-	5,030	5,134	32
Other income	7	3	35	-*	-*	-*
Loss allowances, net of reversal	10	(118)	-	117	-	-
Other expenses		(1)	(1)	(96)	(96)	(2)
Interest income	8	3	4	31	5	43
Finance costs	8	-*	-*	(12)	(12)	-*
Profit/(loss) before income tax		(52)	52	5,016	4,963	107
Income tax expense	9	29	(1)	(1,269)	(1,216)	(117)
Profit/(loss) for the year/period	10	(23)	51	3,747	3,747	(10)
Other comprehensive income for the year/period		-	-	-	-	-
Total comprehensive income/(loss) for the year/period		(23)	51	3,747	3,747	(10)

* Amount smaller than RMB500,000

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit/(loss) for the year/period attributable to:					
Equity holders of the Company	(23)	55	3,022	3,000	(10)
Non-controlling interests	-	(4)	725	747	-*
	(23)	51	3,747	3,747	(10)
Total comprehensive income/(loss) for the year/period attributable to:					
Equity holders of the Company	(23)	55	3,022	3,000	(10)
Non-controlling interests	-	(4)	725	747	-*
	(23)	51	3,747	3,747	(10)

* Amount smaller than RMB500,000

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	60	61	57	54
Construction in progress	15	679	679	633	-
Exploration and evaluation assets	16	-	3,879	41	41
Intangible assets	17	403	381	359	344
Right-of-use assets	20	49	47	45	42
Other non-current assets	19	-	151	3,169	2,490
Deferred tax assets	24	29	29	-*	-*
Total non-current assets		1,220	5,227	4,304	2,971
Current assets					
Inventories		-	-*	-	-
Accounts and bills receivables	21	39	21	20	14
Prepaid expenses and other current assets	22	49	42	39	14
Time deposits with original maturity over three months	23	180	81	252	1,223
Cash and cash equivalents	23	104	80	364	352
Total current assets		372	224	675	1,603
Current liabilities					
Accounts payable	25	47	26	5	16
Accrued expenses and other payables	26	181	84	318	64
Current portion of long-term liabilities	27	-	3,879	-	-
Income tax payable		-*	-	18	10
Total current liabilities		228	3,989	341	90
Net current assets/(liabilities)		144	(3,765)	334	1,513
Total assets less current liabilities		1,364	1,462	4,638	4,484

* Amount smaller than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Long-term liabilities	27	79	79	79	79
Total non-current liabilities		79	79	79	79
Net assets		1,285	1,383	4,559	4,405
Equity					
Paid-up capital	28	2,378	2,378	2,378	2,378
Reserves		(1,131)	(1,029)	2,037	2,027
Equity attributable to equity holders of the Target Company		1,247	1,349	4,415	4,405
Non-controlling interests		38	34	144	-
Total equity		1,285	1,383	4,559	4,405

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	2,378	408	-	(1,516)	1,270	38	1,308
Loss for the year	-	-	-	(23)	(23)	-*	(23)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(23)	(23)	-	(23)
At 31 December 2022	2,378	408	-	(1,539)	1,247	38	1,285

* Amount smaller than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Accumulated losses RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	2,378	408	-	(1,539)	1,247	38	1,285
Profit/(loss) for the year	-	-	-	55	55	(4)	51
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	55	55	(4)	51
Others (note)	-	47	-	-	47	-	47
At 31 December 2023	2,378	455	-	(1,484)	1,349	34	1,383

Note:

In 2023, the Target Group received power supply, water supply, heating, and property management service funds from China Energy Group. Consequently, the Target Group recognised an amount of RMB47 million in its capital reserve.

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	(Accumulated losses)/ retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	2,378	455	-	(1,484)	1,349	34	1,383
Profit for the year	-	-	116	2,906	3,022	725	3,747
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	116	2,906	3,022	725	3,747
Contributions from non-controlling shareholders	-	1	-	-	1	8	9
Distributions to non-controlling shareholders	-	-	-	-	-	(623)	(623)
Others (note)	-	43	-	-	43	-	43
At 31 December 2024	2,378	499	116	1,422	4,415	144	4,559

Note:

Inner Mongolia Dayan Mining Industry Group Co., Ltd., one of China Energy Group's subsidiaries, transferred three mining exploration rights to the Target Group with no consideration in August 2024, which resulted in an increase in capital reserve RMB43 million.

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	(Accumulated losses)/ retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	2,378	455	-	(1,484)	1,349	34	1,383
Profit for the period	-	-	-	3,000	3,000	747	3,747
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,000	3,000	747	3,747
Contributions from non-controlling shareholders	-	1	-	-	1	8	9
At 31 July 2024	2,378	456	-	1,516	4,350	789	5,139

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million	Capital reserve RMB million	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	2,378	499	116	1,422	4,415	144	4,559
Loss for the period	-	-	-	(10)	(10)	-	(10)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(10)	(10)	-	(10)
Disposal of subsidiaries	-	-	-	-	-	(144)	(144)
At 31 July 2025	2,378	499	116	1,412	4,405	-	4,405

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit before income tax	(52)	52	5,016	4,963	107
Adjustments for:					
Depreciation of property, plant and equipment (note 14)	4	4	4	3	2
Amortisation of intangible assets (note 17)	22	22	22	13	15
Amortisation of right-of-use assets (note 20)	2	2	2	1	1
Impairment losses on property, plant and equipment (note 10)	-	-	-*	-	-
Impairment losses on construction in progress (note 15)	-	-	70	-	-
Provision for impairment of receivables	1	-	-	-	-*
Provision for impairment of loans to related parties	117	-	(117)	-	-
Gain on disposal of subsidiaries	-	-	-	-	(32)
Income on term deposits with initial terms of over three months	(3)	(4)	(21)	(5)	(43)
Income on loans and other receivables	-	-	(6)	-	-
Other expense	-	-	96	-	-
Other income	(3)	(31)	(5,100)	(5,134)	-
Operating cash flows before movements in working capital	88	45	(34)	(159)	50
Changes in working capital:					
Increase in inventories	-*	-*	-*	(2)	-
Decrease/(increase) in accounts and bills receivables	4	18	1	2	(3)
(Decrease)/increase in prepaid expenses and other assets	(1)	36	1	1	4
(Decrease)/increase in accounts and bills payables	(12)	(21)	(20)	(2)	9
(Decrease)/increase in accrued expenses and other liabilities	(53)	(49)	14	(33)	(5)
Cash generated from/(used in) operations	26	29	(38)	(193)	55
Income tax paid	(1)	(1)	(1,240)	(1,217)	(117)
Net cash generated from/(used in) operating activities	25	28	(1,278)	(1,410)	(62)

* Amount smaller than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, exploration and evaluation assets, construction in progress and other non-current assets	(19)	(5)	(24)	(9)	(4)
Proceeds from disposals of mining rights	-	-	5,134	5,134	-
Proceeds from disposals of property, plant and equipment	-	-*	-	-	-
Net cash received from disposal of subsidiaries	-	-	-	-	336
Loan repayment from non-controlling shareholders of a subsidiary	-	-	117	-	-
Interest received on loans to non-controlling shareholders of a subsidiary	-	-	6	-	-
Interest received on time deposits	1	5	21	5	43
Proceeds from maturity of time deposits with initial terms of over three months	154	182	81	82	102
Placement of time deposits with initial terms of over three months	(183)	(234)	(3,271)	(800)	(393)
Others	-	-	(96)	34	(34)
Net cash generated from/(used in) investing activities	(47)	(52)	1,968	4,446	50

* Amount smaller than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Cash flows from financing activities					
Contributions from non-controlling shareholders	-	-	9	9	-
Dividend paid to equity holders of non-controlling shareholders	-	-	(415)	-	-
Net cash generated from/(used in) financing activities	-	-	(406)	9	-
(Decrease)/increase in cash and cash equivalents	(22)	(24)	284	3,045	(12)
Cash and cash equivalents, at the beginning of the year/period	126	104	80	80	364
Cash and cash equivalents, at the end of the year/period	104	80	364	3,125	352

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	60	60	56	54
Exploration and evaluation assets	16	-	-	41	41
Intangible assets	17	403	381	359	344
Right-of-use assets	20	47	45	43	42
Interests in subsidiaries	18	207	207	207	25
Other non-current assets	19	-	151	3,169	2,490
Deferred tax assets	24	29	29	-*	-*
Total non-current assets		746	873	3,875	2,996
Current assets					
Inventories		-	-*	-	-
Accounts and bills receivables	21	-*	1	1	-*
Prepaid expenses and other current assets	22	501	522	13	11
Time deposits with original maturity over three months	23	180	81	252	1,223
Cash and cash equivalents	23	93	63	77	344
Total current assets		774	667	343	1,578

* Amount smaller than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current liabilities					
Accounts payable	25	2	16	5	16
Accrued expenses and other payables	26	203	90	83	81
Income tax payable		-	-	15	10
Total current liabilities		205	106	103	107
Net current assets		569	561	240	1,471
Total assets less current liabilities		1,315	1,434	4,115	4,467
Non-current liabilities					
Long-term liabilities	27	79	79	79	79
Total non-current liabilities		79	79	79	79
Net assets		1,236	1,355	4,036	4,388
Equity					
Paid-up capital	28	2,378	2,378	2,378	2,378
Reserves		(1,142)	(1,023)	1,658	2,010
Total equity		1,236	1,355	4,036	4,388

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at Room 201-203, Property Office Building, Shugutu New District Digital Garden Community, Shiguai District, Baotou, Inner Mongolia Autonomous Region, the PRC.

During the Relevant Periods, the Target Group was involved in the provision of coal mining related services in the PRC.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at the date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered/paid-up capital	Proportion of ownership interest held by the Target Group (%)	Principal activities
		RMB million		
Baotou Mining Bureau construction and Installation co., Ltd. (note (i))（包头矿务局建筑安装有限总公司）	PRC/Mainland China 29 May 1997	25	100	Coal mining related services
Baotou Shiguai Shantytown Relocation and construction Co., Ltd. (note (ii))（包头市石拐棚户区搬迁建设有限公司）	PRC/Mainland China 18 September 2007	10	100	Coal mining related services

Notes:

(i) The statutory financial statements of this entity for the year ended 31 December 2022 prepared under China Accounting Standards were audited by ShineWing Certified Public Accountants, certified public accountants registered in the PRC. The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards were audited by Baker Tilly China Certified Public Accountants, certified public accountants registered in the PRC.

(ii) The statutory financial statements of this entity for the year ended 31 December 2024 prepared under China Accounting Standards were audited by Baker Tilly China Certified Public Accountants, certified public accountants registered in the PRC. There was no audited statutory financial statements of this entity for the years ended 31 December 2022 and 2023.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PRESENTATION

Pursuant to the Acquisition, as more fully explained in the paragraph headed "Pre-reorganisation" in the section headed "MAJOR AND CONNECTED TRANSACTION" in the Circular, the Target Company agreed to dispose of its 49% interest of Shanxi Coal Sales Guodian Energy Co., Ltd. (the "Shanxi Coal Sales") and the related liabilities of Shanxi Coal Sales amounting RMB180 million (collectively, the "Excluded Business") to related parties with nil consideration before the Acquisition (the "Disposal"). The Target Group then comprised the Target Company and its subsidiaries except the Excluded Businesses.

The Historical Financial Information excludes the Excluded Business, which are under the control of ultimate holding company, but are not strategically complementary for the Acquisition purpose. In evaluating whether the Historical Financial Information fairly presents the history of the Target Group's businesses, the directors considered, among others, the following:

1) whether the Excluded Business was in dissimilar businesses;
2) whether the Excluded Business was and would be operated autonomously both before and after the Disposal; and
3) whether the Excluded Business had no more than incidental common facilities and costs.

The Historical Financial Information has been prepared as if the Disposal had been completed at the beginning of the Relevant Periods and accounted for as a distribution to the holding company of the Target Company. The Historical Financial Information does not include the assets, liabilities, results of the operations and cash flows of the Excluded Business. The transactions and balances between the Target Group and the Excluded Business have not been eliminated.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared on the historical cost basis.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 BASIS OF PREPARATION (CONTINUED)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information . The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries except the Excluded Business. Control is achieved when the Target Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's functional currencies (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, which consists of freehold land and buildings, mining structures and mining rights, mining related machinery and equipment, and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment, except for freehold land, and mining structures and mining rights, are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Land and buildings	35 – 55
Railway-specific equipment	10
Furniture, fixtures, motor vehicles and other equipment	2 – 20

The Directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Mining structures and mining rights

The costs of mining structures and mining rights, which include the costs of acquiring and developing mining structures and mining rights, are firstly capitalised as "construction in progress" in the reporting period in which they are incurred and then reclassified to "Mining structures and mining rights" under property, plant and equipment when they are ready for commercial production.

Mining structures and mining rights are depreciated on a units-of-production basis utilising only proved and probable coal reserves in the depletion base.

The Target Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Stripping costs incurred to develop a mine (or pit) before the production commences or to improve access to the component of the ore body during the production stage are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a units-of-production basis. Stripping costs and secondary development expenditure, mainly comprising costs on blasting, haulage, excavation, etc. incurred during the production stage of the ore body and does not providing any improved access to the ore body are charged to profit or loss as incurred.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

Exploration and evaluation assets

Exploration and evaluation assets comprise costs which are directly attributable to the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Expenditure during the initial exploration preparation stage of a project is charged to profit or loss as incurred. Exploration and evaluation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and commercial viability of the project.

Once the final feasibility study has been completed and a development decision has been taken, accumulated capitalised exploration and evaluation expenditures in respect of an area of interest are transferred to property, plant and equipment. In circumstances when an area of interest is abandoned or management decides it is not commercially viable, any accumulated costs in respect of that area are written off in the period the decision is made.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Obligations for land reclamation

The Target Group's obligations for land reclamation consist of spending estimates at both surface and underground mines in accordance with the PRC rules and regulations. The Target Group estimates its liabilities for land reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash flows for the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Target Group records a corresponding asset associated with the liability for final reclamation and mine closure. The obligation and corresponding asset are recognised in the period in which the liability is incurred. The asset is depreciated on the units-of-production method over its expected life and the liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and the corresponding asset are recognised at the appropriate discount rate.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leased assets (continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (the "FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group. Loans receivable are assessed for ECL on an individual basis);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including accounts payable and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, exploration and evaluation assets, intangible assets, right-of-use assets, interests in associates and other non-current assets, the recoverable amount of the asset need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Estimation of amortisation periods of concession intangible assets

The Target Group amortises the concession intangible assets using the straight-line method over the concession periods granted. The concession periods are approved by the Ordos Municipal-People's-Government therefore the Target Group does not have renewal or termination option for the concession periods. For those toll roads without formal concession period granted, the Target Group's management determines the estimated granted concession periods based on the historical experience.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Deferred tax assets

The Target Group recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 24 to the Historical Financial Information.

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Highway toll	127	141	128	72	87
– Others	55	27	4	1	6
	182	168	132	73	93

The Target Group's revenues from contracts with customers are RMB166 million, RMB162 million, RMB130 million, RMB72 million (unaudited) and RMB87 million for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively.

The Group's operating revenue is primarily derived from highway toll and container station leasing.

Highway toll revenue is collected through three primary methods, revenue recognition for each method occurs as follows:

- POS terminal payments: Revenue is recognised at the point when a vehicle completes a QR code scan (or card swipe) at the toll gate and a successful payment notification is received from the bank or third-party payment platform.
- Cash payments: Revenue is recognized at the point when a vehicle passes through the toll gate and the toll collector completes the cash collection and issues a receipt.
- Electronic Toll Collection (ETC) payments: Revenue is recognized at the point when the vehicle passes through the toll gate and the system successfully processes the electronic deduction.

Container station leasing revenue is recognized on a straight-line basis over the lease term specified in the contractual agreements.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Group's revenue from external customers was from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of the Target Group's non-current non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

No single customer's revenue was accounted for 10% or more of the Target Group's total revenue during the Relevant Periods and the seven months ended 31 July 2024.

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials, fuel and power	9	9	3	1	1
Personnel expenses	39	38	36	19	20
Depreciation and amortisation	28	27	28	16	17
Repairs and maintenance	6	33	24	18	14
Transportation charges	6	3	-*	-*	-*
Subcontracting costs	18	9	1	-	-
Taxes and surcharges	3	3	58	57	3
Other operating costs	10	11	6	2	2
	119	133	156	113	57

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Others	3	35	-*	-*	-*

* Amount smaller than RMB500,000.

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	3	4	25	5	43
– other loans and receivables	-	-	6	-	-
Total interest income	3	4	31	5	43
Others	-*	-*	12	12	-*
Total finance costs	-*	-*	12	12	-*
Net finance costs	(3)	(4)	(19)	7	(43)

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	-*	1	1,240	1,216	117
Income tax difference adjustment in respect of prior year/period	-*	-*	-	-	-*
Deferred tax	(29)	-	29	-	-
	(29)	1	1,269	1,216	117

* Amount smaller than RMB500,000.

The tax charge for the year/period can be reconciled to the (loss)/profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
(Loss)/profit before income tax	(52)	52	5,016	4,963	107
Tax at the PRC income tax rate of 25%	(13)	13	1,254	1,241	27
Tax effects of:					
– non-deductible expenses	1	6	12	-	-
– utilisation of tax losses and deductible temporary difference previously not recognised	(17)	(18)	(25)	(25)	-
– tax impact of mineral exploration rights obtained through free transfer	-	-	11	-	-
– Disposal of a subsidiary	-	-	-	-	90
– tax losses and deductible temporary difference not recognised	-	-	17	-	-
– Income tax difference adjustment in respect of prior year/period	-*	-*	-	-	-*
Income tax expense	(29)	1	1,269	1,216	117

* Amount smaller than RMB500,000.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Periods and for the seven months ended 31 July 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Profit/(loss) for the year/period has been arrived at after charging/(crediting)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	39	38	44	21	23
– Contributions to defined contribution plans	5	6	5	2	2
Depreciation of property, plant and equipment (note 14)	4	4	4	3	2
Depreciation of right-of-use assets (note 20)	2	2	2	1	1
Amortisation of intangible assets (note 17)	22	22	22	13	15
Depreciation and amortisation	28	28	28	17	18
Loss allowances					
– Accounts receivable (note 30.1)	-	-	-	-	-
– Other receivables and other loans (note 30.1)	118	-	(117)	-	-*
	118	-	(117)	-	-*

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD (CONTINUED)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, represent					
– gains on disposal of property, plant and equipment, intangible assets and non-current assets	-	-	(5,100)	(5,134)	-
– gains on disposal of subsidiaries and associates	-	-	-	-	(32)
– impairment losses on property, plant and equipment (note 14)	-	-	-*	-	-*
– impairment losses on construction in progress (note 15) (note)	-	-	70	-	-
	-	-	(5,030)	(5,134)	(32)
Auditors' remuneration					
– audit service	-*	-*	1	-*	-*

* Amount less than RMB500,000

Note:

The recoverable amount is the higher of the fair value of the cash generating units ("CGU") less costs to sell and value in use ("VIU") of the CGUs.

Recoverable amount by calculating fair value less costs to sell:

As at 31 December 2024, the Target Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement.

Recoverable amount by calculating present value of estimated future cash flow:

The Target Group had treated long-term assets of Menggeqin Energy as individual CGU and had made relevant impairment assessment by calculating the present value of estimated future cash flow of the CGU.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Wang Ningbo	(i)&(ii)&(iii)	-	-	-	-	-
Yang Guangrong	(i)&(ii)&(iii)	-	-	-	-	-
Zhang Weishi	(i)&(ii)&(iii)	-	-	-	-	-
Cui Anyi	(i)&(ii)&(iii)	-	-	-	-	-
Huang Jianjun	(i)&(ii)&(iii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Li Yu	(i)&(ii)&(iii)	-	-	-	-	-
Total		-	-	-	-	-

		Year ended 31 December 2023				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Wang Ningbo	(i)&(ii)&(iii)	-	-	-	-	-
Yang Chenglong	(i)&(ii)&(iii)	-	-	-	-	-
Zhang Weishi	(i)&(ii)&(iii)	-	-	-	-	-
Zhang Chuanli	(i)&(ii)&(iii)	-	-	-	-	-
Wu Yaping	(i)&(ii)&(iii)	-	-	-	-	-
Cui Anyi	(i)&(ii)&(iii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Li Yu	(i)&(ii)&(iii)	-	-	-	-	-
Total		-	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS(CONTINUED)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Li Haichao	(i)&(ii)&(iii)	-	-	-	-	-
Wang Zhanyin	(i)&(ii)&(iii)	-	-	-	-	-
Yang Chenglong	(i)&(ii)&(iii)	-	-	-	-	-
Zhang Chuanli	(i)&(ii)&(iii)	-	-	-	-	-
Wu Yaping	(i)&(ii)&(iii)	-	-	-	-	-
Fu Ruimin	(i)&(ii)&(iii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Li Yu	(i)&(ii)&(iii)	-	-	-	-	-
Total		-	-	-	-	-

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Yang Chenglong	(i)&(ii)&(iii)	-	-	-	-	-
Zhang Chuanli	(i)&(ii)&(iii)	-	-	-	-	-
Wu Yaping	(i)&(ii)&(iii)	-	-	-	-	-
Fu Ruimin	(i)&(ii)&(iii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Li Yu	(i)&(ii)&(iii)	-	-	-	-	-
Total		-	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISOR'S EMOLUMENTS (CONTINUED)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Li Haichao	(i)&(ii)&(iii)	-	-	-	-	-
Wang Zhanyin	(i)&(ii)&(iii)	-	-	-	-	-
Fu Ruimin	(i)&(ii)&(iii)	-	-	-	-	-
Wu Yaping	(i)&(ii)&(iii)	-	-	-	-	-
Peng Zhigang	(i)&(ii)&(iii)	-	-	-	-	-
Total		-	-	-	-	-

Notes:

(i) The emoluments of these directors were borne by China Energy Group during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. Peng Zhigang was elected and appointed as a director on 20 January 2025
Mr. Wang Zhanyin was elected and appointed as a director on 30 August 2024.
Mr. Li Haichao was elected and appointed as a director on 12 August 2024.
Mr. Fu Ruimin was elected and appointed as a director on 27 December 2023.
Mr. Zhang Chuanli was elected and appointed as a director on 12 June 2023.
Mr. Wu Yaping was elected and appointed as a director on 7 February 2023.
Mr. Yang Chenglong was elected and appointed as a director on 16 November 2022.
Mr. Cui Anyi was elected and appointed as a director on 25 November 2021.
Mr. Huang Jianjun was elected and appointed as a director on 25 November 2021.
Mr. Li Yu was elected and appointed as a supervisor on 15 November 2021.
Mr. Wang Ningbo was elected and appointed as a director on 26 December 2020.
Mr. Yang Guangrong was elected and appointed as a director on 10 August 2020.
Mr. Zhang Weishi was elected and appointed as a director on 11 October 2019.

(iii) Mr. Li Yu ceased to serve as a supervisor on 28 October 2024.
Mr. Zhang Chuanli ceased to serve as a director on 25 October 2024.
Mr. Yang Chenglong ceased to serve as a director on 26 August 2024.
Mr. Zhang Weishi ceased to serve as a director on 27 December 2023.
Mr. Cui Anyi ceased to serve as a director on 22 May 2023.
Mr. Wang Ningbo ceased to serve as a director on 21 March 2023.
Mr. Huang Jianjun ceased to serve as a director on 23 November 2022.
Mr. Yang Guangrong ceased to serve as a director on 16 November 2022.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Basic salaries, housing and other allowances and benefits in kind	3,159	3,437	3,544	1,334	996
Discretionary bonuses	-	-	-	-	-
Retirement scheme contributions	-	-	-	-	-
	3,159	3,437	3,544	1,334	996

The emoluments are within the following bands:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Nil to HKD500,000	-	-	1	5	5
HKD500,001 to HKD1,000,000	5	5	4	-	-
	5	5	5	5	5

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Land and buildings RMB million	Railway-specific equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost				
At 1 January 2022	345	15	31	391
Additions	-	-	2	2
At 31 December 2022 and 1 January 2023	345	15	33	393
Additions	-	-	5	5
At 31 December 2023 and 2024 and 1 January 2025	345	15	38	398
Additions	-	-	-*	-*
Disposals or write-off	-	-	(5)	(5)
At 31 July 2025	345	15	33	393

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Group (continued)

	Land and buildings RMB million	Railway-specific equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2022	295	15	19	329
Charge for the year	2	-	2	4
At 31 December 2022	297	15	21	333
Charge for the year	2	-	2	4
At 31 December 2023	299	15	23	337
Charge for the year	2	-	2	4
Impairment losses	-	-	-*	-*
At 31 December 2024	301	15	25	341
Charge for the period	1	-	1	2
Disposals or write-off	-	-	(4)	(4)
At 31 July 2025	302	15	22	339
Net carrying amounts				
At 31 December 2022	48	-	12	60
At 31 December 2023	46	-	15	61
At 31 December 2024	44	-	13	57
At 31 July 2025	43	-	11	54

* Amount smaller than RMB500,000.

Note:

The Target Group was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB11 million, RMB11 million, RMB10 million and RMB10 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company

	Land and buildings RMB million	Railway-specific equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Cost				
At 1 January 2022	345	15	27	387
Additions	-	-	2	2
At 31 December 2022	345	15	29	389
Additions	-	-	4	4
At 31 December 2023	345	15	33	393
Additions	-	-	-	-
At 31 December 2024	345	15	33	393
Additions	-	-	-	-
At 31 July 2025	345	15	33	393

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Target Company (continued)

	Land and buildings RMB million	Railway-specific equipment RMB million	Furniture, fixtures, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2022	295	15	15	325
Charge for the year	2	-	2	4
At 31 December 2022	297	15	17	329
Charge for the year	2	-	2	4
At 31 December 2023	299	15	19	333
Charge for the year	2	-	2	4
At 31 December 2024	301	15	21	337
Charge for the period	1	-	1	2
At 31 July 2025	302	15	22	339
Net carrying amounts				
At 31 December 2022	48	-	12	60
At 31 December 2023	46	-	14	60
At 31 December 2024	44	-	12	56
At 31 July 2025	43	-	11	54

Note:

The Target Company was in the process of applying for the title certificates of certain of its properties with aggregate net carrying amounts of RMB11 million, RMB11 million, RMB10 million and RMB10 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Company is entitled to lawfully and validly occupy or use the above mentioned properties.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	643	679	679	633
Additions	37	-*	24	4
Transferred to intangible assets (note 17)	(1)	-	-	-
Disposal	-	-	-	(637)
Impairment losses (note)	-	-	(70)	-
At the end of the year/period	679	679	633	-

* Amount smaller than RMB500,000.

Note:

The Target Group has recorded impairment losses of RMB70 million for long-term assets of Menggeqin Energy as of 31 December 2024 due to the auction of Meilinmiao mining exploration rights.

The Target Company

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	-	-	-
Additions	1	-	-	-
Transferred to intangible assets (note 17)	(1)	-	-	-
At the end of the year/period	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

16. EXPLORATION AND EVALUATION ASSETS

The Target Group

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Target Group. As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amounts of the exploration and evaluation assets were nil, RMB3,879 million, RMB41 million and RMB41 million, respectively.

The Target Company

Exploration and evaluation assets represent the expenditures related to coal exploration and evaluation activities incurred by the Target Company. As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amounts of the exploration and evaluation assets were nil, nil, RMB41 million and RMB41 million, respectively.

17. INTANGIBLE ASSETS

The Target Group

The movements of intangible assets, mainly highway toll right, licenses, software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	424	403	381	359
Transferred from construction in progress	1	-	-	-
Amortisation	(22)	(22)	(22)	(15)
At the end of the year/period	403	381	359	344

The Target Company

The movements of intangible assets, mainly licenses, software and franchises, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	424	403	381	359
Transferred from construction in progress	1	-	-	-
Amortisation	(22)	(22)	(22)	(15)
At the end of the year/period	403	381	359	344

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVESTMENTS IN SUBSIDIARIES

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	30 June 2025 RMB million
Unlisted investments, at cost	207	207	207	25

Particulars of the Target Company's subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

19. OTHER NON-CURRENT ASSETS

The Target Group and The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Time deposits with original maturity over one year	-	151	3,169	2,490

20. RIGHT-OF-USE ASSETS

The Target Group

The right-of-use assets represent the considerations of land use rights paid to the PRC's government authorities. The Target Group is in the process of applying for the title certificates of certain land use rights certificates with aggregate carrying amounts of RMB14 million, RMB13 million, RMB12 million and RMB12 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively. The directors are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned lands.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Group (continued)

The Target Group leases assets including land use rights. Information about leases for which the Target Group is a lessee is presented below.

	Land use rights RMB million	Total RMB million
Cost		
At 1 January 2022, 31 December 2022, 2023 and 2024 and 1 January 2025	61	61
Disposals	(2)	(2)
At 31 July 2025	59	59
Accumulated depreciation		
At 1 January 2022	10	10
Depreciation	2	2
At 31 December 2022 and 1 January 2023	12	12
Depreciation	2	2
At 31 December 2023 and 1 January 2024	14	14
Depreciation	2	2
At 31 December 2024 and 1 January 2025	16	16
Depreciation	1	1
Disposals	-*	-*
At 31 July 2025	17	17
Net carrying amounts		
At 31 December 2022	49	49
At 31 December 2023	47	47
At 31 December 2024	45	45
At 31 July 2025	42	42

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. RIGHT-OF-USE ASSETS (CONTINUED)

The Target Company

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had no bank loans secured by the Target Company's right-of-use assets.

The Target Company leases assets including land use rights. Information about leases for which the Target Company is a lessee is presented below.

	Land use rights RMB million	Total RMB million
Cost		
At 1 January 2022, 31 December 2022, 2023 and 2024 and 31 July 2025	59	59
Accumulated depreciation		
At 1 January 2022	10	10
Depreciation	2	2
At 31 December 2022 and 1 January 2023	12	12
Depreciation	2	2
At 31 December 2023 and 1 January 2024	14	14
Depreciation	2	2
At 31 December 2024 and 1 January 2025	16	16
Depreciation	1	1
At 31 July 2025	17	17
Net carrying amounts		
At 31 July 2025	42	42
At 31 December 2024	43	43
At 31 December 2023	45	45
At 31 December 2022	47	47

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	39	20	20	14
– Third parties	-*	1	-*	-*
	39	21	20	14
Less: allowance for credit losses	-	-	-	-
	39	21	20	14

As at the end of each of the Relevant Periods, all accounts receivable are from contracts with customers.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	26	21	1	4
One to two years	-*	-	19	4
Two to three years	13	-	-	6
More than three years	-*	-	-	-
	39	21	20	14

* Amount smaller than RMB500,000.

As at the end of each of the Relevant Periods, there were no accounts receivable that were past due.

Details of credit risk of accounts receivable as at the end of each of the Relevant Periods are set out in note 30.1 of the Historical Financial Information.

All accounts receivable are denominated in RMB.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. ACCOUNTS AND BILLS RECEIVABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	-	-	1	-
– Third parties	-*	1	-*	-*
	-*	1	1	-*
Less: allowance for credit losses	-	-	-	-
	-*	1	1	-*

* Amount smaller than RMB500,000.

As at the end of each of the Relevant Periods, all accounts receivable are from contracts with customers.

As the end of each of the Relevant Periods, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is less than one year.

As at the end of each of the Relevant Periods, there were no accounts receivable that were past due.

Details of credit risk of accounts receivable as at the end of each of the Relevant Periods are set out in note 30.1 of the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Other receivables due from China Energy Group and fellow subsidiaries	10	10	10	10
– Other receivables due from third parties	151	144	26	3
	161	154	36	13
Less: impairment losses	118	118	1	1
	43	36	35	12
Prepaid expenses and deposits	1	1	1	1
Deductible VAT and other taxes	5	5	3	1
	49	42	39	14

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost				
– Other receivables due from associates	498	520	10	10
– Other receivables	121	119	1	1
	619	639	11	11
Less: impairment losses	118	118	1	1
	501	521	10	10
Prepaid expenses and deposits	-*	-*	-*	-*
Deductible VAT and other taxes	-*	1	3	1
	501	522	13	11

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	284	161	616	1,575
Less: Time deposits with original maturity over three months	180	81	252	1,223
Cash and cash equivalents	104	80	364	352

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 30.1 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	273	144	329	1,567
Less: Time deposits with original maturity over three months	180	81	252	1,223
Cash and cash equivalents	93	63	77	344

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 30.1 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. DEFERRED TAXATION

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	29	29	-*	-*

* Amount smaller than RMB500,000.

The following are the deferred tax assets recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2022 RMB million
Allowances, primarily for receivables and inventories	-*	29	29

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2023 RMB million
Allowances, primarily for receivables and inventories	29	-	29

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2024 RMB million
Allowances, primarily for receivables and inventories	29	(29)	-*

	1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	31 July 2025 RMB million
Allowances, primarily for receivables and inventories	-*	-	-*

* Amount smaller than RMB500,000.

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had unused tax losses of RMB61 million, RMB43 million, nil and nil, respectively, and unrecognised deductible temporary differences of RMB1,549 million, RMB1,549 million, RMB1,649 million, and RMB1,579 million, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RMB61 million, RMB43 million, nil and nil losses at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, due to the unpredictability of future profit streams.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. DEFERRED TAXATION (CONTINUED)

The Target Group (continued)

The expiry dates of the tax losses of the Target Group for which no deferred income tax assets were recognised are summarised as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Year of expiry				
2023	-	-	-	-
2024	21	3	-	-
2025	40	40	-	-
Total	61	43	-	-

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	29	29	-*	-*

The following are the deferred tax assets recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2022 RMB million
Allowances, primarily for receivables and inventories	-*	29	29

	1 January 2023 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2023 RMB million
Allowances, primarily for receivables and inventories	29	-	29

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2024 RMB million
Allowances, primarily for receivables and inventories	29	(29)	-*

	1 January 2025 RMB million	Credited/(charged) to profit or loss RMB million	31 July 2025 RMB million
Allowances, primarily for receivables and inventories	-*	-	-*

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. DEFERRED TAXATION (CONTINUED)

The Target Company (continued)

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company has unused tax losses of RMB61 million, RMB43million, nil and nil and unrecognised deductible temporary differences of RMB1,549 million, RMB1,549 million, RMB1,649 million, and RMB1,579 million available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining RMB61 million, RMB43 million, nil and nil losses at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, due to the unpredictability of future profit streams.

The expiry dates of the tax losses of the Target Company for which no deferred income tax assets were recognised are summarised as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Year of expiry				
2023	-	-	-	-
2024	21	3	-	-
2025	40	40	-	-
Total	61	43	-	-

25. ACCOUNTS PAYABLE

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group and fellow subsidiaries	-*	-*	-*	-*
– Third parties	47	26	5	16
	47	26	5	16

As at end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	32	16	4	16
One to two years	3	10	1	-*
Two to three years	10	-*	-	-
More than three years	2	-	-	-
	47	26	5	16

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. ACCOUNTS PAYABLE (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group and fellow subsidiaries	-*	-*	-*	-*
– Third parties	2	16	5	16
	2	16	5	16

As at end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice date, is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Less than one year	2	15	4	16
One to two years	-*	1	1	-*
Two to three years	-*	-*	-	-
More than three years	-*	-	-	-
	2	16	5	16

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	8	8	9	9
Accrued interest payable	2	-	-	-
Taxes payable other than income tax	2	1	1	2
Dividends payable	-	-	208	-
Other accrued expenses and payables (note)	169	75	100	53
	181	84	318	64

Note:

Other accrued expenses and payables of the Target Group included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	-*	1	-*	1

* Amount smaller than RMB500,000.

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. ACCRUED EXPENSES AND OTHER PAYABLES (CONTINUED)

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	8	8	9	9
Accrued interest payable	2	-	-	-
Taxes payable other than income tax	1	1	1	1
Other accrued expenses and payables (note)	192	81	73	71
	203	90	83	81

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	25	25	25	25

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Mining exploration right	-	3,879	-	-
Accrued expenses	79	79	79	79
	79	3,958	79	79
Analysed for reporting purpose as:				
Current liabilities (note (i))	-	3,879	-	-
Non-current liabilities (note (ii))	79	79	79	79
	79	3,958	79	79

Notes:

(i) On March 20, 2007, Wushenqi State-owned Assets Investment and Operation Co., Ltd. ("Wushenqi State-owned") and Menggeqin Energy ehtered into the *Exploration Rights Transfer Contract* pursuant to which Wushenqi State-owned agreed to transfer the exploration rights for the Meilinmiao Mine in the Hujierte Mining Area to Menggeqin Energy. The total explored coal reserves of the mine field were 1,956 million tons, with a unit price of RMB0.209 per ton, resulting in a total transaction consideration of RMB409 million. As the transfer price of the exploration rights was significantly lower than the pricing stipulated by relevant regulations, Wushenqi State-owned filed a lawsuit with the court, demanding Menggeqin Energy to pay the price difference for the exploration rights transfer, which is the current portion of the long-term liabilities of the Target Group.

(ii) The non-current portion of the long-term liabilities of the Target Group primarily comprises the allowance for estimated insolvency deficiency expenses.

The Target Company

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued expenses	79	79	79	79
Analysed for reporting purpose as:				
Non-current liabilities (note (i))	79	79	79	79

Note:

(i) The non-current portion of the long-term liabilities of the Target Company primarily comprises the allowance for estimated insolvency deficiency expenses.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. PAID-UP CAPITAL

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Registered and paid-up capital	2,378	2,378	2,378	2,378

29. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31 December 2022, 2023 and 2024 and 31 July 2025 was 19%,75%, 8% and 4%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. FINANCIAL INSTRUMENTS

30.1 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, prepaid expenses and other current assets, accounts and bills payables, other receivables, long-term liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, the Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Target Group's credit risk is significantly reduced.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as Industrial and Commercial Bank of China.

Other receivables

Other receivables are mainly pledge and guarantee deposit. The pledge and guarantee deposit is paid for regular businesses. Thus, the credit risk on other receivables are limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Target Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Other non-current assets	19	N/A	12-month ECL	-	151	3,169	2,490
Cash and cash equivalents	23	N/A	12-month ECL	104	80	364	352
Time deposits with original maturity over three months	23	N/A	12-month ECL	180	81	252	1,223
Other receivables	22	N/A	12-month ECL	161	154	36	13
			Credit-impaired	118	118	1	1
Accounts receivable (note)	21	N/A	Lifetime ECL	39	21	20	14
			Credit-impaired	-	-	-	-

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to operation activities because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). As at 31 December 2022, 2023 and 2024 and 31 July 2025, there were no impairment assessed individually for accounts receivable.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	0%	39	0%	21	0%	20	0%	14

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2025, There was no impairment provided or reversed for accounts receivable of the Target Group, based on the provision matrix.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, there was no lifetime ECL has been recognised for accounts receivable under the simplified approach.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and other loans.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	-	-	-
– Impairment losses recognised	118	-	118
As at 1 January 2023	118	-	118
– Impairment losses recognised	-	-	-
As at 1 January 2024	118	-	118
– Impairment losses reversed	(117)	-	(117)
As at 1 January 2025	1	-	1
– Impairment losses reversed	-*	-	-*
As at 31 July 2025	1	-	1

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	57	48	113	79	297	297

	31 December 2023						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	3,981	-	-	79	4,060	4,060

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	31 December 2024						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	313	-	-	79	392	392

	31 July 2025						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities and long-term liabilities	-	69	-	-	79	148	148

Saved as discussed above, the Target Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Fair value measurements

Fair value of the Target Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

31. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2022, 2023 and 2024 and 31 July 2025, The Target Group had no material commitments and contingent liabilities need to be disclosed.

32. EMPLOYEE BENEFITS PLAN

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the year ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025 were RMB5 million, RMB6 million, RMB5 million, RMB2 million and RMB2 million, respectively.

33. RELATED PARTY TRANSACTIONS

33.1 Transactions with China Energy Group and fellow subsidiaries

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.1 Transactions with China Energy Group and fellow subsidiaries (continued)

The Target Group had the following transactions with China Energy Group and fellow subsidiaries that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Purchases of ancillary materials and spare parts	(i)	-*	1	1	-*	-*
Purchases of ancillary and social services	(ii)	-*	-*	1	1	1
Purchase of equipment and construction work	(iii)	-*	-	-*	-	-
Ancillary services income	(iv)	-	-	2	1	1
Construction services income	(v)	39	21	2	-	-
Interest income	(vi)	3	4	26	5	43
Net deposits placed with Finance Company	(vii)	9	27	3,473	3,763	278

(i) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Group's operations from fellow subsidiaries of China Energy Group.

(ii) Purchases of ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group, fellow subsidiaries of China Energy Group.

(iii) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(iv) Ancillary services income represents revenue related to the container station leasing to China Energy Group and fellow subsidiaries.

(v) Construction services income represents revenue related to the provision of engineering, installation, repair services, etc. earned from China Energy Group and fellow subsidiaries.

(vi) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(vii) Net deposits placed with Finance Company represents net deposits placed by the Target Group with Finance Company.

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.1 Transactions with China Energy Group and fellow subsidiaries (continued)

The Target Group entered into a number of agreements with China Energy Group and fellow subsidiaries. The terms of the principal agreements are summarised as follows:

(i) The Target Company has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with China Energy Group and fellow subsidiaries. Pursuant to the agreement, China Energy Group and fellow subsidiaries provide the Target Group with the production supplies and services, ancillary production services including ancillary administrative services. On the other hand, the Target Group provides fellow subsidiaries with ancillary services and construction services.

The products and services provided under the agreement are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.

(ii) The Target Company has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Target Group. The interest rate for the deposits with Finance Company from the Target Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Target Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.1 Transactions with China Energy Group and fellow subsidiaries (continued)

Amounts due from/to China Energy Group and fellow subsidiaries:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Cash and time deposits at bank	284	312	3,785	4,064
Accounts and bills receivables	39	20	20	14
Prepaid expenses and other current assets	10	10	10	10
Total amounts due from China Energy Group and fellow subsidiaries	333	342	3,815	4,088
Accounts payable	-*	-*	-*	-*
Accrued expenses and other payables	-*	1	-*	1
Total amounts due to China Energy Group and fellow subsidiaries	-*	1	-*	1

Other than those disclosed in notes 21, 22, 25 and 26 to the Historical Financial Information, amounts due from/to China Energy Group and fellow subsidiaries bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

As of the reporting period, the Directors did not receive any fees or emoluments for their services to the Company. The Directors are not paid directly by the Target Company, but are remunerated by China Energy Group Baotou Energy Co., Ltd. for their services.

33.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 32 to the Historical Financial Information.

33.4 Transactions with other government-related entities in the PRC

The Target Company is ultimately controlled by the PRC government and the Target Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group and fellow subsidiaries as disclosed above, the Target Group conducts business with other government-related entities which include but are not limited to the following:

– Purchases of ancillary materials and spare parts;

– Ancillary and social services; and

– Financial services arrangements.

These transactions are conducted in the ordinary course of the Target Group's business on terms comparable to those with other entities that are not government-related. The Target Group has established its pricing policies in respect of sale of goods and provision of services, and approval process for purchases of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related or not.

Having considered the potential for transactions to be impacted by related party relationships, the Target Group's buying, pricing strategy and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the Directors are of the opinion that the following transactions with other government-related entities require disclosure:

Transactions with other government-related entities, including state-controlled banks in the PRC:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	-*	-*	6	-*	-*

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. RELATED PARTY TRANSACTIONS (CONTINUED)

33.4 Transactions with other government-related entities in the PRC (continued)

Balances with other government-related entities, including state-controlled banks in the PRC

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepaid expenses and other current assets	19	20	20	-*
Cash and time deposits at banks	-*	-*	1	1
Accrued expenses and other payables	4	2	4	2

* Amount smaller than RMB500,000.

34. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

35. SUBSIDIARIES

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Menggeqin Energy	PRC	17.75%	-*	38

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Menggeqin Energy	PRC	17.75%	(4)	34

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Menggeqin Energy	PRC	21.00%	725	144

31 July 2024/Seven months ended 31 July 2024 (unaudited)

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Menggeqin Energy	PRC	21.00%	747	789

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB million	RMB million
Menggeqin Energy	PRC	21.00%	-*	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. SUBSIDIARIES (CONTINUED)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Menggeqin Energy

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million
Current assets	24	25	298
Non-current assets	682	4,561	636
Current liabilities	491	4,392	245
Non-current liabilities	-	-	-
Total equity	215	194	689

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	-	-	-	-	-
Expenses	1	22	391	394	6
Profit and total comprehensive income for the year/period	(1)	(22)	3,451	3,555	-*
Dividend paid to non-controlling interests	-	-	623	-	-
Net cash outflow from operating activities	-	-	(1,622)	(517)	(277)
Net cash (outflow)/inflow from investing activities	(38)	(18)	4,643	5,550	-
Net cash inflow/(outflow) from financing activities	38	18	(2,744)	5	-
Net cash inflow/(outflow)	-	-	277	5,038	(277)

* Amount smaller than RMB500,000.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY

Year ended 31 December 2022

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2022	-	408	(1,526)	(1,118)
Profit for the year	-	-	(24)	(24)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(24)	(24)
Dividend declared	-	-	-	-
Appropriation of maintenance and production funds	-	-	-	-
Utilisation of maintenance and production funds	-	-	-	-
Others	-	-	-	-
At 31 December 2022	-	408	(1,550)	(1,142)

Year ended 31 December 2023

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2023	-	408	(1,550)	(1,142)
Profit for the year	-	-	71	71
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	71	71
Dividend declared	-	-	-	-
Appropriation of maintenance and production funds	-	-	-	-
Utilisation of maintenance and production funds	-	-	-	-
Others	-	48	-	48
At 31 December 2023	-	456	(1,479)	(1,023)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (CONTINUED)

Year ended 31 December 2024

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	-	456	(1,479)	(1,023)
Profit for the year	116	-	2,522	2,638
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	116	-	2,522	2,638
Dividend declared	-	-	-	-
Appropriation of maintenance and production funds	-	-	-	-
Utilisation of maintenance and production funds	-	-	-	-
Others	-	43	-	43
At 31 December 2024	116	499	1,043	1,658

Seven months ended 31 July 2024 (unaudited)

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	-	456	(1,479)	(1,023)
Profit for the period	-	-	191	191
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	191	191
Dividend declared	-	-	-	-
Appropriation of maintenance and production funds	-	-	-	-
Utilisation of maintenance and production funds	-	-	-	-
Others	-	-	-	-
At 31 July 2024	-	456	(1,288)	(832)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (CONTINUED)

Seven months ended 31 July 2025

	Statutory reserves RMB million	Capital and other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2025	116	499	1,043	1,658
Profit for the period	-	-	352	352
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	352	352
Dividend declared	-	-	-	-
Appropriation of maintenance and production funds	-	-	-	-
Utilisation of maintenance and production funds	-	-	-	-
Others	-	-	-	-
At 31 July 2025	116	499	1,395	2,010

At 31 December 2022, 2023 and 2024 and 31 July 2025 the aggregate amount of retained earnings determined in accordance with the Accounting Standards for Business Enterprise available for distribution to equity holders of the Target Company was RMB-1,550 million, RMB-1,479 million, RMB1,043 million and RMB1,395 million.

China Energy Shipping Co. Ltd.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHINA ENERGY SHIPPING CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of China Energy Shipping Co., Ltd. (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-J-3 to II-J-92, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-J-3 to II-J-92 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-J-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue						
Services	4	3,076	2,466	4,160	2,257	2,858
Cost of sales	6	2,752	2,375	3,580	1,947	2,439
Gross profit		324	91	580	310	419
General and administrative expenses		(38)	(138)	(196)	(128)	(108)
Research and development costs		-	(7)	(7)	(3)	(1)
Other gains and losses	10	-*	(19)	(90)	(14)	(49)
Other income	7	1	19	10	10	10
Loss allowances, net of reversal	10	(4)	-*	(8)	-*	3
Other expenses		(1)	-*	-*	-*	-*
Interest income	8	2	2	1	1	1
Finance costs	8	(21)	(21)	(23)	(9)	(30)
Share of results of an associate		-*	(1)	-*	-*	-
Profit/(loss) before income tax		263	(74)	267	167	245
Income tax expense	9	(66)	(2)	(47)	(28)	(62)
Profit/(loss) for the year/period	10	197	(76)	220	139	183
Other comprehensive income for the year/period		-	-	-	-	-*
Total comprehensive income/(loss) for the year/period		197	(76)	220	139	183

* Amount less than RMB500,000

I HISTORICAL FINANCIAL IFORMATION
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit/(loss) for the year/period attributable to:					
Equity holder of the Target Company	127	(76)	200	119	183
Non-controlling interests	70	-*	20	20	-*
	197	(76)	220	139	183
Total comprehensive income/(loss) for the year/period attributable to:					
Equity holder of the Target Company	127	(76)	200	119	183
Non-controlling interests	70	-*	20	20	-*
	197	(76)	220	139	183

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets					
Property, plant and equipment	14	1,701	1,626	2,333	3,142
Construction in progress	15	-	15	81	-*
Intangible assets	16	1	1	18	18
Right-of-use assets	18	-	40	32	29
Interests in an associate		6	4	-	-
Other non-current assets	17	-	-	511	242
Deferred tax assets	25	71	74	93	104
Total non-current assets		1,779	1,760	3,068	3,535
Current assets					
Inventories	20	23	20	28	40
Accounts and bills receivables	21	152	82	225	447
Contract assets	22	56	75	144	141
Prepaid expenses and other current assets	23	75	104	58	60
Time deposits with original maturity over three months	24	51	41	20	20
Cash and cash equivalents	24	256	366	383	1,096
Total current assets		613	688	858	1,804
Current liabilities					
Borrowings	26	641	661	280	140
Accounts payables	28	236	328	469	763
Accrued expenses and other payables	29	16	23	39	58
Current portion of lease liabilities	27	-	18	21	9
Current portion of long-term liabilities	30	54	-	15	2
Income tax payable		12	-	14	14
Contract liabilities		-*	2	16	7
Total current liabilities		959	1,032	854	993
Net current (liabilities)/assets		(346)	(344)	4	811
Total assets less current liabilities		1,433	1,416	3,072	4,346

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current liabilities					
Long-term liabilities	30	-	-	1,450	2,057
Lease liabilities	27	-	24	11	11
Total non-current liabilities		-	24	1,461	2,068
Net assets		1,433	1,392	1,611	2,278
Equity					
Paid-up capital	31	-	1,000	1,024	1,524
Reserves		910	(64)	112	295
Equity attributable to equity holder of the Target Company		910	936	1,136	1,819
Non-controlling interests	38	523	456	475	459
Total equity		1,433	1,392	1,611	2,278

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (note 30)	Capital reserve RMB million (note (i))	Statutory reserves RMB million (note (ii))	Retained earnings RMB million (note (iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2022	-	700	-*	288	988	579	1,567
Profit for the year	-	-	-	127	127	70	197
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	127	127	70	197
Appropriation of maintenance and production funds (note (ii))	-	-	13	(13)	-	-	-
Utilisation of maintenance and production funds (note (ii))	-	-	(13)	13	-	-	-
Distributions to a non-controlling shareholder	-	-	-	-		(126)	(126)
Distributions to former equity holders	-	-	-	(205)	(205)	-	(205)
At 31 December 2022	-	700	-	210	910	523	1,433

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (note 30)	Capital reserve RMB million (note (i))	Statutory reserves RMB million (note (ii))	Retained earnings RMB million (note (iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2023	-	700	-	210	910	523	1,433
Profit for the year	-	-	-	(76)	(76)	-*	(76)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(76)	(76)	-*	(76)
Appropriation of maintenance and production funds (note (ii))	-	-	30	(30)	-	-	-
Utilisation of maintenance and production funds (note (ii))	-	-	(30)	30	-	-	-
Capital contribution from equity shareholder	102	-	-	-	102	-	102
Business combination under common control (note)	898	(700)	-	(198)	-	-	-
Distributions to a non-controlling shareholder	-	-	-	-	-	(67)	(67)
Transfer from retained earnings	-	-	3	(3)	-	-	-
At 31 December 2023	1,000	-	3	(67)	936	456	1,392

* Amount less than RMB500,000

Note: According to the notice of China Energy Investment Corporation Limited (the "China Energy Group") in December 2022, the Target Company and Guodian Coal Co., Ltd. entered into an equity agreement in April 2023, pursuant to which, Guodian Coal Co., Ltd. agreed to transfer its 60% equity interests of Tianjin Guoneng Shipping Co., Ltd. and 100% equity interests of Guoneng (Wuhan) Shipping Co., Ltd. to the Target Company at nil consideration. The transaction was completed in August 2023. Further details of the transaction are set out in note 1 to the Historical Financial Information.

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company					
	Paid-up capital RMB million (note 29)	Statutory reserves RMB million (note (ii))	Retained earnings RMB million (note (iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	1,000	3	(67)	936	456	1,392
Profit for the year	-	-	200	200	20	220
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	200	200	20	220
Capitalisation of retained earnings to paid-up capital (note)	24	-	(24)	-	-	-
Appropriation of maintenance and production funds (note (ii))	-	37	(37)	-	-	-
Utilisation of maintenance and production funds (note (ii))	-	(37)	37	-	-	-
Distributions to a non-controlling shareholder	-	-	-	-	(1)	(1)
Transfer from retained earnings	-	16	(16)	-	-	-
At 31 December 2024	1,024	19	93	1,136	475	1,611

Note: On 15 July 2024, according to the third meeting minutes of the Board of Directors, it was approved that the paid-up capital of the Target Company was increased by RMB24 million from capitalisation of retained earnings.

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company					
	Paid-up capital RMB million (note 29)	Statutory reserves RMB million (note (ii))	Retained earnings RMB million (note (iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2024	1,000	3	(67)	936	456	1,392
Profit for the period	-	-	119	119	20	139
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	119	119	20	139
Appropriation of maintenance and production funds (note (ii))	-	4	(4)	-	-	-
Utilisation of maintenance and production funds (note (ii))	-	(4)	4	-	-	-
Distributions to a non-controlling shareholder	-	-	-	-	(1)	(1)
At 31 July 2024	1,000	3	52	1,055	475	1,530

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company						
	Paid-up capital RMB million (Note 29)	Exchange reserve RMB million	Statutory reserves RMB million (Note (ii))	Retained earnings RMB million (Note (iii))	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 1 January 2025	1,024	-	19	93	1,136	475	1,611
Profit for the period	-	-	-	183	183	-	183
Other comprehensive income for the period	-	-*	-	-	-	-	-
Total comprehensive income for the period	-	-*	-	183	183	-	183
Capital contribution from equity shareholder	500	-	-	-	500	-	500
Appropriation of maintenance and production funds (Note (ii))	-	-	9	(9)	-	-	-
Utilisation of maintenance and production funds (Note (ii))	-	-	(8)	8	-	-	-
Distributions to non-controlling shareholders	-	-	-	-	-	(16)	(16)
At 31 July 2025	1,524	-*	20	275	1,819	459	2,278

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025 (continued)

Notes:

(i) The capital reserve mainly represents the amount of the net assets acquired from or transferred to related parties under common control for no consideration.

(ii) Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Target Company's Articles of Association, the Target Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make up losses, if any, or to expand the Target Company's business, and may be converted into paid-up capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital of the Target Company. The statutory surplus reserve is not distributable.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Target Group is required to transfer production and maintenance funds at fixed rates based on revenue, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

The directors of the Target Company (the "Directors") have not proposed any appropriation to the discretionary surplus reserve during the Relevant Periods.

(iii) Retained earnings

Included in the retained earnings of the Target Group were its share of the statutory surplus reserve of its domestic subsidiaries amounted to RMB132 million, RMB134 million, RMB140 million and RMB140 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively.

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Operating activities					
Profit/(loss) before income tax	263	(74)	267	167	245
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	147	147	156	85	104
Depreciation of right-of-use assets (note 10)	-	15	21	2	12
Amortisation of intangible assets (note 10)	-*	-*	-*	-*	1
Amortisation of long-term deferred expenses (note 10)	-	-	-*	-	1
Losses on disposal of property, plant and equipment, intangible assets and non-current assets (note 10)	-*	15	12	(12)	-*
Impairment losses on property, plant and equipment (note 10)	-	4	78	26	49
Share of results of an associate	-*	1	-*	-	-
Loss allowances, net of reversal (note 10)	4	-*	8	-*	(3)
Interest expenses	20	21	23	9	30
Operating cash flows before movements in working capital	434	129	565	277	439
Changes in working capital:					
(Increase)/decrease in inventories	(6)	3	(8)	(2)	(12)
Decrease/(increase) in accounts and bills receivables	-*	73	(143)	(180)	(227)
(Increase)/decrease in prepaid expenses and other assets	(47)	(37)	(9)	(7)	8
(Decrease)/increase in accounts payables	(98)	(35)	262	329	302
Increase in accrued expenses and other liabilities	82	3	14	88	23
Increase/(decrease) in contract liabilities	1	2	14	(2)	(9)
Cash generated from operations	366	138	695	503	524
Income tax paid	(97)	(14)	(64)	(28)	(76)
Net cash generated from operating activities	269	124	631	475	448

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Investing activities					
Additions of property, plant and equipment, intangible assets, construction in progress and other non-current assets	(27)	(22)	(317)	(281)	(11)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets	-*	29	95	46	-*
Placement of time deposits with original maturity over three months	(50)	(40)	(20)	(19)	(20)
Maturity of time deposits with original maturity over three months	-	50	40	40	20
Return on investment from an associate	-	1	4	-	-
Net cash (used in)/generated from investing activities	(77)	18	(198)	(214)	(11)

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Financing activities					
Capital element of lease rentals paid (note 24(c))	-	(13)	(21)	(10)	(21)
Interest element of lease rentals paid (note 24(c))	-	(2)	(1)	-*	(1)
Interest paid (note 24(c))	(20)	(18)	(12)	(7)	(46)
Proceeds from borrowings (note 24(c))	640	660	400	330	200
Repayments of borrowings (note 24(c))	(563)	(694)	(781)	(531)	(340)
Capital contribution from equity holder	-	102	-	-	500
Distributions to a non-controlling shareholder	(126)	(67)	(1)	(1)	(16)
Distributions to former equity holders	(205)	-	-	-	-
Net cash (used in)/generated from financing activities	(274)	(32)	(416)	(219)	276
(Decrease)/increase in cash and cash equivalents	(82)	110	17	42	713
Cash and cash equivalents, at the beginning of the year/period	338	256	366	366	383
Cash and cash equivalents, at the end of the year/period	256	366	383	408	1,096

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Non-current assets				
Property, plant and equipment	14	115	1,110	978
Construction in progress	15	-	80	-
Intangible assets	16	-	9	9
Right-of-use assets	18	39	23	12
Investments in subsidiaries	19	898	898	1,368
Other non-current assets	17	-	509	127
Deferred tax assets	25	2	1	1
Total non-current assets		1,054	2,630	2,495
Current assets				
Inventories	20	2	8	1
Accounts and bills receivables	21	-*	108	285
Contract assets	22	-	76	71
Prepaid expenses and other current assets	23	31	12	92
Cash and cash equivalents	24	121	132	409
Total current assets		154	336	858

* Amount less than RMB500,000

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY (continued)

	Notes	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current liabilities				
Accounts payables	28	133	264	433
Accrued expenses and other payables	29	6	26	42
Current portion of lease liabilities	27	18	19	6
Current portion of long-term liabilities	30	-	15	1
Total current liabilities		157	324	482
Net current (liabilities)/assets		(3)	12	376
Total assets less current liabilities		1,051	2,642	2,871
Non-current liabilities				
Lease liabilities	27	24	6	-
Long-term liabilities	30	-	1,450	1,074
Total non-current liabilities		24	1,456	1,074
Net assets		1,027	1,186	1,797
Equity				
Paid-up capital	31	1,000	1,024	1,524
Reserves		27	162	273
Total equity		1,027	1,186	1,797

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

The Target Company is a limited liability company established in the People's Republic of China (the "PRC") on 22 March 2023 with a registered capital of RMB1,000 million. The registered office of the Target Company is located at 9th Floor, No. 6, Caihefang Road, Haidian District, Beijing, the PRC.

During the Relevant Periods, the Target Group was involved in the river shipping and coastal shipping activities.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

The acquisition of Tianjin Guoneng Shipping Co., Ltd. and Guoneng (Wuhan) Shipping Co., Ltd. in 2023 was accounted for using the principles of merger accounting as these entities were controlled by China Energy Group before and after the acquisition.

As at the date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Registered capital RMB/USD million	Proportion of ownership interest held by the Target Group (%)	Principal activities
Guoneng (Wuhan) Shipping Co., Ltd. (note (i))	PRC/Mainland China 28 March 2012	RMB100	100.00	River shipping
Tianjin Guoneng Shipping Co., Ltd. (note (i))	PRC/Mainland China 30 May 2008	RMB1,000	60.00	Coastal shipping
Guoneng (Tianjin) Shipping Co., Ltd. (note (ii))	PRC/Mainland China 20 September 2024	RMB463	100.00	Coastal shipping
CHN ENERGY OCEAN SHIPPING (HK) CO., LIMITED (note (ii))	Hong Kong 28 November 2024	USD20	100.00	Coastal shipping

Notes:

(i) The statutory financial statements of the entities for the year ended 31 December 2022 prepared under China Accounting Standards were audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC. The statutory financial statements of the entities for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards were audited by Zhongxinghua Certified Public Accountants LLP, certified public accountants registered in the PRC.

(ii) The entities had not commenced business operations in 2024, and they had no audited financial statements.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared on the historical cost basis.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

For business combination under common control in which subsidiaries directly or indirectly held by the ultimate holding company of the Target Company (the "Common Control Acquiree Entities") are acquired by the Target Group, it is accounted for using the principles of merger accounting. The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for the Relevant Periods and the seven months ended 31 July 2024 include the results and cash flows of the Common Control Acquiree Entities from the beginning of the Relevant Periods or since the date when the Common Control Acquiree Entities first came under the common control of the ultimate holding company, where this is a shorter period. The consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 July 2025 have been prepared to present the assets and liabilities of the Common Control Acquiree Entities using the existing book values from the ultimate holding company's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the business combination under common control.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the Historical Financial Information of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits,* respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The Historical Financial Information of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate. When the Target Group's share of losses of an associate exceeds the Target Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate, after applying the expected credit losses (the "ECL") model to such other long-term interests where applicable), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of the investment in an associate, any excess of the cost of acquisition over the Target Group's share of the net fair value of the identifiable assets, liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised when the recoverable amount is less than the carrying value of the investment in associates. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group reduces its ownership interest in an associate but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Target Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Target Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Foreign currencies

In preparing the Historical Financial Information of each individual group entity, transactions in currencies other than entity's functional currencies (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consists buildings, vessels and other items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Buildings	35 years
Vessels	5 – 25 years
Furniture, motor vehicles and other equipment	5 – 10 years

The Directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group.);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts payables, other payables and long-term liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.3 to the Historical Financial Information, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, intangible assets, right-of-use assets, interests in an associate and other non-current assets, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The Target Group recognises the deferred income tax assets to the extent that it is probable that future taxable profit and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets was complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 25 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue from goods and services					
– Transportation and other services	3,076	2,465	4,156	2,255	2,858
Others	-*	1	4	2	-*
	3,076	2,466	4,160	2,257	2,858

* Amount less than RMB500,000

The Target Group's revenues from contracts with customers are RMB3,076 million, RMB2,465 million, RMB4,156 million, RMB2,255 million and RMB2,858 million for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively.

The Target Group provides shipment transportation service to customers. This service are recognised as a performance obligation satisfied over time as the Target Group rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using output method.

All performance obligations of sales of shipment transportation service is part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

The revenue information of continuing operations above is based on the locations of the customers.

Geographical information

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Mainland China	3,076	2,466	4,160	2,257	2,849
Hong Kong	-	-	-	-	9
Total revenue	3,076	2,466	4,160	2,257	2,858

All of the Target Group's non-current and non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5. SEGMENT AND OTHER INFORMATION (continued)

Revenue derived from a single customer which accounted for 10% or more of the Target Group's total revenue is as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Customer A	2,968	2,417	3,812	1,999	2,574

6. COST OF SALES

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Materials and fuel	397	357	339	195	231
Personnel expenses	148	134	131	87	49
Depreciation and amortisation	146	146	154	84	101
Transportation charges	1,900	1,610	2,778	1,488	1,934
Taxes and surcharges	10	7	10	7	13
Other operating costs	151	121	168	86	111
	2,752	2,375	3,580	1,947	2,439

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

7. OTHER INCOME

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Others	1	19	10	10	10

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income from:					
– bank deposits	2	2	1	1	1
Total interest income	2	2	1	1	1
Interest on:					
– borrowings	20	19	22	9	29
– lease liabilities	-	2	1	-*	1
Total finance costs on financial liabilities	20	21	23	9	30
Others	1	-*	-*	-*	-*
Total finance costs	21	21	23	9	30
Net finance costs	19	19	22	8	29

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Current tax	67	5	66	27	73
Income tax difference adjustment in respect of prior year/period	-*	-*	-*	-*	-*
Deferred tax	(1)	(3)	(19)	1	(11)
	66	2	47	28	62

* Amount less than RMB500,000

The tax charge for the year/period can be reconciled to the profit/(loss) before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Profit/(loss) before income tax	263	(74)	267	167	245
Tax at the PRC income tax rate of 25%	66	(19)	67	42	61
Tax effects of:					
– non-deductible expenses	-*	2	-	-	1
– utilisation of tax losses and deductible temporary difference previously not recognised	-	-	(20)	(20)	-
– tax losses and deductible temporary difference not recognised	-	20	-	6	-
– Income tax difference adjustment in respect of prior year/period	-*	-*	-*	-*	-*
– Others	-*	(1)	-*	-*	-*
Income tax expense	66	2	47	28	62

* Amount less than RMB500,000

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities is 25% for the Relevant Periods and for the seven months ended 31 July 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD

Profit/(loss) for the year/period has been arrived at after charging/(crediting)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Personnel expenses, including	175	220	252	181	118
– Contributions to defined contribution plans	2	8	17	7	9
Depreciation of property, plant and equipment (note 14)	147	147	156	85	104
Depreciation of right-of-use assets (note 18)	-	15	21	2	12
Amortisation of intangible assets (note 16)	-*	-*	-*	-*	1
Amortisation of long-term deferred expenses	-	-	-*	-	1
Depreciation and amortisation	147	162	177	87	118
Loss allowances					
– Account receivable (note 33.2)	-	(3)	-	-	2
– Other receivables (note 33.2)	4	3	8	-*	(5)
	4	-*	8	-*	(3)

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT/(LOSS) FOR THE YEAR/PERIOD (continued)

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Other gains and losses, represent					
– losses/(gains) on disposal of property, plant and equipment, intangible assets and non-current assets	-*	15	12	(12)	-*
– impairment losses on property, plant and equipment (note 14) (note)	-	4	78	26	49
	-*	19	90	14	49
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	1	3	1	1	1
Auditors' remuneration					
– audit service	-*	-*	-*	-*	-*

* Amount less than RMB500,000

Note:

The Target Group has recorded impairment losses for certain long-term assets.

The recoverable amount is the higher of the fair value of the cash generating units ("CGU") less costs to sell and value in use ("VIU") of the CGUs.

Recoverable amount by calculating fair value less costs to sell:

As at 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025, the Group had determined the recoverable amount by using fair value less cost of disposal. Certain assets had been valued via market method. The fair value was categorised into Level 3 measurement.

Recoverable amount by calculating present value of estimated future cash flow:

The Group had treated companies with impairment indicators as individual cash-generating units and had made relevant impairment assessment by calculating the present value of estimated future cash flow of each cash generating unit.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTOR'S AND SUPERVISOR'S EMOLUMENTS

The remuneration of the Target Company's directors and supervisor during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2023				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Xing Chenghai	(ii)	-	1	-	-*	1
Cui Fenghai	(ii)	-	1	-	-*	1
Zhang Min	(i)&(ii)	-	-	-	-	-
Wang Yuewei	(i)&(ii)	-	-	-	-	-
Li Jianwei	(i)&(ii)	-	-	-	-	-
Sub-total		-	2	-	-	2
Supervisor						
Ji Shunping	(ii)	-	1	-	-*	1
Total		-	3	-	-*	3

		Year ended 31 December 2024				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Xing Chenghai	(iii)	-	1	-	-*	1
Cui Fenghai	(iii)	-	1	-	-*	1
Zhang Min	(i)	-	-	-	-	-
Wang Yuewei	(i)	-	-	-	-	-
Li Jianwei	(i)	-	-	-	-	-
Yin Chengfei	(ii)	-	1	-	-*	1
Zhang Zhiwen	(ii)	-	-*	-	-*	-*
Sub-total		-	3	-	-*	3
Supervisor						
Ji Shunping	(iii)	-	1	-	-*	1
Total		-	4	-	-*	4

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Xing Chenghai		-	1	-	-*	1
Cui Fenghai		-	-*	-	-*	-*
Zhang Min	(i)	-	-	-	-	-
Wang Yuewei	(i)	-	-	-	-	-
Li Jianwei	(i)	-	-	-	-	-
Yin Chengfei		-	-*	-	-*	-*
Sub-total		-	1	-	-*	1
Supervisor						
Ji Shunping	(ii)	-	-*	-	-*	-*
Total		-	1	-	-*	1

		Seven months ended 31 July 2025				
	Notes	Fee RMB million	Basic salaries, housing and other allowance and benefits in kind RMB million	Discretionary bonuses RMB million	Retirement scheme contributions RMB million	Total RMB million
Directors						
Zhang Zhiwen		-	1	-	-*	1
Yin Chengfei		-	-*	-	-*	-*
Wang Yuewei	(i)	-	-	-	-	-
Zhang Min	(i)	-	-	-	-	-
Li Jianwei	(i)	-	-	-	-	-
		-	-	-	-	-
Total		-	1	-	-*	1

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Notes:

(i) The emoluments of these directors and supervisors were borne by China Energy Group and its subsidiaries during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. Xing Chenghai was elected and appointed as a director on 22 March 2023.
Mr. Cui Fenghai was elected and appointed as a director on 22 March 2023.
Mr. Zhang Min was elected and appointed as a director on 22 March 2023.
Mr. Wang Yuewei was elected and appointed as a director on 22 March 2023.
Mr. Li Jianwei was elected and appointed as a director on 22 March 2023.
Mr. Ji Shunping was elected and appointed as a supervisor on 22 March 2023.
Mr. Yin Chengfei was elected and appointed as a director on 17 May 2024.
Mr. Zhang Zhiwen was elected and appointed as a director on 20 September 2024.

(iii) Mr. Xing Chenghai ceased to serve as a director on 20 September 2024.
Mr. Cui Fenghai ceased to serve as a director on 17 May 2024.
Mr. Ji Shunping ceased to serve as a supervisor on 28 October 2024.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments within the Target Group, nil, two, two, two and two were directors and supervisor of the Target Company whose emolument are disclosed in note 11 to the Historical Financial Information for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025, respectively. The emoluments of other five, three, three, three and three highest paid individuals are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Basic salaries, housing and other allowances and benefits in kind	3	3	3	1	1
Retirement scheme contributions	-*	-*	-*	-*	-*
Total	3	3	3	1	1

* Amount less than RMB500,000

Their emoluments are within the following band:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Nil to HKD500,000	-	-	-	3	-
HKD500,001 to HKD1,000,000	5	-	-	-	3
HKD1,000,001 to HKD1,500,000	-	3	3	-	-
Total	5	3	3	3	3

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Land and buildings RMB million	Vessels RMB million	Furniture, motor vehicles and other equipment RMB million	Total RMB million
Cost				
At 1 January 2022	41	3,122	6	3,169
Additions	-	-	-*	-*
Transferred from construction in progress (note 15)	-	14	-	14
Disposals	-	-	-*	-*
At 31 December 2022 and 1 January 2023	41	3,136	6	3,183
Additions	-	115	-*	115
Transferred from construction in progress (note 15)	-	5	-	5
Disposals	-	(168)	-*	(168)
At 31 December 2023 and 1 January 2024	41	3,088	6	3,135
Additions	-	-	5	5
Transferred from construction in progress (note 15)	-	1,042	-	1,042
Disposals	-	(408)	(1)	(409)
At 31 December 2024 and 1 January 2025	41	3,722	10	3,773
Additions	-	-	3	3
Transferred from construction in progress (note 15)	-	959	-	959
Disposals	-	-	(1)	(1)
At 31 July 2025	41	4,681	12	4,734

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Group (continued)

	Land and buildings RMB million	Vessels RMB million	Furniture, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment				
At 1 January 2022	13	1,317	5	1,335
Charge for the year	1	146	-*	147
At 31 December 2022 and 1 January 2023	14	1,463	5	1,482
Charge for the year	1	146	-*	147
Impairment losses	-	4	-	4
Disposals	-	(124)	-*	(124)
At 31 December 2023 and 1 January 2024	15	1,489	5	1,509
At 1 January 2024	15	1,489	5	1,509
Charge for the year	1	154	1	156
Impairment losses	-	78	-	78
Disposals	-	(302)	(1)	(303)
At 31 December 2024 and 1 January 2025	16	1,419	5	1,440
Charge for the period	1	102	1	104
Impairment losses	-	49	-	49
Disposals	-	-	(1)	(1)
At 31 July 2025	17	1,570	5	1,592
Net carrying amounts				
At 31 December 2022	27	1,673	1	1,701
At 31 December 2023	26	1,599	1	1,626
At 31 December 2024	25	2,303	5	2,333
At 31 July 2025	24	3,111	7	3,142

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Group (continued)

Notes:

(i) As at 31 December 2024, the property, plant and equipment and construction in progress with carrying amount of RMB1,010 million and RMB80 million have been pledged to China Energy Group and fellow subsidiaries to secure the long-term liabilities granted to the Target Group.

As at 31 July 2025, the property, plant and equipment with carrying amount of RMB1,969 million have been pledged to China Energy Group and fellow subsidiaries to secure the long-term liabilities granted to the Target Group.

(ii) Due to certain indicators of impairment for some assets, management performed impairment assessments on the related assets and calculated that impairment provisions of RMB4 million, RMB78 million and RMB49 million were provided, which were recognised in profit of loss for the years ended 31 December 2023 and 2024 and the seven months ended 31 July 2025, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company

	Vessels RMB million	Furniture, motor vehicles and other equipment RMB million	Total RMB million
Cost			
At 22 March 2023 (date of registration)	-	-	-
Additions	115	-*	115
At 31 December 2023 and 1 January 2024	115	-*	115
Additions	-	5	5
Transferred from construction in progress (note 15)	1,010	-	1,010
At 31 December 2024 and 1 January 2025	1,125	5	1,130
Transferred from construction in progress (note 15)	-	-	-
Disposals	(115)	-	(115)
At 31 July 2025	1,010	5	1,015

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Target Company (continued)

	Vessels RMB million	Furniture, motor vehicles and other equipment RMB million	Total RMB million
Depreciation and impairment			
At 22 March 2023 (date of registration)	-	-	-
Charge for the year	-	-*	-*
At 31 December 2023 and 1 January 2024	-	-*	-*
Charge for the period	19	1	20
At 31 December 2024 and 1 January 2025	19	1	20
Charge for the period	26	-*	26
Disposals	(9)	-	(9)
At 31 July 2025	36	1	37
Net Carrying amounts			
At 31 December 2023	115	-*	115
At 31 December 2024	1,106	4	1,110
At 31 July 2025	974	4	978

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	-	15	81
Additions	14	20	1,113	878
Transferred to property, plant and equipment (note 14)	(14)	(5)	(1,042)	(959)
Transferred to intangible assets (note 16)	-	-	(5)	-
At the end of the year/period	-	15	81	-*

* Amount less than RMB500,000

The Target Company

	From 22 March 2023 (date of registration) to 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	-	80
Additions	-	1,094	-
Transferred to property, plant and equipment (note 14)	-	(1,010)	-
Transferred to intangible assets (note 16)	-	(4)	-
Others	-	-	(80)
At the end of the year/period	-	80	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

16. INTANGIBLE ASSETS

The Target Group

The movements of intangible assets, mainly software, are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	1	1	18
Additions	1	-*	17	1
Amortisation	-*	-*	-*	(1)
At the end of the year/period	1	1	18	18

* Amount less than RMB500,000

The Target Company

The movements of intangible assets, mainly software, are as follows:

	From 22 March 2023 (date of registration) to 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	-	9
Additions	-	9	1
Amortisation	-	-*	(1)
At the end of the year/period	-	9	9

* Amount less than RMB500,000

17. OTHER NON-CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	-	-	505	237
Long-term deferred expenses (note)	-	-	6	5
	-	-	511	242

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. OTHER NON-CURRENT ASSETS (continued)

The Target Group (continued)

Note:

The movements of long-term deferred expenses during the year/period are as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	-	-	6
Additions	-	-	6	-
Amortisation	-	-	-*	(1)
At the end of the year/period	-	-	6	5

* Amount less than RMB500,000

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Prepayments in connection with construction work, equipment purchases and others	-	505	124
Long-term deferred expenses (note)	-	4	3
	-	509	127

Note:

The movements of long-term deferred expenses during the year/period are as follows:

	From 22 March 2023 (date of registration) to 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2025 RMB million
At the beginning of the year/period	-	-	4
Additions	-	4	-
Amortisation	-	-*	(1)
At the end of the year/period	-	4	3

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. RIGHT-OF-USE ASSETS

The Target Group

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

The Target Group leases assets including buildings. Information about leases for which the Target Group is a lessee is presented below.

	Buildings RMB million	Total RMB million
Cost		
At 1 January 2022, 31 December 2022 and 1 January 2023	-	-
Additions	55	55
At 31 December 2023 and 1 January 2024	55	55
Additions	20	20
Disposals	(10)	(10)
At 31 December 2024 and 1 January 2025	65	65
Additions	9	9
At 31 July 2025	74	74
Accumulated depreciation		
At 1 January 2022, 31 December 2022 and 1 January 2023	-	-
Depreciation	15	15
At 31 December 2023 and 1 January 2024	15	15
Depreciation	21	21
Disposals	(3)	(3)
At 31 December 2024 and 1 January 2025	33	33
Depreciation	12	12
At 31 July 2025	45	45

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. RIGHT-OF-USE ASSETS (continued)

The Target Group (continued)

	Buildings RMB million	Total RMB million
Net carrying amounts		
At 31 December 2022	-	-
At 31 December 2023	40	40
At 31 December 2024	32	32
At 31 July 2025	29	29

The Target Company

The Target Company leases assets including buildings. Information about leases for which the Target Company is a lessee is presented below.

	Buildings RMB million	Total RMB million
Cost		
At 22 March 2023 (date of registration)	-	-
Additions	54	54
At 31 December 2023 and 1 January 2024	54	54
Additions	1	1
At 31 December 2024 and 1 January 2025	55	55
Additions	-	-
At 31 July 2025	55	55
Accumulated depreciation		
At 22 March 2023 (date of registration)	-	-
Depreciation	15	15
At 31 December 2023 and 1 January 2024	15	15
Depreciation	17	17
At 31 December 2024 and 1 January 2025	32	32
Depreciation	11	11
At 31 July 2025	43	43
Net carrying amounts		
At 31 December 2023	39	39
At 31 December 2024	23	23
At 31 July 2025	12	12

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. INVESTMENTS IN SUBSIDIARIES

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Unlisted investments, at cost	898	898	1,368

The Target Company's balances with subsidiaries are unsecured, interest-free and repayable on demand. Further details of the Target Company's balances with subsidiaries are included in note 38 to the Historical Financial Information.

Particulars of the Target Company's principal subsidiaries, which are directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

20. INVENTORIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Materials and supplies	23	20	28	40

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Materials and supplies	2	8	1

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable				
– China Energy Group and fellow subsidiaries	128	65	170	387
– Third parties	278	272	299	317
	406	337	469	704
Less: allowance for credit losses	275	272	272	274
	131	65	197	430
Bills receivable				
– Third parties	21	17	28	17
	152	82	225	447

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

Bills receivable were mainly issued by the PRC banks and other financial institutions, were expiring within one year. As at the end of each of the Relevant Periods, the Target Group has no had pledged to secure bills payable.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is less than one year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

21. ACCOUNTS AND BILLS RECEIVABLES (continued)

The Target Group (continued)

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group measured the impairment provision for accounts receivable at an amount equivalent to lifetime expected credit losses and calculated its expected credit losses based on the comparison table of overdue days and expected credit loss rate. In addition to the accounts receivable for which the provision for expected credit losses is made on a collective basis, the Target Group has individually assessed the accounts receivable for which credit losses have occurred with gross carrying amounts of RMB271 million, RMB271 million and RMB272 million, respectively.

The Target Group substantially ceased coal trading business in the year 2017. Due to disputes between the Target Group and certain customers who refused to comply with its duty, the Target Group filed the lawsuits against these customers in prior years which were either supported by the courts or still undergoing the legal process. As these counterparties were not willing and also unable to fulfil its duty, the Target Group assessed the expected loss rate individually for each customer, and made a full provision on balances due in prior years.

Details of credit risks of accounts and bills receivables as at 31 December 2022, 2023 and 2024 and 31 July 2025 are set out in note 33.2 to the Historical Financial Information.

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts receivable			
– China Energy Group and fellow subsidiaries	-*	108	285

* Amount less than RMB500,000

As at 31 December 2023, 2024 and 31 July 2025, all accounts receivables are from contracts with customers.

As at 31 December 2023, 2024 and 31 July 2025, the ageing analysis of accounts receivables, based on the invoice date and net of loss allowance, is less than one year and not past due.

22. CONTRACT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contract assets arising from:				
Transportation services	56	75	144	141
Impairment	-	-	-	-
Net carrying amount	56	75	144	141

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amount of contract assets was mainly due from related parties within China Energy Group, and there was no significant credit risk. The Target Group did not make provision for impairment.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. CONTRACT ASSETS (continued)

The Target Group (continued)

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Within one year	56	75	144	141

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contract assets arising from:			
Transportation services	-	76	71
Impairment	-	-	-
Net carrying amount	-	76	71

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amount of contract assets was mainly due from related parties within China Energy Group, and there was no significant credit risk. The Target Company did not make provision for impairment.

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods:

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Within one year	-	76	71

23. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost – Other receivables	74	70	68	54
Less: impairment losses	9	12	20	15
	65	58	48	39
Prepaid expenses	4	8	5	11
Deductible VAT and other taxes	6	38	5	10
	75	104	58	60

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. PREPAID EXPENSES AND OTHER CURRENT ASSETS (continued)

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets measured at amortised cost			
– Other receivables	7	7	89
Less: impairment losses	-	-	-
	7	7	89
Prepaid expenses	6	2	1
Deductible VAT and other taxes	18	3	2
	31	12	92

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	307	407	403	1,116
Less: Time deposits with original maturity over three months	51	41	20	20
Cash and cash equivalents in the consolidated cash flow statement	256	366	383	1,096

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 33.2 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with banks and other financial institutions	121	132	409
Cash and cash equivalents in the cash flow statement	121	132	409

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(a) Cash and cash equivalents (continued)

The Target Company (continued)

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

(b) Major non-cash transaction

During the Relevant Periods, the Target Group had non-cash additions to right-of-use assets and lease liabilities of nil, RMB55 million, RMB20 million and RMB9 million, respectively, in respect of lease arrangements.

(c) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB million (note 26)	Lease liabilities RMB million (note 27)	Long-term liabilities RMB million (note 30)	Total RMB million
At 1 January 2022	447	-	171	618
Capital element of lease rentals paid	-	-	-	-
Interest element of lease rentals paid	-	-	-	-
Interest paid	(16)	-	(4)	(20)
Proceeds from borrowings and other liabilities	640	-	-	640
Repayments of borrowings and other liabilities	(446)	-	(117)	(563)
Interest expenses	16	-	4	20
At 31 December 2022	641	-	54	695
At 1 January 2023	641	-	54	695
Capital element of lease rentals paid		(13)	-	(13)
Interest element of lease rentals paid	-	(2)	-	(2)
Interest paid	(18)	-	(1)	(19)
Proceeds from borrowings and other liabilities	660	-	-	660
Repayments of borrowings and other liabilities	(640)	-	(54)	(694)
Interest expenses	18	2	1	21
Increase in lease liabilities from entering into new leases during the year	-	55	-	55
At 31 December 2023	661	42	-	703

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Borrowings RMB million (note 26)	Lease liabilities RMB million (note 27)	Long-term liabilities RMB million (note 30)	Total RMB million
At 1 January 2024	661	42	-	703
Capital element of lease rentals paid	-	(21)	-	(21)
Interest element of lease rentals paid	-	(1)	-	(1)
Interest paid	(12)	-	-	(12)
Proceeds from borrowings and other liabilities	400	-	-	400
Repayments of borrowings and other liabilities	(781)	-	-	(781)
Interest expenses	12	1	10	23
New leased fixed assets under finance lease	-	-	1,455	1,455
Disposal of lease	-	(9)	-	(9)
Increase in lease liabilities from entering into new leases during the year	-	20	-	20
At 31 December 2024	280	32	1,465	1,777
At 1 January 2025	280	32	1,465	1,777
Capital element of lease rentals paid	-	(21)	-	(21)
Interest element of lease rentals paid	-	(1)	-	(1)
Interest paid	(3)		(43)	(46)
Proceeds from borrowings and other liabilities	200	-	-	200
Repayments of borrowings and other liabilities	(340)	-	-	(340)
Interest expenses	3	1	26	30
New leased fixed assets under finance lease	-	-	611	611
Increase in lease liabilities from entering into new leases during the period	-	9	-	9
At 31 July 2025	140	20	2,059	2,219

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Within operating cash flows	1	3	1	1	1
Within financing cash flows	-	15	22	10	22
	1	18	23	11	23

These amounts relate to the following:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Lease rental paid	1	17	25	21	24

25. DEFERRED TAXATION

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	71	74	93	104

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. DEFERRED TAXATION (continued)

The Target Group (continued)

The following are the deferred tax assets recognised and movements thereon during the year/period:

	1 January 2022 RMB million	Credited to profit or loss RMB million	31 December 2022 RMB million
Allowances, primarily for receivables and inventories	70	1	71

	1 January 2023 RMB million	Credited to profit or loss RMB million	31 December 2023 RMB million
Allowances, primarily for receivables and inventories	71	-*	71
Property, plant and equipment	-	1	1
Lease transactions	-	1	1
Others	-	1	1
Net deferred tax assets	71	3	74

	1 January 2024 RMB million	Credited/(charged) to profit or loss RMB million	31 December 2024 RMB million
Allowances, primarily for receivables and inventories	71	2	73
Property, plant and equipment	1	18	19
Lease transactions	1	-*	1
Others	1	(1)	-*
Net deferred tax assets	74	19	93

	1 January 2025 RMB million	Credited to profit or loss RMB million	31 July 2025 RMB million
Allowances, primarily for receivables and inventories	73	-*	73
Property, plant and equipment	19	11	30
Lease transactions	1	-	1
Others	-*	-	-*
Net deferred tax assets	93	11	104

* Amount less than RMB500,000

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had unused tax losses of nil, RMB83 million, nil and nil, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. DEFERRED TAXATION (continued)

The Target Group (continued)

The expiry dates of the tax losses of the Target Group for which no deferred income tax assets were recognised are summarised as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Year of expiry				
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	83	-	-
Total	-	83	-	-

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deferred tax assets	2	1	1

The following are the major deferred tax assets recognised and movements thereon during the year/period:

	22 March 2023 RMB million	Credited to profit or loss RMB million	31 December 2023 RMB million
Others	-	2	2

	1 January 2024 RMB million	Charged to profit or loss RMB million	31 December 2024 RMB million
Others	2	(1)	1

	1 January 2025 RMB million	Credited to profit or loss RMB million	31 July 2025 RMB million
Others	1	-	1

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Company had unused tax losses of nil, RMB83 million, nil and nil, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

The expiry dates of the tax losses of the Target Company for which no deferred income tax assets were recognised are summarised as follows:

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Year of expiry			
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	83	-	-
Total	83	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. BORROWINGS

The Target Group

An analysis of the Target Group's borrowings is as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current borrowings:				
Short-term bank and othe borrowings	641	661	280	140

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group's short-term borrowings were unsecured and bore interest at rates ranging from 2.20% to 3.20%, 2.25% to 2.95%, 2.22% to 2.35% and 2.60% to 2.70%, respectively.

27. LEASE LIABILITIES

The Target Group

The lease liabilities were repayable as follow:

	31 December 2023		31 December 2024		31 July 2025	
	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million
Within 1 year	18	19	21	22	9	10
After 1 year but within 2 years	18	19	7	7	5	5
After 2 years but within 5 years	6	6	4	4	6	6
	42	44	32	33	20	21
Less: total future interest expenses		(2)		(1)		(1)
Present value of lease liabilities		42		32		20

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. LEASE LIABILITIES (continued)

The Target Company

The lease liabilities were repayable as follow:

	31 December 2023		31 December 2024		31 July 2025	
	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million	Present value of the minimum lease payments RMB million	Total minimum lease payments RMB million
Within 1 year	18	19	19	19	6	6
After 1 year but within 2 years	18	19	6	6	-	-
After 2 years but within 5 years	6	6	-	-	-	-
	42	44	25	25	6	6
Less: total future interest expenses		(2)		-*		-*
Present value of lease liabilities		42		25		6

* Amount less than RMB500,000

28. ACCOUNTS PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable				
– China Energy Group and fellow subsidiaries	2	133	13	36
– Third parties	234	195	456	727
	236	328	469	763

As the end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice date, is less than one year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

28. ACCOUNTS PAYABLES (continued)

The Target Group (continued)

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accounts payable			
– China Energy Group and fellow subsidiaries	132	65	67
– Third parties	1	199	366
	133	264	433

As the end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice date, is less than one year.

29. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	1	4	7	31
Taxes payable other than income tax	13	17	27	25
Other accrued expenses and payables (note)	2	2	5	2
	16	23	39	58

Note:

Other accrued expenses and payables of the Target Group included:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Amounts due to China Energy Group and fellow subsidiaries	-	-	2	-

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. ACCRUED EXPENSES AND OTHER PAYABLES (continued)

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Accrued staff wages and welfare benefits	2	3	22
Taxes payable other than income tax	4	19	19
Other accrued expenses and payables	-*	4	1
	6	26	42

* Amount less than RMB500,000

30. LONG-TERM LIABILITIES

The Target Group

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of fixed assets	-	-	1,465	2,059
Others	54	-	-	-
	54	-	1,465	2,059
Analysed for reporting purpose as:				
Current liabilities	54	-	15	2
Non-current liabilities	-	-	1,450	2,057
	54	-	1,465	2,059

As at 31 December 2024 and 31 July 2025, the interest rate of the Target Group's payables for acquisition of fixed assets were 2.75%.

The Target Company

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Payables for acquisition of fixed assets	-	1,465	1,075
Analysed for reporting purpose as:			
Current liabilities	-	15	1
Non-current liabilities	-	1,450	1,074
	-	1,465	1,075

As at 31 December 2024 and 31 July 2025, the interest rate of the Target Company's payables for acquisition of fixed assets were 2.75%.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. PAID-UP CAPITAL

	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Paid-up capital	1,000	1,024	1,524

During 22 March 2023 (date of registration) to 31 December 2023, the paid-up capital increased by RMB898 million as a result of the acquisition of Tianjin Guoneng Shipping Co., Ltd. and Guoneng (Wuhan) Shipping Co., Ltd. and by RMB102 million from cash contribution from the equity holder.

For the year ended 31 December 2024, the Target Company capitalised its retained earnings of RMB24 million into its paid-up capital of the same amount.

For the seven months ended 31 July 2025, the equity holder made a cash contribution of RMB500 million to the Target Company's paid-up capital.

32. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31 December 2022, 2023 and 2024 and 31 July 2025 was 40%, 43%, 59% and 57%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets				
Financial assets at amortised cost	503	530	648	1585
Financial liabilities				
Amortised cost	933	1,033	2,251	2,984

33.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, other receivables, accounts payables, borrowings and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of the entities is RMB in which most of the transactions are denominated. The Target Group has no significant currency risk.

(ii) Interest rate risk

The Target Group has no variable-rate liabilities, thus the Target Group has no significant interest rate risk.

The Target Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, there are no financial guarantees provided by the Target Company. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Target Group's credit risk is significantly reduced.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables represent pledge and guarantee deposit. The pledge and guarantee deposit are paid for regular businesses.

The tables below detail the credit risk exposures of the Target Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Financial assets at amortised costs							
Cash and cash equivalents and time deposits	24	N/A	12-month ECL	307	407	403	1,116
Other receivables	23	N/A	12-month ECL	74	70	68	54
			Credit-impaired	9	12	20	15
Accounts receivable (note)	21	N/A	Provision matrix	406	337	469	704
			Credit-impaired	275	272	272	274

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Target Group determines the ECL on these items by using a provision matrix, grouped by debtors' aging.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its provision of transportation services because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). Accounts receivable with credit-impaired with gross carrying amounts of RMB275 million, RMB272 million, RMB271 million and RMB271 million as at 31 December 2022, 2023 and 2024 and 31 July 2025, respectively, were assessed individually.

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB million	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB million	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB million	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB million
Current (not past due)	1%	131	0%	65	0%	198	1%	433
More than three years past due	100%	275	100%	272	100%	271	100%	271
		406		337		469		704

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	-	275	275
As at 31 December 2022 and 1 January 2023	-	275	275
Impairment losses reversed	-*	(3)	(3)
As at 31 December 2023 and 1 January 2024	-*	272	272
Impairment losses recognised	1	-	1
Impairment losses reversed	-	(1)	(1)
As at 31 December 2024 and 1 January 2025	1	271	272
Impairment losses recognised	3	-	3
Impairment losses reversed	(1)	-*	(1)
As at 31 July 2025	3	271	274

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	12-month ECL (not credit-impaired) RMB million	Lifetime ECL (credit-impaired) RMB million	Total RMB million
As at 1 January 2022	1	4	5
– Impairment losses recognised	4	-	4
As at 31 December 2022 and 1 January 2023	5	4	9
– Impairment losses recognised	2	1	3
As at 31 December 2023 and 1 January 2024	7	5	12
– Impairment losses recognised	9	-	9
– Impairment losses reversed	-	(1)	(1)
As at 31 December 2024 and 1 January 2025	16	4	20
– Impairment losses reversed	(5)	-	(5)
As at 31 July 2025	11	4	15

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates and the earliest date the Target Group can be required to pay:

	31 December 2022					
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:						
Accounts payables, accrued expenses and other payables, lease liabilities and long-term liabilities		293	-	-	293	292
Borrowings fixed interest rate	2.94%	649	-	-	649	641
		942	-	-	942	933

	31 December 2023					
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:						
Accounts payables, accrued expenses and other payables, lease liabilities and long-term liabilities		349	19	6	374	372
Borrowings fixed interest rate	2.79%	669	-	-	669	661
		1,018	19	6	1,043	1,033

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

33. FINANCIAL INSTRUMENTS (continued)

33.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	31 December 2024						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts payables, other payables, lease liabilities and long-term liabilities		533	48	448	1,279	2,308	1,971
Borrowings fixed interest rate	2.25%	282	-	-	-	282	280
		815	48	448	1,279	2,590	2,251

	31 July 2025						
	Weighted average interest rate %	On demand or less than 1 year RMB million	1 – 2 years RMB million	2 – 5 years RMB million	More than 5 years RMB million	Total undiscounted cash flows RMB million	Total carrying amount RMB million
Financial liabilities:							
Accounts payables, other payables, lease liabilities and long-term liabilities		832	220	623	1,615	3,290	2,844
Borrowings fixed interest rate	2.66%	143	-	-	-	143	140
		975	220	623	1,615	3,433	2,984

Saved as discussed above, the Target Group also makes use of banks and financial institutions facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. COMMITMENTS AND CONTINGENT LIABILITIES

34.1 Capital commitments

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had capital commitments for equipment and other as follows:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Contracted for but not provided				
– Equipment and others	-*	10	598	8

* Amount less than RMB500,000

34.2 Legal contingencies

The Target Group is the defendant in certain lawsuits as well as the plaintiff in other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or operating results of the Target Group.

35. EMPLOYEE BENEFITS PLAN

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the years ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025 were RMB2 million, RMB8 million, RMB17 million, RMB7 million and RMB9 million, respectively.

36. RELATED PARTY TRANSACTIONS

36.1 Transactions with China Energy Group and fellow subsidiaries

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with China Energy Group and fellow subsidiaries (continued)

The Target Group had the following transactions with China Energy Group and fellow subsidiaries that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2024 and 2025:

	Notes	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Interest income	(i)	2	2	1	1	1
Interest expense	(ii)	10	15	22	8	30
Purchases of ancillary materials and spare parts	(iii)	4	20	20	9	4
Ancillary and social services	(iv)	1	8	11	3	1
Transportation service income	(v)	2,968	2,417	3,812	1,999	2,574
Transportation service expense	(vi)	21	6	47	32	37
Granting of loans from China Energy Group	(vii)	500	660	1,865	1,047	794
Repayment of loans from China Energy Group	(viii)	-	500	780	530	340
Property leasing	(ix)	-	16	22	22	21
Purchase of equipment and construction work	(x)	-*	115	-	-	-
Net deposits placed with Finance Company (note)	(xi)	(33)	100	(4)	22	713

* Amount less than RMB500,000

Note: China Energy Finance Co., Ltd.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with China Energy Group and fellow subsidiaries (continued)

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Interest expense represents interest incurred from loans from China Energy Group and fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Purchases of ancillary materials and spare parts represent purchase of materials and utility supplies related to the Target Group's operations from fellow subsidiaries.

(iv) Ancillary and social services represent expenditures for social welfare and support services such as property management, water and electricity supply, and canteen expense paid to China Energy Group and fellow subsidiaries.

(v) Transportation service income represents income earned from fellow subsidiaries in respect of coal and materials transportation services.

(vi) Transportation service expense represents expenses paid to fellow subsidiaries in respect of coal and materials transportation services.

(vii) Granting of loans from China Energy Group and fellow subsidiaries.

(viii) Repayment of loans from China Energy Group and fellow subsidiaries.

(ix) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.

(x) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries.

(xi) Net deposits placed with Finance Company represents net deposits placed by the Target Group with Finance Company.

The Directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with China Energy Group and fellow subsidiaries (continued)

The Target Group entered into a number of agreements with China Energy Group and fellow subsidiaries. The terms of the principal agreements are summarised as follows:

(i) The Target Company has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with fellow subsidiaries. Pursuant to the agreement, fellow subsidiaries provide the Target Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Target Group provides fellow subsidiaries with shipping transportation and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.

(ii) The Target Company has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Target Group. The interest rate for the deposits with Finance Company from the Target Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Target Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

(iii) The Target Group has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Target Group before fellow subsidiaries obtains the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Target Company has a pre-emptive right to purchase such property under terms no less favorable than other third party.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.1 Transactions with China Energy Group and fellow subsidiaries (continued)

Amounts due from/to China Energy Group and fellow subsidiaries:

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Deposits with Finance Company	306	406	402	1,115
Accounts and bills receivables	128	65	170	387
Contract assets	55	70	133	122
Prepaid expenses and other current assets	-	6	6	1
Total amounts due from China Energy Group and fellow subsidiaries	489	547	711	1,625
Borrowings	500	661	280	140
Accounts payable	2	133	13	36
Accrued expenses and other payables	-	-	2	-
Contract liabilities	-	-	6	-
Lease liabilities	-	42	25	6
Long-term liabilities	-	-	1,465	2,059
Total amounts due to China Energy Group and fellow subsidiaries	502	836	1,791	2,241

Other than those disclosed in notes 26, 27 and 30 to the Historical Financial Information, amounts due from/to China Energy Group and fellow subsidiaries bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

36. RELATED PARTY TRANSACTIONS (continued)

36.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Short-term employee benefits	-	3	4	2	2
Post-employment benefits	-	1	1	-*	1
	-	4	5	2	3

* Amount less than RMB500,000

Total remuneration is included in "personnel expenses" as disclosed in note 10 to the Historical Financial Information.

36.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 35 to the Historical Financial Information.

37. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 23 September 2025, according to the fourth meeting minutes of the Board of Directors, it was approved that the paid-up capital of the Target Company was increased by RMB134 million from capitalisation of undistributed profits.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. SUBSIDIARIES

Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2022/Year ended 31 December 2022

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Tianjin Guoneng Shipping Co., Ltd.	PRC/Mainland China	40	70	523

31 December 2023/Year ended 31 December 2023

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Tianjin Guoneng Shipping Co., Ltd.	PRC/Mainland China	40	-*	456

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Tianjin Guoneng Shipping Co., Ltd.	PRC/Mainland China	40	20	475

31 July 2024/Seven months ended 31 July 2024 (unaudited)

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Tianjin Guoneng Shipping Co., Ltd.	PRC/Mainland China	40	20	475

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

38. SUBSIDIARIES (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

31 July 2025/Seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests RMB million	Accumulated non-controlling interests RMB million
Tianjin Guoneng Shipping Co., Ltd.	PRC/Mainland China	40	-*	459

Tianjin Guoneng Shipping Co., Ltd..

	31 December 2022 RMB million	31 December 2023 RMB million	31 December 2024 RMB million	31 July 2025 RMB million
Current assets	371	348	299	176
Non-current assets	1,768	1,581	1,297	1,200
Current liabilities	832	789	410	230
Total equity	1,307	1,140	1,186	1,146

	Year ended 31 December 2022 RMB million	Year ended 31 December 2023 RMB million	Year ended 31 December 2024 RMB million	Seven months ended 31 July 2024 RMB million (unaudited)	Seven months ended 31 July 2025 RMB million
Revenue	2,089	1,462	1,406	829	424
Expenses	1,851	1,466	1,250	751	386
Profit and total comprehensive income for the year/period	175	-*	49	50	(1)
Net cash inflow from operating activities	252	186	271	151	89
Net cash (outflow)/inflow from investing activities	(27)	24	89	30	-*
Net cash outflow from financing activities	(258)	(219)	(394)	(209)	(182)
Net cash outflow	(33)	(9)	(34)	(28)	(93)

* Amount less than RMB500,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY

Period ended 31 December 2023

	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 22 March 2023 (date of registration)	-	-	-
Profit for the period	-	27	27
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	27	27
Appropriation of maintenance and production funds	1	(1)	-
Utilisation of maintenance and production funds	(1)	1	-
Transfer from retained earnings	3	(3)	-
At 31 December 2023	3	24	27

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (continued)

Year ended 31 December 2024

	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	3	24	27
Profit for the year	-	159	159
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	159	159
Appropriation of maintenance and production funds	2	(2)	-
Utilisation of maintenance and production funds	(3)	3	-
Transfer from retained earnings	14	(14)	-
Capitalisation of retained earnings to paid-up capital	-	(24)	(24)
At 31 December 2024	16	146	162

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2024 (unaudited)

	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2024	3	24	27
Profit for the period	-	90	90
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	90	90
Appropriation of maintenance and production funds	4	(4)	-
Utilisation of maintenance and production funds	(4)	4	-
At 31 July 2024	3	114	117

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

39. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2025

	Statutory reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2025	16	146	162
Profit for the period	-	111	111
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	111	111
Appropriation of maintenance and production funds	4	(4)	-
Utilisation of maintenance and production funds	(2)	2	-
At 31 July 2025	18	255	273

Shenhua Coal Trading Co., Ltd.

Accountants' Report on Historical Financial Information

31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHENHUA COAL TRADING CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of Shenhua Coal Trading Co., Ltd. (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-K-3 to II-K-86, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-K-3 to II-K-86 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on II-K-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Revenue						
Goods and services	4	3,772,875	5,432,504	9,124,495	4,832,777	2,432,298
Cost of sales	6	(3,649,973)	(5,326,715)	(8,969,282)	(4,758,735)	(2,332,193)
Gross profit		122,902	105,789	155,213	74,042	100,105
Selling expenses		(25,042)	(14,349)	(12,795)	(5,434)	(10,396)
General and administrative expenses		(32,631)	(32,231)	(42,519)	(26,920)	(51,947)
Other gains and losses	10	729	1,340	9,087	-	388
Other income	7	226	1,663	3,453	31	1,242
Loss allowances, net of reversal	10	64	8	8	-	1,065
Other expenses		(2)	(2,024)	(5,869)	-	-
Interest income	8	6,402	1,260	2,258	598	1,240
Finance costs	8	1,461	(2,497)	(18,079)	(13,413)	(1,581)
Profit before income tax		74,109	58,959	90,757	28,904	40,116
Income tax expense	9	(19,860)	(18,610)	(32,376)	(7,421)	(11,778)
Profit for the year/period	10	54,249	40,349	58,381	21,483	28,338
Other comprehensive income for the year/period		-	-	-	-	-
Total comprehensive income for the year/period		54,249	40,349	58,381	21,483	28,338

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Non-current assets					
Property, plant and equipment	14	29,360	27,037	35,533	34,365
Right-of-use assets	17	12,883	4,360	3,199	890
Financial assets at fair value through other comprehensive income	16	6,436	6,436	6,436	4,936
Other non-current assets		-	-	233	-
Deferred tax assets	23	4,776	5,885	2,577	2,392
Total non-current assets		53,455	43,718	47,978	42,583
Current assets					
Inventories	18	-	-	366,234	33,955
Accounts and bills receivables	19	319,517	579,204	589,904	2,517,691
Prepaid expenses and other current assets	20	53,947	133,595	161,487	359,187
Restricted bank deposits	21	49,224	9,183	9,233	9,247
Time deposits with original maturity over three months	22	-	-	50,000	50,000
Cash and cash equivalents	22	353,475	505,696	936,384	1,329,882
Total current assets		776,163	1,227,678	2,113,242	4,299,962
Current liabilities					
Borrowings	24	-	370,278	678,315	-
Accounts and bills payables	26	333,682	357,371	643,396	3,312,265
Accrued expenses and other payables	27	10,758	12,458	29,548	114,510
Current portion of lease liabilities	25	8,511	8,796	2,921	947
Income tax payable		2,973	247	10,444	2,786
Contract liabilities	28	15,594	30,311	31,770	161,477
Total current liabilities		371,518	779,461	1,396,394	3,591,985
Net current assets		404,645	448,217	716,848	707,977
Total assets less current liabilities		458,100	491,935	764,826	750,560

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Non-current liabilities					
Lease liabilities	25	6,514	-	-	-
Total non-current liabilities		6,514	-	-	-
Net assets		451,586	491,935	764,826	750,560
Equity					
Paid-up capital	29	108,010	108,010	322,520	322,520
Reserves	30	343,576	383,925	442,306	428,040
Total equity		451,586	491,935	764,826	750,560

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Paid-up capital RMB'000 (Note 29)	Capital reserve RMB'000 (Note 30)	Statutory reserves RMB'000 (Note 30)	Retained earnings RMB'000 (Note 30)	Total equity RMB'000
At 1 January 2022	108,010	207,877	79,067	12,339	407,293
Profit for the year	-	-	-	54,249	54,249
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	54,249	54,249
Distribution in specie*	-	(9,956)	-	-	(9,956)
At 31 December 2022	108,010	197,921	79,067	66,588	451,586

* During the year ended 31 December 2022, a wholly-owned subsidiary of the Target Company, Guoneng Guoyuan Power Fuel Co., Ltd. transferred certain investment properties with an aggregate carrying amount of RMB9,956,000 to a then entity controlled by China Energy Investment Corporation Limited at nil consideration.

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Paid-up capital RMB'000 (Note 29)	Capital reserve RMB'000 (Note 30)	Statutory reserves RMB'000 (Note 30)	Retained earnings RMB'000 (Note 30)	Total equity RMB'000
At 1 January 2023	108,010	197,921	79,067	66,588	451,586
Profit for the year	-	-	-	40,349	40,349
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	40,349	40,349
Transfer from retained earnings	-	-	4,048	(4,048)	-
At 31 December 2023	108,010	197,921	83,115	102,889	491,935

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Paid-up capital RMB'000 (Note 29)	Capital reserve RMB'000 (Note 30)	Statutory reserves RMB'000 (Note 30)	Retained earnings RMB'000 (Note 30)	Total equity RMB'000
At 1 January 2024	108,010	197,921	83,115	102,889	491,935
Profit for the year	-	-	-	58,381	58,381
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	58,381	58,381
Capital contribution from equity holders	214,510	-	-	-	214,510
Transfer from retained earnings	-	-	4,734	(4,734)	-
At 31 December 2024	322,520	197,921	87,849	156,536	764,826

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Paid-up capital RMB'000 (Note 29)	Capital reserve RMB'000 (Note 30)	Statutory reserves RMB'000 (Note 30)	Retained earnings RMB'000 (Note 30)	Total equity RMB'000
At 1 January 2024	108,010	197,921	83,115	102,889	491,935
Profit for the period	-	-	-	21,483	21,483
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	21,483	21,483
Capital contribution from equity holders	214,510	-	-	-	214,510
At 31 July 2024	322,520	197,921	83,115	124,372	727,928

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Paid-up capital RMB'000 (Note 29)	Capital reserve RMB'000 (Note 30)	Statutory reserves RMB'000 (Note 30)	Retained earnings RMB'000 (Note 30)	Total equity RMB'000
At 1 January 2025	322,520	197,921	87,849	156,536	764,826
Profit for the period	-	-	-	28,338	28,338
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	28,338	28,338
Dividend declared (Note 13)	-	-	-	(42,604)	(42,604)
At 31 July 2025	322,520	197,921	87,849	142,270	750,560

I HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December 2022 RMB '000	Year ended 31 December 2023 RMB '000	Year ended 31 December 2024 RMB '000	Seven months ended 31 July 2024 RMB '000 (unaudited)	Seven months ended 31 July 2025 RMB '000
Operating activities					
Profit before income tax	74,109	58,959	90,757	28,904	40,116
Adjustments for:					
Depreciation of property, plant and equipment (note 10)	1,676	1,703	1,698	959	1,168
Depreciation of right-of-use assets (note 10)	7,801	6,694	4,478	3,391	2,309
Net gains on disposal of property, plant and equipment and right-of-use assets (note 10)	(6,552)	(429)	(6,356)	-	-
Dividend income from equity investments (note 10)	(835)	(911)	(2,731)	-	-
Impairment loss on prepayments (note 10)	6,658	-	-	-	-
Interest income (note 8)	(6,402)	(1,260)	(2,258)	(598)	(1,240)
Loss allowances, net of reversal (note 10)	(64)	(8)	(8)	-	(1,065)
Interest expenses	873	4,930	17,816	8,853	2,829
Exchange loss, net (note 8)	(11,783)	(3,173)	(5,929)	(460)	1,500
Other gain and losses	(5,599)	-	-	-	-
Operating cash flows before movements in working capital	59,882	66,505	97,467	41,049	45,617
Changes in working capital:					
Decrease/(increase) in inventories	2,091	-	(366,234)	(285,545)	332,279
(Increase)/decrease in accounts and bills receivables	(191,667)	(259,687)	(10,700)	435,061	(1,927,787)
(Increase)/decrease in prepaid expenses and other assets	(25,042)	(79,584)	(27,892)	(962,383)	(197,700)
(Increase)/decrease in restricted bank deposits	(40,183)	40,041	(50)	(14)	(14)
Increase in accounts and bills payables	181,845	25,499	289,647	525,610	2,670,785
(Decrease)/increase in accrued expenses and other liabilities	(36,515)	1,700	19,317	13,734	84,962
(Decrease)/increase in contract liabilities	(39,500)	14,717	1,459	141,272	129,707
Cash (used in)/generated from operations	(89,089)	(190,809)	3,014	(91,216)	1,137,849
Income tax paid	(16,958)	(19,634)	(18,513)	(18,513)	(20,037)
Net cash (used in)/generated from operating activities	(106,047)	(210,443)	(15,499)	(109,729)	1,117,812

I HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December 2022 RMB '000	Year ended 31 December 2023 RMB '000	Year ended 31 December 2024 RMB '000	Seven months ended 31 July 2024 RMB '000 (unaudited)	Seven months ended 31 July 2025 RMB '000
Investing activities					
Payments for acquisition of property, plant and equipment	(15)	(86)	(12,487)	(453)	-
Proceeds from disposal of property, plant and equipment	10,867	668	5,095	5,095	-
Proceeds from disposal of equity investments	-	-	-	-	1,887
Interest received	6,086	911	3,119	-	176
Placement of time deposits with original maturity over three months	-	-	(100,000)	(50,000)	(60,000)
Maturity of time deposits with original maturity over three months	-	-	50,000	-	60,000
Proceeds from repayment of other investments	160,000	-	-	-	-
Net cash generated from/(used in) investing activities	176,938	1,493	(54,273)	(45,358)	2,063
Financing activities					
Capital element of lease rentals paid (note 22(b))	(6,114)	(4,622)	(6,578)	(4,303)	(1,974)
Interest element of lease rentals paid (note 22(b))	(873)	(36)	(179)	-	-
Interest paid (note 22(b))	-	(4,616)	(17,419)	(6,241)	(3,325)
New borrowings (note 22(b))	-	1,170,000	1,377,819	1,150,000	220,000
Repayments of borrowings (note 22(b))	-	(800,000)	(1,070,000)	(520,000)	(897,819)
Capital contribution from equity holders	-	-	214,510	214,510	-
Dividend paid to equity holders of the Company (note 13)	-	-	-	-	(42,604)
Net cash (used in)/generated from financing activities	(6,987)	360,726	498,153	833,966	(725,722)
Increase in cash and cash equivalents	63,904	151,776	428,381	678,879	394,153
Cash and cash equivalents, at the beginning of the year/period	279,518	353,475	505,696	505,696	936,384
Effect of foreign exchange rate changes	10,053	445	2,307	172	(655)
Cash and cash equivalents, at the end of the year/period	353,475	505,696	936,384	1,184,747	1,329,882

I HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Non-current assets					
Property, plant and equipment	14	15,411	14,754	23,827	23,281
Investments in subsidiaries	15	188,998	188,998	388,998	388,998
Deferred tax assets	23	1,588	1,588	1,588	1,588
Total non-current assets		205,997	205,340	414,413	413,867
Current assets					
Inventories	18	-	-	366,234	5,290
Accounts and bills receivables	19	132,443	411,005	279,828	2,441,265
Prepaid expenses and other current assets	20	47,800	85,747	85,254	130,437
Restricted bank deposits	21	49,224	9,183	9,233	9,247
Cash and cash equivalents	22	158,245	337,146	400,111	837,191
Total current assets		387,712	843,081	1,140,660	3,423,430

I HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Current liabilities					
Borrowings	24	-	370,278	678,315	-
Accounts and bills payables	26	147,689	183,569	110,881	3,029,453
Accrued expenses and other payables	27	290	1,461	12,708	85,991
Income tax payable		2,973	247	8,086	-
Contract liabilities		-	9,631	-	6,581
Total current liabilities		150,952	565,186	809,990	3,122,025
Net current assets		236,760	277,895	330,670	301,405
Total assets less current liabilities		442,757	483,235	745,083	715,272
Net assets		442,757	483,235	745,083	715,272
Equity					
Paid-up capital	29	108,010	108,010	322,520	322,520
Reserves		334,747	375,225	422,563	392,752
Total equity		442,757	483,235	745,083	715,272

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at No.26 Beiwa Street, Haidian District, Beijing, the PRC.

During the Relevant Periods, the Target Group was involved in coal sales and import/export, and comprehensive utilisation and deep processing of coal in the PRC.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at the date of this report, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered capital RMB'000	Proportion of ownership interest by the Target Group (%)	Principal activities
Guoneng Guoyuan Power Fuel Co., Ltd. ("Guoyuan Fuel") 國能國源電力燃料有限公司 (note (a))	PRC/Mainland China 27 July 2003	50,000	100	Coal sales
Guoneng Coking Coal (Tianjin) Co., Ltd. 國能焦煤（天津）有限公司 (note (b))	PRC/Mainland China 6 November 2023	1,000,000	100	Coal sales
Guoneng Shipping (Hainan) Supply Chain Co., Ltd. 國能運銷(海南)供應鏈有限公司 (note (b))	PRC/Mainland China 29 December 2023	500,000	100	Coal sales

Notes:

(a) The statutory financial statements of this entity for the year ended 31 December 2022 prepared under China Accounting Standards were audited by ShineWing Certified Public Accountants LLP, certified public accountants registered in the PRC, and the statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards were audited by Baker Tilly China Certified Public Accountants LLP ("Baker Tilly"), certified public accountants registered in the PRC.

(b) The statutory financial statements of these entities for the year ended 31 December 2024 prepared under China Accounting Standards were audited by Baker Tilly.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared on a historical cost basis, except for certain financial instruments as disclosed in note 32.3 to the Historical Financial Information, which have been measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

For business combination under common control in which subsidiaries directly or indirectly held by the ultimate holding company of the Target Company (the "Common Control Acquiree Entities") are acquired by the Target Group, it is accounted for using the principles of merger accounting. The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for the Relevant Periods and the seven months ended 31 July 2024 include the results and cash flows of the Common Control Acquiree Entities from the beginning of the Relevant Periods or since the date when the Common Control Acquiree Entities first came under the common control of the ultimate holding company, where this is a shorter period. The consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 July 2025 have been prepared to present the assets and liabilities of the Common Control Acquiree Entities using the existing book values from the ultimate holding company's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the business combination under common control.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION (continued)

Material accounting policies adopted by the Target Group are disclosed below.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has an impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiaries. Control is achieved when the Target Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of the net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Target Group's cash-generating units (or the group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Target Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Foreign currencies

In preparing the financial statements of each individual Target Group entity, transactions in currencies other than entity's functional currency (foreign currency) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, and therefore, the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (Continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination, that affects neither accounting nor taxable profit or loss and that does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investments in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Target Group recognises deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consist of buildings, furniture, fixtures, motor vehicles and other equipment, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress, which is subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for depreciation (year)
Buildings	23 – 45 years
Furniture, fixtures, motor vehicles and other equipment	5 – 10 years

The directors review the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets, taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and to use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination not under common control

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Target Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis determined by the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and the right to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where a contract contains lease components and non-lease components, the Target Group has elected not to separate the non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

When is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or when there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets (continued)

(ii) As a lessor

When the Target Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Target Group is an intermediate lessor, the sub-leases are classified as finance leases or operating leases with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Target Group applies the exemption method, then the Target Group classifies the sub-lease as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a Target Group entity becomes a party to the contractual provisions of an instrument. All regular-way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value, except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit or loss (the "FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset, the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

In addition, the Target Group may irrevocably designate a financial asset that is required to be measured at amortised cost or FVTOCI to be measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves, and they are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts and bills receivables, other receivables, etc). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets is assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Target Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Target Group considers the changes in the risk that the specified debtor will default on the contract.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers that an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collateral held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted the borrower concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses are the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Target Group applies a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are Target Grouped on the following basis:

– nature of financial instruments (i.e., the Target Group's accounts and bills receivables and other receivables are each assessed as a separate Target Group. Loans receivable are assessed for ECL on an individual basis);

– past-due status; and

– external credit ratings, where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

ECLs are remeasured at each reporting date to reflect changes in a financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in an equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) the entity and the Target Group are members of the same Target Group;

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Target Group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a Target Group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.3 to the Historical Financial Information, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment intangible assets and right-of-use assets, the recoverable amount of the asset needs to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

Deferred tax assets

The Target Group recognises deferred income tax assets to the extent that it is probable that future taxable profits and taxable temporary differences will be available against which the deductible temporary differences and tax losses carried forward can be utilised, using tax rates that are expected to be applied in the period when the asset is recovered. Recognition of deferred income tax assets is complex because it requires significant estimation and judgement, and it involves significant assumptions, including future taxable profits, future tax rates, the reversal of deductible and taxable temporary differences, and the possible utilisation of tax losses carried forward that could be significantly affected by changes in the tax law framework and future market or economic conditions. Further details on deferred taxes are disclosed in note 23 to the Historical Financial Information.

Provision of ECL for accounts and bills receivables

The Target Group uses a provision matrix to calculate ECL for accounts receivable. The provision rates are based on the ageing of accounts receivable as groupings of receivables that have similar loss patterns. The provision matrix is based on the Target Group's historical default rates, taking into consideration forward-looking information that is available without undue cost or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, accounts and bills receivables with significant balances and that are credit-impaired are assessed for ECL individually.

The provision for ECL is sensitive to changes in estimates. The information about the ECL and the Target Group's accounts receivable are disclosed in notes 19 and 32.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue by business line is as follows:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Revenue from goods and services					
– Coal	3,753,159	5,421,231	9,103,210	4,824,999	2,364,871
– Agency services	19,510	7,328	20,794	7,778	67,348
– Others	-	3,875	-	-	-
Others	206	70	491	-	79
	3,772,875	5,432,504	9,124,495	4,832,777	2,432,298

The Target Group's revenues from contracts with customers are RMB3,772,669,000, RMB5,432,434,000, RMB 9,124,004,000, RMB4,832,777,000 (unaudited) and RMB2,432,219,000 for the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2024 and 2025, respectively.

The Target Group sells coal to customers at the spot market. For the sale of coal, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specified locations. According to the Target Group's historical experience, there was no significant exchange or return of coal. There are no sales-related warranties associated with coal.

In the course of the Target Group's trading business of coal, If the Group does not obtain the control of the goods before transferring to customer, revenue is recognised on a net basis and presented in "revenue from agency services ".

All performance obligations for the sale of coal are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

The following table sets out information about geographical location of the Target Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Mainland China	3,011,066	4,836,712	8,631,144	4,661,741	2,098,771
Hong Kong	165,960	1,039	340,435	127,069	234,936
Korea	-	120,364	152,916	43,967	70,091
Indonesia	570,637	474,389	-	-	-
Other countries/ regions	25,212	-	-	-	28,500
	3,772,875	5,432,504	9,124,495	4,832,777	2,432,298

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

5. SEGMENT AND OTHER INFORMATION (continued)

Revenue derived from single customers which individually accounted for 10% or more of the Target Group's total revenue is as follows:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Customer A	-	*	1,904,450	1,013,760	388,287
Customer B	*	1,255,343	1,134,055	756,224	313,437
Customer C	*	*	*	*	*
Customer D	-	-	975,787	*	*
Customer E	1,999,225	1,140,305	1,814,395	1,091,732	*
Customer F	570,637	*	-	-	-

*The corresponding revenue did not contribute over 10% of the total revenue of the Target Group during that particular year/period.

All of the Target Group's non-current non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of each of the Relevant Periods.

6. COST OF SALES

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Coal purchased	3,485,542	5,034,922	7,611,112	4,054,100	1,754,010
Transportation charges	154,443	284,672	1,336,004	699,403	555,787
Taxes and surcharges	9,868	7,077	22,084	5,203	22,367
Other operating costs	120	44	82	29	29
	3,649,973	5,326,715	8,969,282	4,758,735	2,332,193

7. OTHER INCOME

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Government grants	74	-	100	-	250
Claims income	-	300	-	-	990
Write-off of accounts payable	-	1,312	3,322	-	-
Others	152	51	31	31	2
	226	1,663	3,453	31	1,242

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Interest income from:					
– bank deposits	1,638	1,260	2,258	598	1,240
– other loans and receivables	4,764	-	-	-	-
Total interest income	6,402	1,260	2,258	598	1,240
Interest on:					
– borrowings	-	4,894	17,637	8,853	2,829
– lease liabilities	873	36	179	-	-
Total finance costs on financial liabilities	873	4,930	17,816	8,853	2,829
Others	900	1,347	3,455	2,033	1,923
Exchange loss, net	(3,234)	(3,780)	(3,192)	2,527	(3,171)
Total finance costs	(1,461)	2,497	18,079	13,413	1,581
Net finance costs	(7,863)	1,237	15,821	12,815	341

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Current tax	18,527	15,849	22,728	7,226	9,844
Income tax difference adjustment in respect of prior year/period	1,333	3,870	6,340	195	1,749
Deferred tax	-	(1,109)	3,308	-	185
	19,860	18,610	32,376	7,421	11,778

The tax charge for the year/period is reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Profit before income tax	74,109	58,959	90,757	28,904	40,116
Tax at the PRC income tax rate of 25%	18,527	14,740	22,689	7,226	10,029
Tax effects of:					
– Non-deductible expenses	-	-	39	-	-
– Reversal of deferred tax assets	-	-	3,308	-	-
–Income tax difference adjustment in respect of prior year/period	1,333	3,870	6,340	195	1,749
Income tax expense	19,860	18,610	32,376	7,421	11,778

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Periods and for the seven months ended 31 July 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging/(crediting)

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Personnel expenses including	45,505	31,461	37,533	21,379	39,615
– Contributions to defined contribution plans	4,767	3,880	4,579	2,590	6,842
Depreciation of property, plant and equipment (note 14)	1,676	1,703	1,698	959	1,168
Depreciation of right-of-use assets (note 17)	7,801	6,694	4,478	3,391	2,309
Depreciation and amortisation	9,477	8,397	6,176	4,350	3,477
Reversal of impairment losses					
– Accounts receivable (note 32.2)	(60)	-	-	-	(1,041)
– Other receivables (note 32.2)	(4)	(8)	(8)	-	(24)
	(64)	(8)	(8)	-	(1,065)
Other gains and losses, represent:					
– net gains on disposal of property, plant and equipment and right-of-use assets	(6,552)	(429)	(6,356)	-	-
– dividend income from equity investments	(835)	(911)	(2,731)	-	-
– impairment losses on prepayments	6,658	-	-	-	-
– others	-	-	-	-	(388)
	(729)	(1,340)	(9,087)	-	(388)
Carrying amount of inventories sold	3,639,985	5,319,594	8,947,116	4,753,503	2,309,797
Operating lease charges relating to short-term leases	173	192	53	-	3,199
Auditors' remuneration					
– audit service	33	33	33	33	47

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISOR'S EMOLUMENTS

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		Year ended 31 December 2022				
	Notes	Fees RMB'000	Basic salaries, housing and other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Wang Guowang (Chief executive)	(i)&(iii)	-	-	-	-	-
Zhang Shunlin	(i)&(iii)	-	-	-	-	-
Han Fangyun	(i)&(iii)	-	-	-	-	-
Che Jianming	(i)&(iii)	-	-	-	-	-
Wang Jingang	(i), (ii)&(iii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Yi Zhengli	(i)&(ii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Total		-	-	-	-	-

		Year ended 31 December 2023				
	Notes	Fees RMB'000	Basic salaries, housing and other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Liu Xiaoqi (Chief executive)	(i)&(ii)	-	-	-	-	-
Yang Xigang	(i)&(ii)	-	-	-	-	-
Wang Peizhou	(i)&(ii)	-	-	-	-	-
Li Ruijun	(i)&(ii)	-	-	-	-	-
Kang Ning	(i)&(ii)	-	-	-	-	-
Wang Guowang (Chief executive)	(i)&(iii)	-	-	-	-	-
Zhang Shunlin	(i)&(iii)	-	-	-	-	-
Han Fangyun	(i)&(iii)	-	-	-	-	-
Che jianming	(i)&(iii)	-	-	-	-	-
Wang Jingang	(i), (ii)&(iii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Yi Zhengli	(i)&(ii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Total		-	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISOR'S EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Year ended 31 December 2024				
	Notes	Fees RMB'000	Basic salaries, housing and other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Liu Xiaoqi (Chief executive)	(i)&(ii)&(iii)	-	-	-	-	-
Zhang Yansheng (Chief executive)	(i)&(ii)	-	-	-	-	-
Li Ruijun	(i)&(ii)	-	-	-	-	-
Wang Peizhou	(i)&(ii)	-	-	-	-	-
Yang Xigang	(i)&(ii)	-	-	-	-	-
Kang Ning	(i)&(ii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Yi Zhengli	(i)&(ii)&(iii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Total		-	-	-	-	-

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fees RMB'000	Basic salaries, housing and other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Liu Xiaoqi (Chief executive)	(i)&(ii)	-	-	-	-	-
Li Ruijun	(i)&(ii)	-	-	-	-	-
Wang Peizhou	(i)&(ii)	-	-	-	-	-
Yang Xigang	(i)&(ii)	-	-	-	-	-
Kang Ning	(i)&(ii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Supervisor						
Yi Zhengli	(i)&(ii)	-	-	-	-	-
Subtotal		-	-	-	-	-
Total		-	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISOR'S EMOLUMENTS (continued)

The remuneration of the Target Company's directors (including the chief executive) and supervisors during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2025				
	Notes	Fees RMB'000	Basic salaries, housing and other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Zhang Yansheng (Chief executive)	(i)&(ii)	-	-	-	-	-
Li Ruijun	(i)&(ii)	-	-	-	-	-
Wang Peizhou	(i)&(ii)	-	-	-	-	-
Yang Xigang	(i)&(ii)	-	-	-	-	-
Kang Ning	(i)&(ii)	-	-	-	-	-
Total		-	-	-	-	-

Notes:

(i) The emoluments of these directors and the supervisor were borne by China Energy Group during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. Zhang Yansheng was elected and appointed as a director on 22 November 2024.
Mr. Liu Xiaoqi was elected and appointed as a director on 4 April 2023.
Mr. Li Ruijun was elected and appointed as a director on 12 June 2023.
Mr. Wang Peizhou was elected and appointed as a director on 8 October 2023.
Mr. Kang Ning was elected and appointed as a director on 27 December 2023.
Mr. Yang Xigang was elected and appointed as a director on 8 October 2023.
Mr. Wang Jingang was elected and appointed as a director on 21 March 2022.
Mr. Yi Zhengli was elected and appointed as a supervisor on 21 March 2022.

(iii) Mr. Liu Xiaoqi ceased to serve as a director on 22 November 2024.
Mr. Yi Zhengli ceased to serve as a supervisor on 22 November 2024.
Mr. Wang Guowang ceased to serve as a director on 4 April 2023.
Mr. Zhang Shunlin ceased to serve as a director on 8 October 2023.
Mr. Che Jianming ceased to serve as a director on 25 August 2023.
Mr. Han Fangyun ceased to serve as a director on 27 December 2023.
Mr. Wang Jingang ceased to serve as a director on 12 June 2023.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

12. EMPLOYEES' EMOLUMENTS

The emoluments of five highest paid individuals of the Target Group during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Basic salaries, housing and other allowances and benefits in kind	702	1,146	882	402	747
Discretionary bonuses	3,587	2,691	2,822	1,175	974
Retirement scheme contributions	363	575	568	334	382
Total	4,652	4,412	4,272	1,911	2,103

The emoluments are within the following bands:

	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Less than HKD500,000	-	-	-	5	5
HKD500,001 to HKD1,000,000	2	2	4	-	-
HKD1,000,001 to HKD1,500,000	3	3	1	-	-
Total	5	5	5	5	5

13. DIVIDENDS

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Dividend declared and paid	-	-	-	-	42,604

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Buildings RMB'000	Furniture, fixtures, motor vehicles and other equipment RMB'000	Total RMB'000
Cost			
At 1 January 2022	82,638	15,828	98,466
Additions	-	155	155
Disposals or write-off	(26,037)	(2,895)	(28,932)
At 31 December 2022 and 1 January 2023	56,601	13,088	69,689
Additions	-	76	76
Disposals or write-off	-	(5,735)	(5,735)
At 31 December 2023 and 1 January 2024	56,601	7,429	64,030
Additions	9,948	1,867	11,815
Disposals or write-off	(7,135)	(99)	(7,234)
At 31 December 2024 and 1 January 2025	59,414	9,197	68,611
At 31 July 2025	59,414	9,197	68,611
Depreciation and impairment			
At 1 January 2022	46,161	11,249	57,410
Charge for the year	888	788	1,676
Disposals or write-off	(16,016)	(2,741)	(18,757)
At 31 December 2022 and 1 January 2023	31,033	9,296	40,329
Charge for the year	1,101	602	1,703
Disposals or write-off	-	(5,039)	(5,039)
At 31 December 2023 and 1 January 2024	32,134	4,859	36,993
Charge for the year	1,066	632	1,698
Disposals or write-off	(5,613)	-	(5,613)
At 31 December 2024 and 1 January 2025	27,587	5,491	33,078
Charge for the period	680	488	1,168
At 31 July 2025	28,267	5,979	34,246
Net carrying amounts			
At 31 December 2022	25,568	3,792	29,360
At 31 December 2023	24,467	2,570	27,037
At 31 December 2024	31,827	3,706	35,533
At 31 July 2025	31,147	3,218	34,365

Notes:

(i) As at 31 December 2022, the net carrying amount of the Target Group's investment properties included in the property, plant and equipment was RMB2,666,000. The fair value of the investment properties as at 31 December 2022 was RMB52,045,000, which is determined using the market comparison approach by reference to the recent sales price of comparable properties on a price per square metre basis using market data which is publicly available. The fair value measurement is categorised into Level 3.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(ii) There is no pledged property, plant and equipment of the Target Group at 31 December 2022, 2023 and 2024 and 31 July 2025.

(iii) The Group was in the process of applying for the title certificates of certain of its properties with an aggregate carrying amount of RMB5,378,000, RMB5,075,000, RMB3,114,000, RMB2,983,000 as at the end of each of the Relevant Periods. The directors of the Target Company are of the opinion that the Target Group is entitled to lawfully and validly occupy or use the above mentioned properties.

The Target Company

	Buildings RMB'000	Furniture, fixtures, motor vehicles and other equipment RMB'000	Total RMB'000
Cost			
At 1 January 2022	36,559	1,062	37,621
Disposals or write-off	(14)	(196)	(210)
At 31 December 2022 and 2023 and 1 January 2024	36,545	866	37,411
Additions	9,948	-	9,948
Disposals or write-off	(99)	-	(99)
At 31 December 2024 and 31 July 2025	46,394	866	47,260
Depreciation and impairment			
At 1 January 2022	20,504	1,028	21,532
Charge for the year	658	–	658
Disposals or write-off	(3)	(187)	(190)
At 31 December 2022 and 1 January 2023	21,159	841	22,000
Charge for the year	657	–	657
At 31 December 2023	21,816	841	22,657
Charge for the year	776	-	776
At 31 December 2024 and 1 January 2025	22,592	841	23,433
Charge for the period	546	-	546
At 31 July 2025	23,138	841	23,979
Net carrying amounts			
At 31 December 2022	15,386	25	15,411
At 31 December 2023	14,729	25	14,754
At 31 December 2024	23,802	25	23,827
At 31 July 2025	23,256	25	23,281

Note:

There is no pledged property, plant and equipment of the Target Company to secure the banking facilities granted to the Target Company at 31 December 2022, 2023 and 2024 and 31 July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. INVESTMENTS IN SUBSIDIARIES

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Unlisted investments, at cost	188,998	188,998	388,998	388,998

The particulars of the above subsidiaries are disclosed in note 1 to the Historical Financial Information.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Target Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Unlisted equity securities	6,436	6,436	6,436	4,936

The above unlisted equity investments represent the Target Group's equity interests in entities established in the PRC. The directors of the Target Company have elected to designate these equity investments at FVTOCI as it is the Target Group's strategy to hold these investments for long-term purposes and to realise their performance potential in the long run.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

17. RIGHT-OF-USE ASSETS

The Target Group

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bank loans secured by the Target Group's right-of-use assets.

The Target Group leases assets including buildings. Information about leases for which the Target Group is a lessee is presented below.

	Buildings RMB'000	Total RMB'000
Cost		
At 1 January 2022	28,840	28,840
Disposals or write-off	(1,976)	(1,976)
At 31 December 2022 and 1 January 2023	26,864	26,864
Disposals or write-off	(1,829)	(1,829)
At 31 December 2023 and 1 January 2024	25,035	25,035
Additions	7,677	7,677
Disposals or write-off	(25,035)	(25,035)
At 31 December 2024 and 31 July 2025	7,677	7,677
Accumulated depreciation		
At 1 January 2022	6,180	6,180
Depreciation	7,801	7,801
At 31 December 2022 and 1 January 2023	13,981	13,981
Depreciation	6,694	6,694
At 31 December 2023 and 1 January 2024	20,675	20,675
Depreciation	4,478	4,478
Disposals or write-off	(20,675)	(20,675)
At 31 December 2024 and 1 January 2025	4,478	4,478
Depreciation	2,309	2,309
At 31 July 2025	6,787	6,787
Net carrying amounts		
At 31 December 2022	12,883	12,883
At 31 December 2023	4,360	4,360
At 31 December 2024	3,199	3,199
At 31 July 2025	890	890

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. INVENTORIES

The Target Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Coal	-	-	366,234	33,955

The Target Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Coal	-	-	366,234	5,290

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. ACCOUNTS AND BILLS RECEIVABLES

The Target Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accounts receivable				
– China Energy Group and fellow subsidiaries	179,798	506,387	469,491	401,517
– Associates	-	-	30,701	-
– Third parties	140,820	73,865	90,760	58,395
	320,618	580,252	590,952	459,912
Less: Allowance for credit losses	1,101	1,048	1,048	-
	319,517	579,204	589,904	459,912
Bills receivable				
– Fellow subsidiaries	-	-	-	2,057,779
	-	-	-	2,057,779
	319,517	579,204	589,904	2,517,691

As at the end of each of the Relevant Periods, all accounts and bills receivables of the Target Group are from contracts with customers.

Bills receivable were issued by the related parties of the Target Group named CHN Energy Finance Co.,Ltd. ("CHN Energy Finance") and CHN Energy (Beijing) Commercial Factoring Company Limited ("CHN Energy Commercial Factoring"), which would expire within six months. As at 31 December 2022, 2023 and 2024 and 31 July 2025, the Target Group had no bills receivable that were pledged to secure bills payable.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is less than one year.

As at 31 December 2022, 2023 and 2024, included in the Target Group's accounts receivable are debtors with aggregate gross carrying amounts of RMB1,101,000, RMB1,048,000 and RMB1,048,000 which are past due as at the reporting dates. The past due balances are considered as in default because the debtors are not able and likely to pay for the debts, and full provision was made against the above accounts receivable as at the reporting dates. As at 31 July 2025, the Target Group's accounts receivable are not past due. The Target Group does not hold any collateral over these balances.

Details of credit risks of accounts and bills receivables as at 31 December 2022, 2023 and 2024 and 31 July 2025 are set out in note 32.2 to the Historical Financial Information.

All accounts and bills receivables are denominated in RMB.

Transfers of financial assets

As at 31 July 2025, the Target Group endorsed bills receivable that had not yet matured amounting to RMB1,568,114,000 to suppliers to settle the accounts payable of the same amounts. Since the Target Group had not transferred the significant risks and rewards relating to these bills receivables, the Target Group did not derecognise these bills receivable.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

19. ACCOUNTS AND BILLS RECEIVABLES (continued)

The Target Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accounts receivable				
– Fellow subsidiaries	-	411,005	249,127	346,479
– Associates	-	-	30,701	-
– Third parties	132,443	-	-	37,007
	132,443	411,005	279,828	383,486
Less: Allowance for credit losses	-	-	-	-
	132,443	411,005	279,828	383,486
Bills receivable				
– Fellow subsidiaries	-	-	-	2,057,779
	-	-	-	2,057,779
	132,443	411,005	279,828	2,441,265

As at the end of each of the Relevant Periods, all accounts and bills receivables are from contracts with customers.

As at of the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is less than one year.

As at 31 December 2022, 2023, 2024 and 31 July 2025, the Target Company's accounts receivable are not past due as at the reporting dates. The Target Company does not hold any collateral over these balances.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Financial assets measured at amortised cost				
– Other receivables	9,645	10,596	6,285	6,521
Less: Impairment losses	8,710	8,702	3,226	3,202
	935	1,894	3,059	3,319
Prepaid expenses and deposits	30,844	72,014	134,424	343,908
Deductible VAT(value added tax) and other taxes	22,168	59,687	24,004	11,960
	53,947	133,595	161,487	359,187

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. PREPAID EXPENSES AND OTHER CURRENT ASSETS (continued)

The Target Company

	31 December 2022 RMB '000	31 December 2023 RMB '000	31 December 2024 RMB '000	31 July 2025 RMB '000
Financial assets measured at amortised cost				
– Other receivables	44	44	139	646
Less: impairment losses	44	44	44	44
	-	-	95	602
Prepaid expenses and deposits	30,800	40,084	73,934	129,046
Deductible VAT and other taxes	17,000	45,663	11,225	789
	47,800	85,747	85,254	130,437

21. RESTRICTED BANK DEPOSITS

The Target Group and the Target Company

Restricted bank deposits represented the housing reform fund and housing maintenance fund.

The Target Group performed an impairment assessment on restricted bank deposits and concluded that the probability of default of the counterparty banks was insignificant and accordingly, no allowance for credit losses was provided.

Details of the impairment assessment of restricted bank deposits are set out in note 32.2 to the Historical Financial Information.

22. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows of the Target Group comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deposits with banks and other financial institutions	402,699	514,879	995,617	1,389,129
Less: Restricted bank deposits	49,224	9,183	9,233	9,247
Less: Time deposits with original maturity over three months	-	-	50,000	50,000
Cash and cash equivalents	353,475	505,696	936,384	1,329,882

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of default of the counterparty banks was insignificant and accordingly, no allowance for credit losses was provided. Details of impairment assessment of bank deposits are set out in note 32.2 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(a) Cash and cash equivalents (continued)

The Target Company

Cash and cash equivalents in the statements of financial position of the Target Company comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deposits with banks and other financial institutions	207,469	346,329	409,344	846,438
Less: Restricted bank deposits	49,224	9,183	9,233	9,247
Less: Time deposits with original maturity over three months	-	-	-	-
Cash and cash equivalents in the statement of financial position	158,245	337,146	400,111	837,191

As at the end of each of the Relevant Periods, the Target Company performed an impairment assessment on bank balances and concluded that the probability of default of the counterparty banks was insignificant and accordingly, no allowance for credit losses was provided.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB '000 (note 24)	Lease liabilities RMB '000 (note 25)	Total RMB '000
At 1 January 2022	-	21,139	21,139
Capital element of lease rentals paid	-	(6,114)	(6,114)
Interest element of lease rentals paid	-	(873)	(873)
Interest expenses	-	873	873
At 31 December 2022	-	15,025	15,025
At 1 January 2023	-	15,025	15,025
Capital element of lease rentals paid	-	(4,622)	(4,622)
Interest element of lease rentals paid	-	(36)	(36)
Interest paid	(4,616)	-	(4,616)
Proceeds from borrowings	1,170,000	-	1,170,000
Repayments of borrowings	(800,000)	-	(800,000)
Interest expenses	4,894	36	4,930
Decrease in lease liabilities	-	(1,607)	(1,607)
At 31 December 2023	370,278	8,796	379,074

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Borrowings RMB '000 (note 24)	Lease liabilities RMB '000 (note 25)	Total RMB '000
At 1 January 2024	370,278	8,796	379,074
Capital element of lease rentals paid	-	(6,578)	(6,578)
Interest element of lease rentals paid	-	(179)	(179)
Interest paid	(17,419)	-	(17,419)
New borrowings	1,377,819	-	1,377,819
Repayments of borrowings	(1,070,000)	-	(1,070,000)
Interest expenses	17,637	179	17,816
Increase in lease liabilities from entering into new leases during the year	-	703	703
At 31 December 2024	678,315	2,921	681,236
At 1 January 2025	678,315	2,921	681,236
Capital element of lease rentals paid	-	(1,974)	(1,974)
Interest paid	(3,325)	-	(3,325)
New borrowings	220,000	-	220,000
Repayments of borrowings	(897,819)	-	(897,819)
Interest expenses	2,829	-	2,829
At 31 July 2025	-	947	947

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	Year ended 31 December 2022 RMB '000	Year ended 31 December 2023 RMB '000	Year ended 31 December 2024 RMB '000	Seven months ended 31 July 2024 RMB '000 (unaudited)	Seven months ended 31 July 2025 RMB '000
Within operating cash flows	173	192	53	-	6,911
Within financing cash flows	6,987	4,658	6,757	4,303	1,974
	7,160	4,850	6,810	4,303	8,885

These amounts relate to the following:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Lease rentals paid	7,160	4,850	6,810	4,303	8,885

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. DEFERRED TAXATION

The Target Group

For presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes.

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deferred tax assets	4,776	5,885	2,577	2,392

The following are the major deferred tax assets recognised and the movements thereon during the year/period:

	1 January 2022 RMB'000	Credited/(charged) to profit or loss RMB'000	31 December 2022 RMB'000
Allowances for receivables and prepayments	3,198	-	3,198
Impairment of property, plant and equipment	1,578	-	1,578
Net deferred tax assets	4,776	-	4,776

	1 January 2023 RMB'000	Credited/(charged) to profit or loss RMB'000	31 December 2023 RMB'000
Allowances for receivables and prepayments	3,198	-	3,198
Impairment of property, plant and equipment	1,578	-	1,578
Lease transactions	-	1,109	1,109
Net deferred tax assets	4,776	1,109	5,885

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. DEFERRED TAXATION (continued)

The Target Group (continued)

The following are the deferred tax assets recognised and the movements thereon during the year/period:

	1 January 2024 RMB'000	Credited/(charged) to profit or loss RMB'000	31 December 2024 RMB'000
Allowances for receivables and prepayments	3,198	(2,130)	1,068
Impairment of property, plant and equipment	1,578	-	1,578
Lease transactions	1,109	(1,178)	(69)
Net deferred tax assets	5,885	(3,308)	2,577

	1 January 2025 RMB'000	Credited/(charged) to profit or loss RMB'000	31 July 2025 RMB'000
Allowances for receivables	1,068	(268)	800
Impairment of property, plant and equipment	1,578	-	1,578
Lease transactions	(69)	83	14
Net deferred tax assets	2,577	(185)	2,392

As at the end of each of the Relevant Periods, the Target Group had no unused tax losses.

The Target Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deferred tax assets	1,588	1,588	1,588	1,588

The following are the major deferred tax assets recognised and movements thereon during the year/period:

	1 January 2022 RMB'000	Credited/(charged) to profit or loss RMB'000	31 December 2022 RMB'000
Allowances for receivables	10	-	10
Impairment of property, plant and equipment	1,578	-	1,578
Deferred tax assets	1,588	-	1,588

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. DEFERRED TAXATION (continued)

The Target Company (continued)

	1 January 2023 RMB'000	Credited/(charged) to profit or loss RMB'000	31 December 2023 RMB'000
Allowances for receivables	10	-	10
Impairment of property, plant and equipment	1,578	-	1,578
Deferred tax assets	1,588	-	1,588

	1 January 2024 RMB'000	Credited/(charged) to profit or loss RMB'000	31 December 2024 RMB'000
Allowances for receivables	10	-	10
Impairment of property, plant and equipment	1,578	-	1,578
Deferred tax assets	1,588	-	1,588

	1 January 2025 RMB'000	Credited/(charged) to profit or loss RMB'000	31 July 2025 RMB'000
Allowances for receivables	10	-	10
Impairment of property, plant and equipment	1,578	-	1,578
Deferred tax assets	1,588	-	1,588

As at the end of each of the Relevant Periods, the Target Company has no unused tax losses.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. BORROWINGS

The Target Group and the Target Company

An analysis of the Target Group's and the Target Company's borrowings is as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Current borrowings:				
Short-term other borrowings	-	370,278	678,315	-

The Target Group's and the Target Company's short-term other borrowings are all from CHN Energy Finance. They were unsecured and bore interest at 2.55% per annum as at 31 December 2023 and at rates ranging from 2.20% to 2.55% per annum as at 31 December 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

25. LEASE LIABILITIES

The Target Group

The lease liabilities were repayable as follows:

	31 December 2022		31 December 2023		31 December 2024		31 July 2025	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	8,511	8,872	8,796	8,872	2,921	2,961	947	958
After 1 year but within 2 years	6,514	6,654	-	-	-	-	-	-
	15,025	15,526	8,796	8,872	2,921	2,961	947	958
Less: Total future interest expenses		(501)		(76)		(40)		(11)
Present value of lease liabilities		15,025		8,796		2,921		947

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. ACCOUNTS AND BILLS PAYABLES

The Target Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accounts payable				
– Fellow subsidiaries	14,630	117,512	370,503	3,026,247
– Third parties	319,052	239,859	272,893	286,018
	333,682	357,371	643,396	3,312,265

As at the end of each of the Relevant Periods, the ageing analysis of accounts payable based on the invoice date, is as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Less than one year	331,502	355,512	639,244	3,308,113
One to two years	-	1,859	4,152	-
Two to three years	-	-	-	4,152
More than three years	2,180	-	-	-
	333,682	357,371	643,396	3,312,265

Included in accounts payables, the following amounts are denominated in the USD:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
USD	14,185	51,119	2,267	317,287

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. ACCOUNTS AND BILLS PAYABLES (continued)

The Target Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accounts payable				
– Fellow subsidiaries	4,409	26,796	26,498	2,840,063
– Third parties	143,280	156,773	84,383	189,390
	147,689	183,569	110,881	3,029,453

As at the end of each of the Relevant Periods, the ageing analysis of accounts payable based on the invoice date, is as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Less than one year	147,689	183,569	110,799	3,029,371
One to two years	-	-	82	-
Two to three years	-	-	-	82
	147,689	183,569	110,881	3,029,453

Included in accounts payable, the following amounts are denominated in the USD:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
USD	14,185	51,119	2,267	317,287

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accrued staff wages and welfare benefits	3,135	3,634	3,727	4,949
Taxes payable other than income tax	1,126	3,552	19,167	58,997
Other accrued expenses and payables (note)	6,497	5,272	6,654	50,564
	10,758	12,458	29,548	114,510

Note:

Other accrued expenses and payables of the Target Group included the amounts due to fellow subsidiaries of RMB nil, RMB2,006,000, RMB2,770,000 and RMB28,721,000 as at 31 December 2022, 31 December 2023, 31 December 2024 and 31 July 2025, respectively. The above balances are unsecured, interest-free and payable on demand.

The Target Company

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accrued staff wages and welfare benefits	-	-	-	455
Taxes payable other than income tax	279	197	12,697	56,905
Other accrued expenses and payables	11	1,264	11	28,631
	290	1,461	12,708	85,991

28. CONTRACT LIABILITIES

The Target Group

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Coal	15,594	30,311	31,770	161,477

29. PAID-UP CAPITAL

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Paid-up capital	108,010	108,010	322,520	322,520

During the year ended 31 December 2024, the equity holders made a cash contribution of RMB214,510,000 to the Target Company's paid-up capital.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. RESERVES

The Target Group

	Notes	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Capital reserve	(i)	197,921	197,921	197,921	197,921
Statutory reserves	(ii)	79,067	83,115	87,849	87,849
Retained earnings	(iii)	66,588	102,889	156,536	142,270
		343,576	383,925	442,306	428,040

Notes:

(i) Capital reserve

The capital reserve mainly represents the amount of the net assets acquired from or transferred to entities under common control with nil consideration.

(ii) Statutory reserves

According to the PRC Company Law and the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

(iii) Retained earnings

Included in the retained earnings of the Target Group is its share of the surplus reserve of its subsidiaries, amounting to RMB35,653,000, RMB35,653,000, RMB36,186,000 and RMB36,186,000 as at 31 December 2022, 31 December 2023, 31 December 2024 and 31 July 2025, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

31. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a liability-to-asset ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratios as at 31 December 2022, 2023 and 2024 and 31 July 2025 were 45.6%, 61.3%, 64.6% and 82.7%, respectively.

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Financial assets				
Financial assets at amortised cost	723,151	1,095,977	1,588,580	3,910,139
Equity securities at FVTOCI (Note 16)	6,436	6,436	6,436	4,936
	729,587	1,102,413	1,595,016	3,915,075
Financial liabilities				
Amortised cost	353,177	737,776	1,327,155	3,342,784

32.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts and bills receivables, loans and advances to/deposits from/amounts due to China Energy Group and fellow subsidiaries, other receivables, accounts payable, borrowings, other payables and lease liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate and currency risks), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of most of the Target Group entities is RMB, in which most of the transactions are denominated. However, certain of the Target Group's accounts payable are denominated in USD, as set out in note 26 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

The carrying amounts of the Target Group's USD denominated monetary assets and monetary liabilities at the end of each of the Relevant Periods are as follows:

	Liabilities			
	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2025 RMB'000
USD	14,185	51,119	2,267	317,287

	Assets			
	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2025 RMB'000
USD	160,437	26,729	156,868	120,102

Sensitivity analysis

The following table details the Target Group's sensitivity to a 10% increase or decrease in the USD/RMB exchange rate, with all other variables held constant. The sensitivity analysis includes only outstanding USD denominated monetary items at the end of the reporting period.

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Increase/(decrease) in profit after tax for the year/ period:					
– if RMB weakens against USD	10,969	(1,829)	11,595	(25,765)	(14,789)
– if RMB strengthens against USD	(10,969)	1,829	(11,595)	25,765	14,789

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to variable-rate other borrowings. Other than the concentration of interest rate risk related to the movements in the loan interest rate published by the People's Bank of China ("PBOC"), the Target Group has no significant concentration of interest rate risk.

The Target Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate other borrowings at the end of each of the Relevant Periods. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Target Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact on profit or loss for the year is insignificant.

The analysis is prepared on the assumption that variable-rate other borrowings outstanding at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points, 100 basis points, 100 basis points, 100 basis points, 100 basis points higher/lower and all other variables were held constant, the Target Group's profit for the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025 would decrease/increase by RMB nil, decrease/increase by RMB2,777,000, decrease/ increase by RMB5,087,000, decrease/increase by RMB2,968,000 and decrease/increase by RMB2,544,000, respectively.

Credit risk and impairment assessment

As at 31 December 2022, 2023 and 2024 and 31 July 2025, the carrying amounts of the financial assets of the Target Group best represent the maximum exposure to credit risk of these financial assets. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Accounts and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determining credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scores attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank, Industrial and Commercial Bank of China, Bank of China and Agricultural Bank of China.

Other receivables

Other receivables mainly represent current account transactions, pledged and guarantee deposits. The pledged and guarantee deposits are paid in the ordinary course of businesses. Thus, the credit risk on other receivables are limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Target Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Financial assets at amortised cost							
Restricted bank deposits	21	N/A	12-month ECL	49,224	9,183	9,233	9,247
Cash and cash equivalents and time deposits	22	N/A	12-month ECL	353,475	505,696	986,384	1,379,882
Other receivables	20	N/A	12-month ECL	935	1,894	3,059	3,319
			Credit-impaired	8,710	8,702	3,226	3,202
Bills receivable	19	N/A	12-month ECL	-	-	-	2,057,779
Accounts receivable (Note)	19	N/A	Provision matrix	319,517	579,204	589,904	459,912
			Credit-impaired	1,101	1,048	1,048	-

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors that are credit-impaired, the Target Group determines the ECL on these items by using a provision matrix, grouped by debtors' ageing.

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers in relation to its sales of coal products because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' ability to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivable which are assessed based on a provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired). Accounts receivable that are credit-impaired with gross carrying amounts of RMB1,101,000, RMB1,048,000 and RMB1,048,000 as at 31 December 2022, 2023 and 2024, respectively, were assessed individually.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Gross carrying amount

	Average loss rate 31 December 2022	Accounts receivable 31 December 2022 RMB'000	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB'000	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB'000	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB'000
Current (not past due)	-	319,517	-	579,204	-	589,904	-	459,912
	-	319,517	-	579,204	-	589,904	-	459,912

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The group is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2022	-	1,161	1,161
Impairment losses recognised	-	53	53
Impairment losses reversed	-	(113)	(113)
As at 1 January 2023	-	1,101	1,101
Write-off	-	(53)	(53)
As at 1 January 2024	-	1,048	1,048
As at 1 January 2025	-	1,048	1,048
Impairment losses reversed	-	(1,041)	(1,041)
Write-off	-	(7)	(7)
As at 31 July 2025	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

***Gross carrying amount* (continued)**

The following tables show the reconciliation of loss allowances recognised for other receivables.

	12-month ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2022	7	8,707	8,714
– Impairment losses reversed	(4)	-	(4)
As at 1 January 2023	3	8,707	8,710
– Impairment losses reversed	(3)	(5)	(8)
As at 1 January 2024	-	8,702	8,702
– Impairment losses reversed	-	(8)	(8)
– Write-off	-	(5,468)	(5,468)
As at 1 January 2025		3,226	3,226
– Impairment losses reversed	-	(24)	(24)
As at 31 July 2025	-	3,202	3,202

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligations as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Target Group's reputation.

The Target Group closely monitors cash flow requirements and optimises its cash returns. The Target Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the remaining contractual maturity of the Target Group's financial liabilities as at the end of each of the Relevant Periods which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date on which the Target Group can be required to pay:

	31 December 2022						
	Weighted average interest rate %	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
Financial liabilities:							
Accounts and bills payables, other payables, and lease liabilities	-	347,025	6,654	-	-	353,679	353,177

	31 December 2023						
	Weighted average interest rate %	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
Financial liabilities:						-	
Accounts and bills payables, other payables, and lease liabilities	-	367,574	-	-	-	367,574	367,498
Borrowings at variable interest rates	2.55%	379,720	-	-	-	379,720	370,278
	-	747,294	-	-	-	747,294	737,776

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.2 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	31 December 2024						
	Weighted average interest rate %	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
Financial liabilities:							
Accounts and bills payables, other payables, lease liabilities	-	648,880	-	-	-	648,880	648,840
Borrowings at variable interest rates	2.45%	694,934	-	-	-	694,934	678,315
	-	1,343,814	-	-	-	1,343,814	1,327,155

	31 July 2025						
	Weighted average interest rate %	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
Financial liabilities:							
Accounts and bills payables, other payables, and lease liabilities	-	3,342,794	-	-	-	3,342,794	3,342,784

Save as discussed above, the Target Group also makes use of bank facilities as one of the effective sources of liquidity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. FINANCIAL INSTRUMENTS (continued)

32.3 Fair value measurements

Fair value of the Target Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets:						
Unlisted equity securities	6,436	6,436	6,436	4,936	Level 3	Net asset method

There were no transfers between Level 1, Level 2 and Level 3 during the years ended 31 December 2022, 2023 and 2024, and for the seven months ended 31 July 2024 and 2025.

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost as at the end of each of the Relevant Periods in the Historical Financial Information approximate to their fair values.

33. EMPLOYEE BENEFIT PLANS

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the year ended 31 December 2022, 2023 and 2024 and for the seven months ended 31 July 2024 and 2025 were RMB 4,767,000, RMB3,880,000, RMB4,579,000, RMB2,590,000 and RMB6,842,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. RELATED PARTY TRANSACTIONS

34.1 Transactions with China Energy Group, an associate of China Energy Group and fellow subsidiaries

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group, associates of China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control.

The Target Group had the following transactions with China Energy Group, an associate of China Energy Group and fellow subsidiaries that were carried out in the normal course of business during the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2024 and 2025 :

	Notes	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Interest income	(i)	325	1,107	2,033	495	1,183
Income from entrusted loans	(ii)	4,764	-	-	-	-
Interest expense	(iii)	-	4,894	17,637	8,853	2,674
Transportation service expense	(iv)	101,091	276,623	946,858	456,504	195,157
Sale of coal	(v)	2,950,392	3,962,662	8,036,214	4,372,387	1,448,093
Agency income	(vi)	3,339	-	6,329	1,137	63,596
Purchase of coal	(vii)	67,653	924,964	753,185	360,117	314,767
Property leasing	(viii)	-	-	-	-	5,070
Net deposits placed with CHN Energy Finance	(ix)	82,446	245,090	349,460	595,881	427,887
Granting of loans from CHN Energy Finance	(iii)	-	1,170,000	1,377,819	1,150,000	-
Repayment of loans to CHN Energy Finance	(iii)	-	800,000	1,070,000	526,241	677,819
Accounts receivable Factoring	(x)	-	-	-	-	220,000
Factoring services fee	(x)	-	-	-	-	155

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. RELATED PARTY TRANSACTIONS (continued)

34.1 Transactions with China Energy Group, an associate of China Energy Group and fellow subsidiaries (continued)

(i) Interest income represents interest earned from deposits placed with CHN Energy Finance. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Income from entrusted loans represents interest earned from entrusted loans to a fellow subsidiary. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iii) Granting of loans and repayment of loans represent the transactions with CHN Energy Finance. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(iv) Transportation service expense represents expenses paid to fellow subsidiaries in respect of coal transportation services.

(v) Sale of coal represents income from the sale of coal to fellow subsidiaries and an associate of China Energy Group.

(vi) Agency income represents income from the provision of agency services relates to coal sales and purchase to the fellow subsidiaries.

(vii) Purchase of coal represents coal purchased from fellow subsidiaries.

(viii) Property leasing expense represents rentals and related property management fee paid or payable in respect of properties leased from fellow subsidiaries.

(ix) Net deposits placed with CHN Energy Finance represent net deposits placed by the Target Group with CHN Energy Finance.

(x) Factoring services refer to receiving accounts receivable factoring services from CHN Energy Commercial Factoring.

The directors of the Target Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. RELATED PARTY TRANSACTIONS (continued)

34.1 Transactions with China Energy Group, associates of China Energy Group and fellow subsidiaries (continued)

Amounts due from/to China Energy Group and fellow subsidiaries are as follows:

	31 December 2022 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Cash and time deposits at CHN Energy Finance	232,241	477,331	826,791	1,254,678
Accounts and bills receivables	179,798	506,387	469,491	2,459,295
Prepaid expenses and other current assets	126	4,334	7,683	5,686
Other non-current assets	-	-	233	-
Total amounts due from China Energy Group and fellow subsidiaries	412,165	988,052	1,304,198	3,719,659
Borrowings	-	370,278	678,315	-
Accounts payable	14,630	117,512	370,503	3,026,247
Accrued expenses and other payables	-	2,006	2,770	28,721
Contract liabilities	-	15,427	17,633	18,937
Total amounts due to China Energy Group and fellow subsidiaries	14,630	505,223	1,069,221	3,073,905

Except as disclosed in note 24 to the Historical Financial Information, amounts due from/to China Energy Group and fellow subsidiaries bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. RELATED PARTY TRANSACTIONS (continued)

34.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Short-term employee benefits	4,289	3,836	3,606	1,512	2,192
Post-employment benefits	363	575	573	338	531
	4,652	4,411	4,179	1,850	2,723

Total remuneration is included in "personnel expenses" as disclosed in note 10 to the Historical Financial Information.

34.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 33 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. RELATED PARTY TRANSACTIONS (continued)

34.4 Transactions with other government-related entities in the PRC

The Target Company is ultimately controlled by the PRC government and the Target Group operates in an economic environment currently predominated by government-related entities.

Other than those transactions with China Energy Group, associates of China Energy Group and fellow subsidiaries as disclosed above, the Target Group conducts business with other government-related entities, including but not limited to the following:

– Sales and purchases of coal;

– Purchases of ancillary materials and spare parts;

– Ancillary and social services; and

– Financial services arrangements.

These transactions are conducted in the ordinary course of the Target Group's business on terms comparable to those with other entities that are not government-related. The Target Group has established its pricing policies in respect of the sale of goods and the provision of services, and approval processes for the purchase of products and services. Such policies and approval process apply to all counterparties regardless of whether the counterparty is government-related.

35. CONTINGENT LIABILITIES

In October 2024, China Railway Materials Group East China Co., Ltd. ("CRMGE") filed a litigation with the Shanghai Putuo District People's Court, requesting the court to rule that Qinhuangdao Yuanhai Electric Power Energy Co., Ltd. ("Yuanhai Electric Power") repay a financing loan of RMB10,326,000 and overdue loan interest of RMB18,541,000 (calculated as of 11 October 2024). Guoyuan Fuel, the subsidiary of the Target Company, is also named as a co-defendant in this litigation. CRMGE further requests the court to require Guoyuan Fuel to assume supplementary liability for any unpaid amounts by Yuanhai Electric Power within its scope of fault. As at the approval date of the Historical Financial Information, the litigation is currently under first-instance trial, and no judgment has been rendered. The Target Group will continue to monitor the latest progress of the litigation to assess any potential impact.

36. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant periods that need to be disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY

Year ended 31 December 2022

	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2022	79,067	187,548	14,462	281,077
Profit for the year	-	-	53,670	53,670
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	53,670	53,670
At 31 December 2022	79,067	187,548	68,132	334,747

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Year ended 31 December 2023

	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	79,067	187,548	68,132	334,747
Profit for the year	-	-	40,478	40,478
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	40,478	40,478
Transfer from retained earnings	4,048	-	(4,048)	-
At 31 December 2023	83,115	187,548	104,562	375,225

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Year ended 31 December 2024

	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	83,115	187,548	104,562	375,225
Profit for the year	-	-	47,338	47,338
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	47,338	47,338
Transfer from retained earnings	4,734	-	(4,734)	-
At 31 December 2024	87,849	187,548	147,166	422,563

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2024 (unaudited)

	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	83,115	187,548	104,562	375,225
Profit for the period	-	-	9,426	9,426
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	9,426	9,426
At 31 July 2024	83,115	187,548	113,988	384,651

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

37. INFORMATION ABOUT THE RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2025

	Statutory reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2025	87,849	187,548	147,166	422,563
Profit for the period	-	-	12,793	12,793
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	12,793	12,793
Dividend declared (Note 13)			(42,604)	(42,604)
At 31 July 2025	87,849	187,548	117,355	392,752

China Energy Port Co. Ltd.

Accountants' Report on Historical Financial Information

31 December 2023 and 2024 and the seven months ended 31 July 2024 and 2025

The following is the text of a report on the Target Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF CHINA ENERGY PORT CO., LTD. TO THE DIRECTORS OF CHINA SHENHUA ENERGY COMPANY LIMITED

Introduction

We report on the historical financial information of China Energy Port Co., Ltd. (the "Target Company") and its subsidiary (together, the "Target Group") set out on pages II-L-3 to II-L-66, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for the period from 27 March 2023 (date of registration) to 31 December 2023, the year ended 31 December 2024 and the seven months ended 31 July 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2023 and 2024 and 31 July 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-L-3 to II-L-66 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shenhua Energy Company Limited ("China Shenhua") dated 24 December 2025 (the "Circular") in connection with the proposed acquisition by China Shenhua (the "Acquisition").

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2023 and 2024 and 31 July 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information
We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments
In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-L-3 have been made.

Dividends
We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2025

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

I THE HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Revenue					
Services	4	76,797	112,365	74,664	64,607
Cost of sales	6	(1,905)	(2,513)	(1,289)	(1,441)
Gross profit		74,892	109,852	73,375	63,166
Selling expenses		-	-	-	-
General and administrative expenses		(33,574)	(51,135)	(26,216)	(35,294)
Research and development costs		-	(1,058)	-	(1,893)
Other income	7	152	4	4	-
Other expenses		-	(1,000)	-	-
Interest income	8	180	438	198	161
Finance costs	8	(499)	(172)	(172)	-
Profit before income tax		41,151	56,929	47,189	26,140
Income tax expense	9	(11,510)	(14,783)	(10,948)	(6,217)
Profit for the year/period	10	29,641	42,146	36,241	19,923
Other comprehensive income for the year/period		-	-	-	-
Total comprehensive income for the year/period		29,641	42,146	36,241	19,923

I THE HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Notes	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Profit for the year/period attributable to:					
Equity holder of the Target Company		29,641	42,142	36,241	19,916
Non-controlling interests		-	4	-	7
		29,641	42,146	36,241	19,923
Total comprehensive income for the year/period attributable to:					
Equity holder of the Target Company		29,641	42,142	36,241	19,916
Non-controlling interests		-	4	-	7
		29,641	42,146	36,241	19,923

I THE HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Non-current assets				
Property, plant and equipment	14	-	317	12,498
Construction in progress	15	1,975	5,062	9,707
Intangible assets	16	-	3,354	3,156
Right-of-use assets	19	8,430	3,679	1,533
Other non-current assets	18	-	3,707	19,964
Total non-current assets		10,405	16,119	46,858
Current assets				
Inventories		4	-	-
Accounts receivables	20	24,646	23,202	19,971
Prepaid expenses and other current assets	21	35,284	33,912	27,864
Cash and cash equivalents	22	103,541	157,663	159,534
Total current assets		163,475	214,777	207,369
Current liabilities				
Accounts payables	25	2,304	3,007	18,032
Accrued expenses and other payables	26	28,851	33,650	25,333
Current portion of lease liabilities	24	4,030	-	-
Income tax payable		8,135	6,577	3,769
Total current liabilities		43,320	43,234	47,134
Net current assets		120,155	171,543	160,235
Total assets less current liabilities		130,560	187,662	207,093

I THE HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Non-current liabilities				
Deferred tax liabilities	23	919	875	383
Total non-current liabilities		919	875	383
Net assets		129,641	186,787	206,710
Equity				
Paid-up capital	27	100,000	100,000	100,000
Reserves		29,641	71,783	91,699
Equity attributable to equity holder of the Target Company		129,641	171,783	191,699
Non-controlling interests		-	15,004	15,011
Total equity		129,641	186,787	206,710

I THE HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From 27 March 2023 (date of registration) to 31 December 2023

	Equity attributable to equity holders of the Target Company					
	Paid-up capital RMB'000 (note 26)	Statutory reserves RMB'000 (note)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 27 March 2023 (date of registration)	-	-	-	-	-	-
Profit for the period	-	-	29,641	29,641	-	29,641
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	29,641	29,641	-	29,641
Capital contribution from equity holder	100,000	-	-	100,000	-	100,000
Appropriation of maintenance and production funds (note)	-	11	(11)	-	-	-
Utilisation of maintenance and production funds (note)	-	(11)	11	-	-	-
Transfer from retained earnings	-	2,964	(2,964)	-	-	-
At 31 December 2023	100,000	2,964	26,677	129,641	-	129,641

I THE HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Equity attributable to equity holders of the Target Company					
	Paid-up capital RMB'000 (note 26)	Statutory reserves RMB'000 (note))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	100,000	2,964	26,677	129,641	-	129,641
Profit for the year	-	-	42,142	42,142	4	42,146
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	42,142	42,142	4	42,146
Contribution from a non-controlling shareholder	-	-	-	-	15,000	15,000
Appropriation of maintenance and production funds (note)	-	423	(423)	-	-	-
Utilisation of maintenance and production funds (note)	-	(14)	14	-	-	-
Transfer from retained earnings	-	4,172	(4,172)	-	-	-
At 31 December 2024	100,000	7,545	64,238	171,783	15,004	186,787

I THE HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2024 (unaudited)

	Equity attributable to equity holders of the Target Company					
	Paid-up capital RMB'000 (note 26)	Statutory reserves RMB'000 (note)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	100,000	2,964	26,677	129,641	-	129,641
Profit for the period	-	-	36,241	36,241	-	36,241
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	36,241	36,241	-	36,241
Appropriation of maintenance and production funds (note)	-	247	(247)	-	-	-
Utilisation of maintenance and production funds (note)	-	(4)	4	-	-	-
At 31 July 2024	100,000	3,207	62,675	165,882	-	165,882

I THE HISTORICAL FINANCIAL INFORMATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Seven months ended 31 July 2025

	Equity attributable to equity holders of the Target Company					
	Paid-up capital RMB'000 (note 26)	Statutory reserves RMB'000 (note)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	100,000	7,545	64,238	171,783	15,004	186,787
Profit for the period	-	-	19,916	19,916	7	19,923
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	19,916	19,916	7	19,923
Appropriation of maintenance and production funds (note)	-	743	(743)	-	-	-
Utilisation of maintenance and production funds (note)	-	(23)	23	-	-	-
At 31 July 2025	100,000	8,265	83,434	191,699	15,011	206,710

I THE HISTORICAL FINANCIAL INFORMATION
Consolidated Statements of Changes in Equity (continued)

Note:

Statutory reserves

Statutory surplus reserve

According to the PRC Company Law and the Target Company's Articles of Association, the Target Company is required to transfer 10% of its net profit as determined in accordance with the China Accounting Standards for Business Enterprises ("China Accounting Standards") to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Specific reserve for maintenance and production funds

Pursuant to the relevant PRC regulations, the Target Group is required to transfer production and maintenance funds at fixed rates based on revenue, to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

Discretionary surplus reserve

The appropriation to the discretionary surplus reserve is subject to the shareholders' approval. The utilisation of the reserve is similar to that of the statutory surplus reserve.

The directors of the Target Company (the "Directors") have not proposed any appropriation to the discretionary surplus reserve during the Relevant Periods.

I THE HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Operating activities				
Profit before income tax	41,151	56,929	47,189	26,140
Adjustments for:				
Depreciation of property, plant and equipment (note 10)	-	55	-	173
Depreciation of right-of-use assets (note 10)	3,918	4,751	2,772	2,146
Amortisation of intangible assets (note 10)	-	372	217	198
Interest expenses	497	170	170	-
Operating cash flows before movements in working capital	45,566	62,277	50,348	28,657
Changes in working capital:				
(Increase)/decrease in inventories	(4)	4	(386)	-
(Increase)/decrease in accounts receivables	(24,646)	1,444	684	3,231
(Increase)/decrease in prepaid expenses and other assets	(35,284)	2,268	19,782	6,926
Increase/(decrease) in accounts payables	329	(39)	3,133	1,774
Increase/(decrease) in accrued expenses and other liabilities	28,853	4,799	(15,789)	(8,322)
Cash generated from operations	14,814	70,753	57,772	32,266
Income tax paid	(2,457)	(16,390)	(12,043)	(9,513)
Net cash generated from operating activities	12,357	54,363	45,729	22,753
Investing activities				
Additions of property, plant and equipment, intangible assets, construction in progress and other non-current assets	-	(11,041)	-	(20,882)
Net cash used in investing activities	-	(11,041)	-	(20,882)
Financing activities				
Capital element of lease rentals paid (note 22(c))	(8,319)	(4,030)	(8)	-
Interest element of lease rentals paid (note 22(c))	(497)	(170)	(170)	-
Contribution from a non-controlling shareholder	-	15,000	-	-
Capital contribution from equity holder	100,000	-	-	-
Net cash generated from/(used in) financing activities	91,184	10,800	(178)	-
Increase in cash and cash equivalents	103,541	54,122	45,551	1,871
Cash and cash equivalents, at the beginning of the year/period	-	103,541	103,541	157,663
Cash and cash equivalents, at the end of the year/period	103,541	157,663	149,092	159,534

I THE HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Non-current assets				
Property, plant and equipment	14	-	317	12,498
Construction in progress	15	1,975	5,062	9,707
Intangible assets	16	-	3,354	3,156
Right-of-use assets	19	8,430	3,679	1,533
Investments in a subsidiary	17	-	35,000	35,000
Other non-current assets	18	-	3,707	19,964
Total non-current assets		10,405	51,119	81,858
Current assets				
Inventories		4	-	-
Accounts receivable	20	24,646	23,202	19,971
Prepaid expenses and other current assets	21	35,284	33,912	27,864
Cash and cash equivalents	22	103,541	107,645	109,495
Total current assets		163,475	164,759	157,330

I THE HISTORICAL FINANCIAL INFORMATION
STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY (continued)

	Note	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Current liabilities				
Accounts payable	25	2,304	3,007	18,032
Accrued expenses and other payables	26	28,851	33,645	25,333
Current portion of lease liabilities	24	4,030	-	-
Income tax payable		8,135	6,577	3,768
Total current liabilities		43,320	43,229	47,133
Net current assets		120,155	121,530	110,197
Total assets less current liabilities		130,560	172,649	192,055
Non-current liabilities				
Deferred tax liabilities	23	919	875	383
Total non-current liabilities		919	875	383
Net assets		129,641	171,774	191,672
Equity				
Paid-up capital	27	100,000	100,000	100,000
Reserves		29,641	71,774	91,672
Total equity		129,641	171,774	191,672

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. PRINCIPAL ACTIVITIES AND ORGANISATION

The Target Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Target Company is located at Room 808, 8th Floor, Port Development Building, Canghai Road, Bohai New Area, Cangzhou, Hebei Province, the PRC.

During the Relevant Periods, the Target Group was involved in port operation business.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Target Company is China Energy Investment Corporation Limited ("China Energy Group"), which is established in the PRC.

As at the date of this report, the Target Company had direct interests in its subsidiary, a private limited liability company, the particulars of which is set out below:

Name	Place and date of registration and place of operations	Registered capital	Proportion of ownership interest held by the Target Company (%)	Principal activities
Guoneng (Taizhou) Port Co., Ltd.	PRC/Mainland China 7 August 2024	RMB50,000,000	70	Port operation

The statutory financial statements of this entity for the period from 7 August 2024 to 31 December 2024 prepared under China Accounting Standards were audited by Zhongxinghua Certified Public Accountants LLP, certified public accountants registered in the PRC.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared on the historical cost basis.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3 to the Historical Financial Information.

Material accounting policies adopted by the Target Group are disclosed below.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Target Group intends to apply these new and revised IFRS, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Target Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Target Group's financial performance. The new standard is not expected to have any impact on the Target Group's results of operations and financial position but has impact on the presentation and disclosure of the Historical Financial Information. Other than IFRS 18, so far, the Target Group considers that IFRS 19 and the revised IFRS Accounting Standards are unlikely to have a significant impact on the Target Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiary. Control is achieved when the Target Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statements of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to equity holders of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to equity holders of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the Historical Financial Information of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non-controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holder of the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Under IFRS 15, the Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than entity's functional currencies (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of the historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the Consolidated Statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and a supplemental defined contribution pension plan approved by the government are recognised as an expense when employees have rendered service entitling them to the contributions.

The contributions made by the Target Group to such insurance plans on behalf of employees are fully attributed to the employees at the time of payment, therefore the Target Group has no abandoned contributions that can be utilised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from "profit before income tax" as reported in the Consolidated Statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD").

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, which consists of items of plant and equipment, held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Consolidated Statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of items of property, plant and equipment (other than freehold land and construction in progress, which are subject to impairment assessment) less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Categories	Term for deprecation (year)
Furniture and other equipment	5-8 years

The Directors reviewed the estimated useful lives of the assets annually based on the Target Group's historical experience with similar assets and taking into account anticipated technological changes.

Construction in progress intended to be used for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related cost are recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Target Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the Consolidated Statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivable arising from contracts with customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities measured at fair value through profit and loss (the "FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities FVTPL are recognised immediately in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets

The Target Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under IFRS 9 (including accounts receivable and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for credit-impaired debtors or using a provision matrix with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including the historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external credit rating (if available);
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group). The Target Group considers both quantitative and qualitative information that is reasonable and supportable, including the historical experience and forward-looking information that is available without undue cost or effort.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on the historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

– Nature of financial instruments (i.e. the Target Group's accounts and bills receivables and other receivables are each assessed as a separate group.);

– Past-due status; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognisation. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in other reserves is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including accounts and bills payables and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 2.3 to the Historical Financial Information, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment losses

In considering the impairment losses that may be required for certain of the Target Group's assets which mainly include property, plant and equipment, construction in progress, intangible assets, right-of-use assets and other non-current assets, the recoverable amount of the asset need to be determined. The recoverable amount is the higher of its fair value less cost of disposal and value in use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value in use, the Target Group uses all readily available information in determining expected cash flows generated by the cash-generating unit to which the asset belongs, and they are discounted to their present value, which requires significant judgement relating to cash flow items such as level of sale volume, selling price, amount of operating costs and future returns.

In considering the impairment losses that may be required for current receivables and other financial assets, future cash flows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables.

Notwithstanding that the Target Group has used all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher or lower than the amount estimated.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

4. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue of business lines is as follows:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Revenue from goods and services	76,797	112,363	74,663	64,606
– Revenue related to port services	76,797	112,363	74,663	64,606
Others	-	2	1	1
	76,797	112,365	74,664	64,607

The Target Group's revenues are all derived from contracts with customers.

The Target Group provides port operation services to customers. Such services are recognised as a performance obligation satisfied over time as the Target Group is rendering the services. Revenue is recognised for these services based on the stage of completion of the performance obligation using output method.

All performance obligations of sales of port operation services are part of contracts with an original expected duration of one year or less, and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT AND OTHER INFORMATION

For management purposes, the Target Group only has one reportable operating segment. Management monitors the operating results of the Target Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

All of the Target Group's revenue from external customers was from Mainland China during the Relevant Periods and the seven months ended 31 July 2024. All of the Target Group's non-current non-financial assets (excluding deferred tax assets) were located at Mainland China as at the end of the each of the Relevant Periods.

Revenue derived from single customers which accounted for 10% or more of the Target Group's total revenue is as follows:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Customer A	52,632	82,227	52,978	49,802
Customer B	9,870	11,591	7,421	8,880
Customer C	8,523	10,137	6,670	634

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

6. COST OF SALES

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Personnel expenses	1,050	1,126	621	757
Depreciation and amortisation	273	254	148	130
Taxes and surcharges	346	584	357	229
Other operating costs	236	549	163	325
	1,905	2,513	1,289	1,441

7. OTHER INCOME

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Value-added tax additional deduction	152	-	-	-
Others	-	4	4	-
	152	4	4	-

8. INTEREST INCOME/FINANCE COSTS

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Interest income from:				
– bank deposits	180	438	198	161
Total interest income	180	438	198	161
Interest on:				
– lease liabilities	497	170	170	-
Total finance costs on financial liabilities	497	170	170	-
Others	2	2	2	-
Total finance costs	499	172	172	-
Net finance costs	319	(266)	(26)	(161)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

9. INCOME TAX EXPENSE

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Current tax	10,591	14,917	11,630	6,607
Income tax difference adjustment in respect of prior year/period	-	(90)	(90)	102
Deferred tax	919	(44)	(592)	(492)
	11,510	14,783	10,948	6,217

The tax charge for the year/period can be reconciled to the profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Profit before income tax	41,151	56,929	47,189	26,140
Tax at the PRC income tax rate of 25%	10,288	14,232	11,797	6,535
Tax effects of:				
– non-deductible expenses	202	716	261	112
– utilisation of tax losses and deductible temporary difference previously not recognised	-	(75)	(1,020)	(532)
– tax losses and deductible temporary difference not recognised	1,020	-	-	-
– Income tax difference adjustment in respect of prior year/period	-	(90)	(90)	102
Income tax expense	11,510	14,783	10,948	6,217

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable for the PRC group entities was 25% for the Relevant Periods and for the seven months ended 31 July 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Personnel expenses, including	14,783	25,256	15,216	22,931
– Contributions to defined contribution plans	1,471	2,890	1,585	2,015
Depreciation of property, plant and equipment (note 14)	-	55	-	173
Depreciation of right-of-use assets (note 19)	3,918	4,751	2,772	2,146
Amortisation of intangible assets (note 16)	-	372	217	198
Depreciation and amortisation	3,918	5,178	2,989	2,517
Operating lease charges relating to short-term leases, leases of low-value assets and variable lease payments	2,294	5,484	3,479	4,941
Auditors' remuneration – audit service	-	9	9	12

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of the Target Company's directors and supervisor during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

		From 27 March 2023 (date of registration) to 31 December 2023				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Li Hongjun	(i)&(ii)	-	-	-	-	-
Wang Jingang	(i)&(ii)	-	-	-	-	-
Liu Chungui	(i)&(ii)	-	-	-	-	-
Li Jianwei	(i)&(ii)	-	-	-	-	-
Zhang Qi	(i)&(ii)	-	-	-	-	-
Sub-total		-	-	-	-	-
Supervisor						
Kong Xiangxian	(i)&(ii) &(iii)	-	-	-	-	-
Total		-	-	-	-	-

		Year ended 31 December 2024				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Wang Jingang	(i)	-	-	-	-	-
Pan Pan	(i)&(ii)	-	-	-	-	-
Li Hongjun	(i)&(iii)	-	-	-	-	-
Liu Chungui	(i)	-	-	-	-	-
Li Jianwei	(i)	-	-	-	-	-
Zhang Yingbo	(i)&(ii)	-	-	-	-	-
Zhang Qi	(i)&(iii)	-	-	-	-	-
Total		-	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

The remuneration of the Target Company's directors and supervisor during the Relevant Periods and the seven months ended 31 July 2024 are as follows: (continued)

		Seven months ended 31 July 2024 (unaudited)				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Wang Jingang	(i)	-	-	-	-	-
Pan Pan	(i)	-	-	-	-	-
Li Hongjun	(i)	-	-	-	-	-
Liu Chungui	(i)	-	-	-	-	-
Li Jianwei	(i)	-	-	-	-	-
Zhang Yingbo	(i)	-	-	-	-	-
Zhang Qi	(i)	-	-	-	-	-
Total		-	-	-	-	-

		Seven months ended 31 July 2025				
	Notes	Fee RMB'000	Basic salaries, housing and other allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Directors						
Wang Jingang	(i)	-	-	-	-	-
Pan Pan	(i)	-	-	-	-	-
Liu Chungui	(i)	-	-	-	-	-
Li Jianwei	(i)	-	-	-	-	-
Zhang Yingbo	(i)	-	-	-	-	-
Total		-	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

Notes:

(i) The emoluments of these directors and supervisor were borne by China Energy Group and its subsidiaries during the Relevant Periods and the seven months ended 31 July 2024.

(ii) Mr. Li Hongjun was elected and appointed as a director on 27 March 2023.
Mr. Liu Chungui was elected and appointed as a director on 27 March 2023.
Mr. Li Jianwei was elected and appointed as a director on 27 March 2023.
Mr. Zhang Qi was elected and appointed as a director on 27 March 2023.
Mr. Kong Xiangxian was elected and appointed as a supervisor on 27 March 2023.
Mr. Wang Jingang was elected and appointed as a director on 4 April 2023.
Mr. Pan Pan was elected and appointed as a director on 2 April 2024.
Mr. Zhang Yingbo was elected and appointed as a director on 29 June 2024.

(iii) Mr. Kong Xiangxian ceased to serve as a supervisor on 27 December 2023.
Mr. Li Hongjun ceased to serve as a director on 25 March 2024.
Mr. Zhang Qi ceased to serve as a director on 26 June 2024.

12. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals during the Relevant Periods and the seven months ended 31 July 2024 are as follows:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Basic salaries, housing and other allowances and benefits in kind	3,394	4,818	1,918	2,343
Retirement scheme contributions	372	372	190	312
Total	3,766	5,190	2,108	2,655

Their emoluments are within the following band:

	From 27 March 2023 (date of registration) to 31 December 2023	Year ended 31 December 2024	Seven months ended 31 July 2024 (unaudited)	Seven months ended 31 July 2025
Nil to HKD500,000	-	-	2	-
HKD500,001 to HKD1,000,000	5	-	3	5
HKD1,000,001 to HKD1,500,000	-	5	-	-
Total	5	5	5	5

13. DIVIDENDS

During the Relevant Periods and the seven months ended 31 July 2024, no dividend was proposed, declared or paid by the Target Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

14. PROPERTY, PLANT AND EQUIPMENT

The Target Group and the Targe Company

	Furniture and other equipment RMB'000
Cost	
At 27 March 2023 (date of registration), 31 December 2023 and 1 January 2024	-
Additions	372
At 31 December 2024 and 1 January 2025	372
Additions	12,354
At 31 July 2025	12,726
Depreciation and impairment	
At 27 March 2023 (date of registration), 31 December 2023 and 1 January 2024	-
Charge for the year	55
At 31 December 2024 and 1 January 2025	55
Charge for the period	173
At 31 July 2025	228
Net carrying amounts	
At 31 December 2023	-
At 31 December 2024	317
At 31 July 2025	12,498

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

15. CONSTRUCTION IN PROGRESS

The Target Group and the Target Company

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2025 RMB'000
At the beginning of the year/period	-	1,975	5,062
Additions	1,975	6,813	4,645
Transferred to intangible assets (note 16)	-	(3,726)	-
At the end of the year/period	1,975	5,062	9,707

16. INTANGIBLE ASSETS

The Target Group and the Target Company

The movements of intangible assets, mainly licenses, software and franchises, are as follows:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2025 RMB'000
At the beginning of the year/period	-	-	3,354
Transferred from construction in progress	-	3,726	-
Amortisation	-	(372)	(198)
At the end of the year/period	-	3,354	3,156

17. INVESTMENTS IN A SUBSIDIARY

The Target Company

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Unlisted investments, at cost	-	35,000	35,000

Particulars of the Target Company's subsidiary, which is directly owned by the Target Company, are included in note 1 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

18. OTHER NON-CURRENT ASSETS

The Target Group and the Target Company

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Prepayments in connection with construction and purchases of equipment	-	3,707	19,964

19. RIGHT-OF-USE ASSETS

The Target Group and the Target Company

The right-of-use assets represent the leased assets.

The Target Group leases assets including buildings. Information about leases for which the Target Group is a lessee is presented below.

	Buildings RMB'000	Total RMB'000
Cost		
At 27 March 2023 (date of registration)	-	-
Additions	12,348	12,348
At 31 December 2023 and 2024 and 31 July 2025	12,348	12,348
Accumulated depreciation		
At 27 March 2023 (date of registration)	-	-
Depreciation	3,918	3,918
At 31 December 2023 and 1 January 2024	3,918	3,918
Depreciation	4,751	4,751
At 31 December 2024 and 1 January 2025	8,669	8,669
Depreciation	2,146	2,146
At 31 July 2025	10,815	10,815
Net carrying amounts		
At 31 December 2023	8,430	8,430
At 31 December 2024	3,679	3,679
At 31 July 2025	1,533	1,533

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

20. ACCOUNTS RECEIVABLE

The Target Group and the Target Company

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accounts receivable			
– China Energy Group and fellow subsidiaries	18,001	14,410	9,844
– Third parties	6,645	8,792	10,127
	24,646	23,202	19,971
Less: allowance for credit losses	-	-	-
	24,646	23,202	19,971

As at the end of each of the Relevant Periods, all accounts receivables were from contracts with customers.

As at the end of each of the Relevant Periods, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is less than one year.

As at the end of each of the Relevant Periods, there were no accounts receivable of the Target Group that were past due.

Details of credit risks of accounts receivables as at the end of each of the Relevant Periods are set out in note 29.2 to the Historical Financial Information.

All amounts of receivables are denominated in RMB.

21. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The Target Group and the Target Company

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Financial assets measured at amortised cost			
– Other receivables (note)	27,627	26,993	25,143
Less: impairment losses	-	-	-
	27,627	26,993	25,143
Prepaid expenses	5,690	5,012	2,452
Deductible VAT	1,967	1,907	269
	35,284	33,912	27,864

Note:

As at 31 December 2023, 2024 and 31 July 2025, other receivables from China Energy Group and fellow subsidiaries amounted to RMB20,453,000, RMB18,551,000 and RMB16,128,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

The Target Group

Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deposits with banks and other financial institutions	103,541	157,663	159,534

As at the end of each of the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 29.2 to the Historical Financial Information.

The Target Company

Cash and cash equivalents in the statements of financial position comprise cash at bank and in hand, and time deposits with original maturity within three months.

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deposits with banks and other financial institutions	103,541	107,645	109,495

As at the end of each of the Relevant Periods, the Target Company performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided. Details of impairment assessment of bank deposits are set out in note 29.2 to the Historical Financial Information.

(b) Major non-cash transaction

During the period from 27 March 2023 (date of registration) to 31 December 2023, the Target Group had non-cash additions to right-of-use assets and lease liabilities of RMB12,348,000, in respect of lease arrangements.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below shows the detailed changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000 (note 24)	Total RMB'000
At 27 March 2023 (date of registration)	-	-
Capital element of lease rentals paid	(8,319)	(8,319)
Interest element of lease rentals paid	(497)	(497)
Interest expenses	497	497
Increase in lease liabilities from entering into new leases during the period	12,349	12,349
At 31 December 2023	4,030	4,030
At 1 January 2024	4,030	4,030
Capital element of lease rentals paid	(4,030)	(4,030)
Interest element of lease rentals paid	(170)	(170)
Interest expenses	170	170
At 31 December 2024	-	-
At 1 January 2025	-	-
Capital element of lease rentals paid	-	-
Interest element of lease rentals paid	-	-
Interest expenses	-	-
At 31 July 2025	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

22. CASH AND CASH EQUIVALENTS (continued)

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Within operating cash flows	2,294	5,484	3,479	4,941
Within financing cash flows	8,816	4,200	178	-
	11,110	9,684	3,657	4,941

These amounts relate to the following:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Lease rental paid	11,110	9,684	3,657	4,941

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

23. DEFERRED TAXATION

The Target Group and the Target Company

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deferred tax liabilities	(919)	(875)	(383)

The following are the deferred tax assets recognised and movements thereon during the year/period:

	At 27 March 2023 (date of registration) RMB'000	Charged to profit or loss RMB'000	31 December 2023 RMB'000
Lease transactions	-	(919)	(919)

	At 1 January 2024 RMB'000	Charged to profit or loss RMB'000	31 December 2024 RMB'000
Lease transactions	(919)	44	(875)

	At 1 January 2025 RMB'000	Charged to profit or loss RMB'000	31 July 2025 RMB'000
Lease transactions	(875)	492	(383)

As at the end of each of the Relevant Periods, the Target Group and the Target Company had no unused tax losses.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

24. LEASE LIABILITIES

The Target Group and the Target Company

The lease liabilities were repayable as follow:

	31 December 2023		31 December 2024		31 July 2025	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	4,030	4,200	-	-	-	-
Less: total future interest expenses		(170)		-		-
Present value of lease liabilities		4,030		-		-

25. ACCOUNTS PAYABLE

The Target Group and the Target Company

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accounts payable			
– China Energy Group and fellow subsidiaries	2,238	2,716	17,340
– Third parties	66	291	692
	2,304	3,007	18,032

As the end of each of the Relevant Periods, the ageing analysis of accounts payable, based on invoice date, is less than one year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

26. ACCRUED EXPENSES AND OTHER PAYABLES

The Target Group

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accrued staff wages and welfare benefits	549	331	9,436
Taxes payable other than income tax	3,904	3,289	1,226
Other accrued expenses and payables (note)	24,398	30,030	14,671
	28,851	33,650	25,333

Note:

Other accrued expenses and payables of the Target Group included:

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Amounts due to China Energy Group and fellow subsidiaries	15,285	23,334	9,399

The above balances are unsecured, interest-free and payable on demand.

The Target Company

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Accrued staff wages and welfare benefits	549	331	9,436
Taxes payable other than income tax	3,904	3,284	1,226
Other accrued expenses and payables (note)	24,398	30,030	14,671
	28,851	33,645	25,333

Note:

Other accrued expenses and payables of the Target Company included:

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Amounts due to China Energy Group and fellow subsidiaries	15,285	23,334	9,399

The above balances are unsecured, interest-free and payable on demand.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

27. PAID-UP CAPITAL

The Target Group

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Registered and paid-up capital	100,000	100,000	100,000

28. CAPITAL RISK MANAGEMENT

The Target Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Target Group monitors capital using a gearing ratio which is total liabilities divided by total assets. The Target Group aims to maintain the gearing ratio at a reasonable level. The Target Group's gearing ratio as at 31 December 2023 and 2024 and 31 July 2025 was 25.4%, 19.1% and 18.7%, respectively.

There were no changes in the Target Group's approach to capital management during the Relevant Periods.

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of each of the Relevant Periods are set out as follows:

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Financial assets			
Financial assets at amortised cost	155,814	207,858	204,648
Financial liabilities			
Amortised cost	26,702	33,037	32,703

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. FINANCIAL INSTRUMENTS (continued)

29.2 Financial risk management objectives and policies

The Target Group's major financial instruments include accounts receivables, other receivables, accounts payables and other payables. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

As at the end of each of the Relevant Periods, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, there are no financial guarantees provided by the Target Company. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and financial guarantee contracts.

Accounts receivable arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Target Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Target Group's credit risk is significantly reduced.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies, such as China Construction Bank and Industrial and Commercial Bank of China.

Other receivables

Other receivables represent pledge and guarantee deposit. The pledge and guarantee deposit is paid for regular businesses. Thus, the credit risk on other receivables are limited.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. FINANCIAL INSTRUMENTS (continued)

29.2 Financial risk management objectives and policies (continued)

The tables below detail the credit risk exposures of the Target Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Financial assets at amortised costs						
Cash and cash equivalents	22	N/A	12-month ECL	103,541	157,663	159,534
Other receivables	21	N/A	12-month ECL	27,627	26,993	25,143
			Credit-impaired	-	-	-
Accounts receivable (note)	20	N/A	Provision matrix	24,646	23,202	19,971
			Credit-impaired	-	-	-

Note:

For accounts receivable, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Target Group determines the ECL on these items by using a provision matrix, grouped by debtors' aging.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

29. FINANCIAL INSTRUMENTS (continued)

29.2 Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

Provision matrix – debtors' ageing

As part of the Target Group's credit risk management, the Target Group uses debtors' ageing to assess the impairment for its receivables from customers because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivables which are assessed based on provision matrix as at the end of each of the Relevant Periods within lifetime ECL (not credit-impaired).

Gross carrying amount

	Average loss rate 31 December 2023	Accounts receivable 31 December 2023 RMB'000	Average loss rate 31 December 2024	Accounts receivable 31 December 2024 RMB'000	Average loss rate 31 July 2025	Accounts receivable 31 July 2025 RMB'000
Current (not past due)	-	24,646	-	23,202	-	19,971

The estimated loss rates are estimated based on the historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The Target Grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligation as they fall due. The approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Target Group closely monitors cash flow requirements and optimising its cash return. The Group prepares cash flow forecasts and ensures it has sufficient cash for the servicing of operation, financial, and capital obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The remaining contractual maturity of the Target Group's financial liabilities at the end of each of the Relevant Periods are all within one year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

30. COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2023 and 2024 and 31 July 2025, the Target Group had capital commitments for equipment and other as follows:

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Contracted for but not provided			
– Equipment	1,975	15,917	191,909
– Other (note)	-	35,000	35,000
	1,975	50,917	226,909

Note: In July 2024, the Target Company committed to entering into an agreement as an investor with other companies to jointly invest, develop, construct and operate the Guoneng Taizhou Coal Storage and Transportation Trading Center Project (the "Project"), and agreed to establish a project company specifically responsible for the Project. The investment amount under this agreement is RMB70,000,000. In August 2024, the Target Company established Guoneng (Taizhou) Port Co., Ltd. As of 31 July 2025 and 31 December 2024, the remaining uninvested amount was both RMB35,000,000.

31. EMPLOYEE BENEFITS PLAN

The Target Group participates, in line with the regulations of the PRC, mainly in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a certain proportion of the salaries, bonuses and certain allowances of the employees. In addition, as approved by the government, the Target Group makes contribution to a supplemental defined contribution pension plan for its employees. The fund is managed by a qualified fund manager. The Target Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Target Group's contributions for the Relevant Periods and the seven months ended 31 July 2024 were RMB1,471,000, RMB2,890,000, RMB2,015,000 and RMB1,585,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. RELATED PARTY TRANSACTIONS

32.1 Transactions with China Energy Group and fellow subsidiaries

The Target Group is controlled by China Energy Group and has significant transactions and relationships with China Energy Group and subsidiaries of China Energy Group ("fellow subsidiaries"). Related parties refer to enterprises over which China Energy Group is able to exercise significant influence or control.

The Target Group had the following transactions with China Energy Group and fellow subsidiaries that were carried out in the normal course of business during the Relevant Periods and seven months ended 31 July 2024:

	Notes	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Interest income	(i)	179	437	198	161
Property leasing	(ii)	3,771	3,963	2,312	2,312
Ancillary and social services	(iii)	53	5,253	2,188	1,801
Revenue related to port services	(iv)	52,632	82,227	52,978	49,802
Purchase of equipment and construction work	(v)	1,975	1,751	1,751	15,537
Net deposits placed with Finance Company*	(vi)	103,110	53,797	45,718	1,915

* China Energy Finance Co., Ltd.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. RELATED PARTY TRANSACTIONS (continued)

32.1 Transactions with China Energy Group and fellow subsidiaries (continued)

(i) Interest income represents interest earned from deposits in fellow subsidiaries. The applicable interest rate is determined in accordance with the prevailing interest rates published by the PBOC.

(ii) Property leasing expense represents rental paid or payable in respect of properties leased from fellow subsidiaries.

(iii) Ancillary and social services represent expenditures for support services paid to fellow subsidiaries of China Energy Group.

(iv) Revenue related to port services rendered represents income earned from fellow subsidiaries of China Energy Group in respect of port agency services.

(v) Purchase of equipment and construction work represents expenditure related to equipment and construction service provided by fellow subsidiaries of China Energy Group .

(vi) Net deposits placed with Finance Company represents net deposits placed by the Group with Finance Company.

The Directors are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and in accordance with the agreements governing such transactions.

The Target Group entered into a number of agreements with China Energy Group and fellow subsidiaries. The terms of the principal agreements are summarised as follows:

(i) The Target Company has entered into a mutual supply agreement for the mutual provision of production supplies and ancillary services with fellow subsidiaries. Pursuant to the agreement, fellow subsidiaries provide the Target Group with the production supplies and services, ancillary production services including the use of the information network system and ancillary administrative services. On the other hand, the Target Group provides fellow subsidiaries with port agency services and use of the information network system.

The products and services provided under the agreement, other than the sharing of use of the information network system which is free of charge, are provided in accordance with the following pricing policy:

- price prescribed by the state (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price but where there is a state-guidance price, then the state-guidance price;
- where there is neither a state-prescribed price nor a state-guidance price, the market price; or
- where none of the above is applicable or where it is not practical to apply the above pricing policies in reality, the price to be agreed between the relevant parties shall be based on reasonable costs incurred in providing the goods or services plus a reasonable profit margin of such costs.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. RELATED PARTY TRANSACTIONS (continued)

32.1 Transactions with China Energy Group and fellow subsidiaries (continued)

(ii) The Target Company has entered into a financial services agreement with Finance Company. Pursuant to the agreement, Finance Company provides financial services to the Target Group. The interest rate for the deposits with Finance Company from the Target Group should not be lower than the lowest limit published by the PBOC for the same type of deposit. The interest rate for loans made by Finance Company to the Target Group should not be higher than the highest limit published by the PBOC for the same type of loan. The above interest rates should be determined by reference to the rate charged by normal commercial banks in the PRC for comparable deposits and loans on normal commercial terms. The fees charged by Finance Company for the provision of other financial services shall be determined according to the rates chargeable by the PBOC or the China Banking Regulatory Commission.

(iii) The Target Group has entered into a property leasing agreement with fellow subsidiaries of China Energy Group for leasing of certain properties to each other. No rent is payable by the Target Group before fellow subsidiaries obtain the relevant property ownership certificate. The rental charges are based on comparable market rates. If fellow subsidiaries of China Energy Group negotiate to sell a leased property to a third party, the Target Company has a pre-emptive right to purchase such property under terms no less favorable than other third party.

Amounts due from/to China Energy Group and fellow subsidiaries:

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 July 2025 RMB'000
Deposits with Finance Company	103,110	156,907	158,822
Accounts receivables	18,001	14,410	9,844
Prepaid expenses and other current assets	26,003	23,447	16,255
Total amounts due from China Energy Group and fellow subsidiaries	147,114	194,764	184,921
Accounts payable	2,238	2,716	17,340
Accrued expenses and other payables	15,285	23,334	9,399
Total amounts due to China Energy Group and fellow subsidiaries	17,523	26,050	26,739

Amounts due from/to China Energy Group and fellow subsidiaries bear no interest, are unsecured and are repayable in accordance with normal commercial terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

32. RELATED PARTY TRANSACTIONS (continued)

32.2 Key management personnel emoluments

Key management personnel receive compensation in the form of fees, basic salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions.

Key management personnel compensation of the Target Group is summarised as follows:

	From 27 March 2023 (date of registration) to 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2024 RMB'000 (unaudited)	Seven months ended 31 July 2025 RMB'000
Short-term employee benefits	718	2,300	800	1,399
Post-employment benefits	76	309	142	237
	794	2,609	942	1,636

Total remuneration is included in "personnel expenses" as disclosed in note 6 to the Historical Financial Information .

32.3 Contributions to post-employment benefit plans

The Target Group participates in various defined contribution post-employment benefit plans organised by municipal and provincial governments and a supplemental defined contribution pension plan approved by the government for its employees. Further details of the Target Group's post-employment benefit plans are disclosed in note 31 to the Historical Financial Information.

33. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Up to the Historical Financial Information approval date, there was no significant event after the Relevant Periods that need to be disclosed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. SUBSIDIARY

Details of the non-wholly owned subsidiary that has material non-controlling interest

Summarised financial information in respect of the Target Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

31 December 2024/Year ended 31 December 2024

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB'000	RMB'000
Guoneng (Taizhou) Port Co., Ltd.	PRC/Mainland China	30	4	15,004

31 July 2025/seven months ended 31 July 2025

Name of the subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting rights held by non-controlling interest	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB'000	RMB'000
Guoneng (Taizhou) Port Co., Ltd.	PRC/Mainland China	30	7	15,011

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

34. SUBSIDIARY (continued)

Details of the non-wholly owned subsidiary that has material non-controlling interest (continued)

Guoneng (Taizhou) Port Co., Ltd.

	31 December 2024 RMB'000	31 July 2025 RMB'000
Current assets	50,018	50,038
Non-current assets	-	-
Current liabilities	5	-
Non-current liabilities	-	-
Total equity	50,013	50,038

	Year ended 31 December 2024 RMB'000	Seven months ended 31 July 2025 RMB'000
Revenue	-	-
Expenses	(13)	(25)
Profit and total comprehensive income for the year/period	13	25
Dividend paid to non-controlling interests	-	-
Net cash inflow from operating activities	18	20
Net cash outflow from investing activities	-	-
Net cash inflow from financing activities	50,000	-
Net cash inflow	50,018	20

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY

From 27 March 2023 (date of registration) to 31 December 2023

	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 27 March 2023 (date of registration)	-	-	-
Profit for the period	-	29,641	29,641
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	29,641	29,641
Appropriation of maintenance and production funds	11	(11)	-
Utilisation of maintenance and production funds	(11)	11	-
Transfer from retained earnings	2,964	(2,964)	-
At 31 December 2023	2,964	26,677	29,641

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (continued)

Year ended 31 December 2024

	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	2,964	26,677	29,641
Profit for the year	-	42,133	42,133
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	42,133	42,133
Appropriation of maintenance and production funds	423	(423)	-
Utilisation of maintenance and production funds	(15)	15	-
Transfer from retained earnings	4,172	(4,172)	-
At 31 December 2024	7,544	64,230	71,774

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2024 (unaudited)

	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2024	2,964	26,677	29,641
Profit for the period	-	36,241	36,241
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	36,241	36,241
Appropriation of maintenance and production funds	247	(247)	-
Utilisation of maintenance and production funds	(4)	4	-
At 31 July 2024	3,207	62,675	65,882

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

35. INFORMATION ABOUT THE FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY (continued)

Seven months ended 31 July 2025

	Statutory reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2025	7,544	64,230	71,774
Profit for the period	-	19,898	19,898
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	19,898	19,898
Appropriation of maintenance and production funds	743	(743)	-
Utilisation of maintenance and production funds	(22)	22	-
At 31 July 2025	8,265	83,407	91,672

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of financial position (the "Unaudited Pro Forma Financial Information") of China Shenhua Energy Company Limited (the "Company") and its subsidiaries (together, the "Group"), as enlarged by acquisition of 100% equity interests in Guoyuan Electric Power Co., Ltd. ("Guoyuan Power"), 100% equity interests in China Energy Xinjiang Energy & Chemical Co., Ltd. ("Xinjiang Energy"), 100% equity interests in China Shenhua Coal Liquefaction and Chemical Company Limited ("Chemical Company"), 100% equity interests in China Energy Wuhai Coal Group Corporation Limited ("Wuhai Energy"), 100% equity interests in Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. ("Pingzhuang Coal"), 41% equity interests in China Energy Shaanxi Shenyan Coal Co., Ltd. ("Shenyan Coal"), 100% equity interests in China Energy Baotou Mining Co., Ltd. ("Baotou Mining"), 100% equity interests in China Energy Shipping Co., Ltd. ("Shipping Company"), 100% equity interests in Shenhua Coal Trading Co., Ltd. ("Coal Trading Company") and 100% equity interests in China Energy Port Co., Ltd. ("Port Company") held by China Energy Investment Corporation Limited ("China Energy"), and 100% equity interests in Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. ("Inner Mongolia Construction Investment") held by China Energy Western Energy Investment Co., Ltd. ("Western Energy"), which is a wholly-owned subsidiary of China Energy. As part of the transaction, the Company also agreed to acquire 49% equity interests in Shanxi Province Jinshen Energy Co., Ltd. ("Jinshen Energy") held by China Energy as an associate. The acquirees are collectively referred to as the "Target Companies", and together with their respective subsidiaries (together, the "Target Groups"), the equity interests in Jinshen Energy and its subsidiaries and the Group, they are collectively referred to as the "Enlarged Group". The acquisition of the Target Groups and Jinshen Energy are collectively referred to as the "Acquisition". The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "Directors") in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and on the basis of the notes set forth below for the purpose of illustrating the effects of the Acquisition, as if the Acquisition had been completed on 30 June 2025.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed on 30 June 2025 or any future date.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2025 as extracted from the published interim report of the Group for the six months ended 30 June 2025 and the audited consolidated statements of financial position of the Target Groups and Jinshen Energy as at 31 July 2025 as extracted from the accountants' reports of the Target Companies and Jinshen Energy thereon set out in Appendix II to the circular of the Company dated 24 December 2025 (the "Circular"), after giving effect to the unaudited pro forma adjustments as described in the accompanying notes that are directly attributable to the Acquisition and factually supportable as if the Acquisition had been undertaken as at 30 June 2025.

The Unaudited Pro Forma Financial Information should be read in conjunction with the unaudited interim financial information of the Group for the six months ended 30 June 2025 as set out in the Group's published interim report, the historical financial information of the Target Companies as set out in Appendix II to this Circular, and other financial information included elsewhere in this Circular.

	The Group as at 30 June 2025	**The Target Groups as at 31 July 2025**	**Pro forma adjustments**				**Unaudited pro forma financial information of the Enlarged Group**
	RMB million	**RMB million**	**RMB million**	**RMB million**	**RMB million**	**RMB million**	**RMB million**
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
Non-current assets							
Property, plant and equipment	293,410	103,488	16,087	-	(27)	-	412,958
Construction in progress	35,918	15,292	4	-	(17)	-	51,197
Exploration and evaluation assets	4,842	3,241	4,683	-	-	-	12,766
Intangible assets	5,653	2,898	-	-	-	-	8,551
Right-of-use assets	25,852	11,586	1,017	-	-	-	38,455
Investments in joint ventures and associates	61,775	8,576	869	3,781	(59)	-	74,942
Financial assets at fair value through other comprehensive income	2,813	4,133	-	-	-	-	6,946
Financial assets at fair value through profit or loss	60	10	-	-	-	-	70
Other non-current assets	34,743	16,527	4,690	-	-	-	55,960
Deferred tax assets	5,963	1,654	-	-	35	-	7,652
Total non-current assets	**471,029**	**167,405**	**27,350**	**3,781**	**(68)**	**-**	**669,497**

The Unaudited Pro Forma Financial Information should be read in conjunction with the unaudited interim financial information of the Group for the six months ended 30 June 2025 as set out in the Group's published interim report, the historical financial information of the Target Companies as set out in Appendix II to this Circular, and other financial information included elsewhere in this Circular. (continued)

	The Group as at 30 June 2025	The Target Groups as at 31 July 2025	Pro forma adjustments				Unaudited pro forma financial information of the Enlarged Group
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
Current assets							
Inventories	13,243	3,330	-	-	(98)	-	16,475
Accounts and bills receivables	16,547	10,383	-	-	(3,519)	-	23,411
Financial assets at fair value through other comprehensive income	403	261	-	-	-	-	664
Financial assets at fair value through profit or loss	7,103	-	-	-	-	-	7,103
Prepaid expenses and other current assets	16,162	14,330	4,927	-	(377)	-	35,042
Restricted bank deposits	16,924	2,786	-	-	-	-	19,710
Time deposits with original maturity over three months	64,872	12,834	-	-	-	-	77,706
Cash and cash equivalents	79,785	22,237	-	-	-	-	102,022
Total current assets	**215,039**	**66,161**	**4,927**	**-**	**(3,994)**	**-**	**282,133**

The Unaudited Pro Forma Financial Information should be read in conjunction with the unaudited interim financial information of the Group for the six months ended 30 June 2025 as set out in the Group's published interim report, the historical financial information of the Target Companies as set out in Appendix II to this Circular, and other financial information included elsewhere in this Circular. (continued)

	The Group as at 30 June 2025	The Target Groups as at 31 July 2025	Pro forma adjustments				Unaudited pro forma financial information of the Enlarged Group
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
Current liabilities							
Borrowings	3,006	34,418	-	-	-	-	37,424
Accounts and bills payables	31,766	22,193	-	-	(3,068)	-	50,891
Accrued expenses and other payables	102,550	19,252	90,942	2,577	(199)	106	215,228
Current portion of lease liabilities	322	250	-	-	-	-	572
Current portion of long-term liabilities	6,258	6,432	-	-	-	-	12,690
Income tax payable	2,516	713	-	-	-	-	3,229
Contract liabilities	4,079	3,195	-	-	(631)	-	6,643
Total current liabilities	**150,497**	**86,453**	**90,942**	**2,577**	**(3,898)**	**106**	**326,677**
Net current assets/(liabilities)	**64,542**	**(20,292)**	**(86,015)**	**(2,577)**	**(96)**	**(106)**	**(44,544)**
Total assets less current liabilities	**535,571**	**147,113**	**(58,665)**	**1,204**	**(164)**	**(106)**	**624,953**

The Unaudited Pro Forma Financial Information should be read in conjunction with the unaudited interim financial information of the Group for the six months ended 30 June 2025 as set out in the Group's published interim report, the historical financial information of the Target Companies as set out in Appendix II to this Circular, and other financial information included elsewhere in this Circular. (continued)

	The Group as at 30 June 2025	The Target Groups as at 31 July 2025	Pro forma adjustments				Unaudited pro forma financial information of the Enlarged Group
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
Non-current liabilities							
Borrowings	32,423	28,700	-		-	-	61,123
Long-term liabilities	15,874	16,009	(38)	-	-	-	31,845
Accrued reclamation obligations	9,566	4,931	-	-	-	-	14,497
Deferred tax liabilities	1,418	798	5,448	-	-	-	7,664
Lease liabilities	995	197	-	-	-	-	1,192
Other non-current liabilities	1,660	-	-	-	-	-	1,660
Total non-current liabilities	**61,936**	**50,635**	**5,410**	**-**	**-**	**-**	**117,981**
Net assets	**473,635**	**96,478**	**(64,075)**	**1,204**	**(164)**	**(106)**	**506,972**
Equity							
Share capital	19,869	-	1,322	41	-	-	21,232
Reserves	384,658	80,550	(68,282)	1,163	(106)	(106)	397,877
Equity attributable to equity holders of the Company	**404,527**	**80,550**	**(66,960)**	**1,204**	**(106)**	**(106)**	**419,109**
Non-controlling interests	**69,108**	**15,928**	**2,885**	**-**	**(58)**	**-**	**87,863**
Total equity	**473,635**	**96,478**	**(64,075)**	**1,204**	**(164)**	**(106)**	**506,972**

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The amounts of assets and liabilities of the Group as at 30 June 2025 are extracted from the unaudited consolidated statement of financial position of Group as at 30 June 2025 as set out in the published interim report of the Group for the six months ended 30 June 2025.

2. The combined amounts of assets and liabilities of the Target Groups as at 31 July 2025 are extracted from the accountants' reports of the Target Companies as set out in Appendix II to the Circular, and 59% of net asset amount of Shenyan Coal, which is classified as a non-wholly-owned subsidiary of the Enlarged Group, is included in non-controlling interests.

3. The Company, China Energy and Western Energy entered into an asset purchase agreement and a supplement asset purchase agreement on 15 August 2025 and 19 December 2025, respectively, pursuant to which the Company conditionally agree to acquire the respective equity interests of the Target Companies held by China Energy and Western Energy at an aggregate consideration of RMB 129,817 million, to be satisfied in the form of consideration shares to be issued by the Company of RMB38,875 million and cash consideration of RMB90,942 million.

   According to the paragraph 1.2.2 of the supplemental asset purchase agreement entered into between the Company, China Energy and Western Energy on 19 December 2025, the aforementioned aggregate consideration of RMB129,817 million included RMB4,927 million which is equal to the capital of the same amount contributed by China Energy to Chemical Company on 13 November 2025. Since the capital contribution occurred subsequent to 31 July 2025 and was directly related to the amount of the aforementioned aggregate consideration, there is an adjustment with respect to other receivables and equity amounting to RMB4,927 million made in the pro forma financial information.

   As the Group and the Target Companies were under the common control of China Energy before and after the acquisition, and that control is not transitory, the acquisition of the Target Companies is accounted for using the principles of merger accounting in accordance with Accounting Guideline 5 (Revised) *Merger Accounting for Common Control Combinations* as issued by the Hong Kong Institute of Certified Public Accountants. Under the principles of merger accounting, the consolidated financial statements incorporate the financial statement items of the acquired entities or businesses for the reporting period in which the common control combination occurs from the date when the acquired entities or businesses first come under the control of the controlling party. Accordingly, the pro forma financial information of the Enlarged Group has been prepared to present the assets and liabilities of the Target Groups using the existing book values as at 31 July 2025 from China Energy's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the common control combination. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded are recognised directly in equity as part of the merger reserve.

   The carrying amounts of certain assets and liabilities of Guoyuan Power were adjusted to reflect their corresponding book values recorded in the unaudited consolidated statement of financial position of China Energy as at 31 July 2025, because China Energy acquired Guoyuan Power from State Grid Corporation of China in 2012 and the acquisition was accounted for using the acquisition method, which gave rise to goodwill and certain acquisition date fair value adjustments to the then assets and liabilities of Guoyuan Power with an aggregate amount of RMB21,940 million, in the unaudited consolidated financial statements of China Energy.

4. The 49% equity interest of Jinshen Energy and its subsidiaries as at 31 July 2025 is recognised as investments in associates in the Unaudited Pro Forma Financial Information as if the acquisition had been completed on 30 June 2025, at the consideration amount as stipulated in the aforementioned asset purchase agreement, to be satisfied in the form of consideration shares to be issued by the Company of RMB1,204 million and cash consideration of RMB2,577 million.

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (continued)

5. The adjustment represents the elimination of the inter-company balances and the effects on the assets and liabilities as well as the unrealised gains or losses arising from transactions within the Enlarged Group. The eliminations between balances and transactions of the Group at 30 June 2025 and the Target Groups and Jinshen Energy at 31 July 2025 are at the amounts whichever are smaller if not equal.

6. The adjustment represents the estimated transaction costs directly attributable to the Acquisition of RMB106 million yet to be settled.

7. Save as set out above, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025 and of the Target Groups and Jinshen Energy entered into subsequent to 31 July 2025.

B. REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report on the unaudited pro forma information of the Enlarged Group and Jinshen Energy received from Ernst & Young, Certified Public Accountants, Hong Kong, for the purposes of incorporation into this circular.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of China Shenhua Energy Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Shenhua Energy Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and related notes as set out on pages III-1 to III-7 of the circular dated 24 December 2025 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information"), in connection with acquisition of 100% equity interests in Guoyuan Electric Power Co., Ltd., 100% equity interests in China Energy Xinjiang Energy & Chemical Co., Ltd., 100% equity interests in China Shenhua Coal Liquefaction and Chemical Company Limited, 100% equity interests in China Energy Wuhai Coal Group Corporation Limited, 100% equity interests in Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., 41% equity interests in China Energy Shaanxi Shenyan Coal Co., Ltd., 100% equity interests in China Energy Baotou Mining Co., Ltd., 100% equity interests in China Energy Shipping Co., Ltd., 100% equity interests in Shenhua Coal Trading Co., Ltd., 100% equity interests in China Energy Port Co., Ltd. and 100% equity interests in Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. The acquirees are collectively referred to as the "Target Companies", and together with their respective subsidiaries, they are collectively referred to as the "Target Groups". In addition to the Target Companies, the Company also agreed to acquire 49% equity interests in Shanxi Province Jinshen Energy Co., Ltd. ("Jinshen Energy"), which is included in the Unaudited Pro Forma Financial Information as an associate. The acquisition of the Target Groups and Jinshen Energy are collectively referred to as the "Acquisition". The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's assets and liabilities as at 30 June 2025 as if the Acquisition had taken place at 30 June 2025. As part of this process, information about the assets and liabilities of the Group has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2025, on which the interim report has been published, and information about the assets and liabilities of the Target Groups and Jinshen Energy and its subsidiaries has been extracted by the Directors from the Target Companies' and Jinshen Energy and its subsidiaries' consolidated financial statements for the period ended 31 July 2025, on which the accountants' reports have been published and set out in Appendix II to the Circular.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

B. REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
(continued)

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

B. REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP (continued)

Reporting accountants' responsibilities (continued)

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

24 December 2025

Note:

	Guoyuan Power RMB million	Chemical Company RMB million	Xinjiang Energy RMB million	Wuhai Energy RMB million	Baotou Mining RMB million	Shenyan Coal RMB million	Pingzhuang Coal RMB million	Inner Mongolia Construction Investment RMB million	Coal Trading Company RMB million	Port Company RMB million	Shipping Company RMB million	The Target Groups as at 31 July 2025 RMB million
Non-current assets												
Property, plant and equipment	32,607	20,298	13,946	6,215	54	4,882	14,340	7,958	34	12	3,142	103,488
Construction in progress	4,266	3,745	3,138	1,588	-	30	1,028	1,487	-	10	-	15,292
Exploration and evaluation assets	79	-	375	-	41	-	2,746	-	-	-	-	3,241
Intangible assets	421	349	277	190	344	68	892	336	-	3	18	2,898
Right-of-use assets	1,773	2,186	1,350	315	42	151	5,009	728	1	2	29	11,586
Investments in joint ventures and associates	4,234	2,462	1,508	-	-	34	28	310	-	-	-	8,576
Financial assets at fair value through other comprehensive income	-	20	-	1	-	-	3,812	295	5	-	-	4,133
Financial assets at fair value through profit or loss	-	10	-	-	-	-	-	-	-	-	-	10
Other non-current assets	4,676	712	1,109	24	2,490	1,192	3,356	2,707	-	19	242	16,527
Deferred tax assets	344	267	496	19	-	46	340	36	2	-	104	1,654
Total non-current assets	48,400	30,049	22,199	8,352	2,971	6,403	31,551	13,857	42	46	3,535	167,405

Note: (continued)

	Guoyuan Power RMB million	Chemical Company RMB million	Xinjiang Energy RMB million	Wuhai Energy RMB million	Baotou Mining RMB million	Shenyan Coal RMB million	Pingzhuang Coal RMB million	Inner Mongolia Construction Investment RMB million	Coal Trading Company RMB million	Port Company RMB million	Shipping Company RMB million	The Target Groups as at 31 July 2025 RMB million
Current assets												
Inventories	343	1,915	502	205	-	123	60	108	34	-	40	3,330
Accounts and bills receivables	2,564	481	1,626	180	14	667	1,448	418	2,518	20	447	10,383
Financial assets at fair value through other comprehensive income	-	-	208	-	-	-	53	-	-	-	-	261
Financial assets at fair value through profit or loss	-	-		-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	3,892	1,334	4,155	3,238	14	111	739	259	359	28	201	14,330
Restricted bank deposits	501	11	12	515	-	1,140	441	157	9	-	-	2,786
Time deposits with original maturity over three months	-	580	112	8,037	1,223	2,812	-	-	50	-	20	12,834
Cash and cash equivalents	4,366	6,387	2,281	2,880	352	1,642	1,502	241	1,330	160	1,096	22,237
Total current assets	11,666	10,708	8,896	15,055	1,603	6,495	4,243	1,183	4,300	208	1,804	66,161

Note (continued)

	Guoyuan Power RMB million	Chemical Company RMB million	Xinjiang Energy RMB million	Wuhai Energy RMB million	Baotou Mining RMB million	Shenyan Coal RMB million	Pingzhuang Coal RMB million	Inner Mongolia Construction Investment RMB million	Coal Trading Company RMB million	Port Company RMB million	Shipping Company RMB million	The Target Groups as at 31 July 2025 RMB million
Current liabilities												
Borrowings	7,091	9,676	1,989	-	-	-	9,661	5,861	-	-	140	34,418
Accounts and bills payables	4,160	3,561	5,361	1,302	16	926	1,830	944	3,312	18	763	22,193
Accrued expenses and other payables	3,360	2,358	2,238	2,393	64	672	7,465	504	115	25	58	19,252
Current portion of lease liabilities	4	41	195	-	-	-	-	-	1	-	9	250
Current portion of long-term liabilities	872	47	369	1,120	-	22	1,898	2,102	-	-	2	6,432
Income tax payable	199	-	264	75	10	77	67	-	3	4	14	713
Contract liabilities	30	698	1,325	336	-	-	638	-	161	-	7	3,195
Total current liabilities	15,716	16,381	11,741	5,226	90	1,697	21,559	9,411	3,592	47	993	86,453
Net current assets/ (liabilities)	(4,050)	(5,673)	(2,845)	9,829	1,513	4,798	(17,316)	(8,228)	708	161	811	(20,292)
Total assets less current liabilities	44,350	24,376	19,354	18,181	4,484	11,201	14,235	5,629	750	207	4,346	147,113

Note: (continued)

	Guoyuan Power RMB million	Chemical Company RMB million	Xinjiang Energy RMB million	Wuhai Energy RMB million	Baotou Mining RMB million	Shenyan Coal RMB million	Pingzhuang Coal RMB million	Inner Mongolia Construction Investment RMB million	Coal Trading Company RMB million	Port Company RMB million	Shipping Company RMB million	The Target Groups as at 31 July 2025 RMB million
Non-current liabilities												
Borrowings	9,249	6,947	2,088	-	-	-	4,017	6,399	-	-	-	28,700
Long-term liabilities	2,251	104	4,402	2,700	79	-	4,244	172	-	-	2,057	16,009
Accrued reclamation obligations	709	-	862	2,497	-	101	542	220	-	-	-	4,931
Deferred tax liabilities	16	-	102	-	-	-	680	-	-	-*	-	798
Lease liabilities	78	42	66	-	-	-	-	-	-	-	11	197
Total non-current liabilities	12,303	7,093	7,520	5,197	79	101	9,483	6,791	-	-*	2,068	50,635
Net assets	32,047	17,283	11,834	12,984	4,405	11,100	4,752	(1,162)	750	207	2,278	96,478
Equity												
Share capital	47,261	31,237	9,213	26,927	2,378	2,739	4,354	4,135	322	100	1,524	130,190
Reserves	(20,486)	(14,094)	1,109	(14,611)	2,027	8,361	(917)	(5,297)	428	92	295	(43,093)
Equity attributable to equity holders of the Target Company	26,775	17,143	10,322	12,316	4,405	11,100	3,437	(1,162)	750	192	1,819	87,097
Non-controlling interests	5,272	140	1,512	668	-	-	1,315	-	-	15	459	9,381
Total equity	32,047	17,283	11,834	12,984	4,405	11,100	4,752	(1,162)	750	207	2,278	96,478

* Amount smaller than RMB500,000.

Set out below is the management discussion and analysis on the Target Companies for the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, which is based on and should be read in conjunction with the historical financial information of the Target Companies as set out in Appendix II to this circular.

A. MANAGEMENT DISCUSSION AND ANALYSIS ON GUOYUAN POWER GROUP

The following performance discussion of Guoyuan Electric Power Co., Ltd. and its subsidiaries (collectively, the "**Guoyuan Power Group**") should be read in conjunction with the historical financial information for the three years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

Guoyuan Electric Power Co., Ltd. is a company established in the PRC with limited liability in 2008. It operates in the power, heat production, and supply industry as well as coal mining and washing industry and is mainly engaged in, among others, coal mining, washing, processing and sales, pithead coal-fired power generation business, heat supply and construction of power transmission and distribution facilities.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Guoyuan Power Group amounted to approximately RMB30,050 million, RMB31,096 million and RMB25,844 million, respectively. The revenue in 2023 remained relatively stable compared to that in 2022. The decrease in revenue in 2024 was mainly due to the deconsolidation of two subsidiaries in January 2024 and August 2024, respectively, which reduced Guoyuan Power Group's consolidated revenue base.

For the seven months ended 31 July 2024 and 2025, the revenue of Guoyuan Power Group decreased from approximately RMB15,586 million to RMB12,468 million, primarily due to the deconsolidation of a subsidiary in August 2024, which reduced Guoyuan Power Group's consolidated revenue in the seven months ended 31 July 2025.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Guoyuan Power Group amounted to approximately RMB22,216 million, RMB22,949 million and RMB19,767 million, respectively. The cost of sales in 2023 remained relatively stable compared to that in 2022. The decrease in cost of sales in 2024 was mainly due to the deconsolidation of two subsidiaries, which reduced Guoyuan Power Group's overall cost base.

For the seven months ended 31 July 2024 and 2025, the cost of sales of Guoyuan Power Group amounted to approximately RMB11,354 million and RMB8,784 million, respectively. The decrease was mainly due to the deconsolidation of a subsidiary in August 2024, which reduced Guoyuan Power Group's overall cost base.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Guoyuan Power Group amounted to approximately RMB7,834 million, RMB8,147 million and RMB6,077 million, respectively. The corresponding gross profit margins were 26.1%, 26.2% and 23.5%, respectively. The gross profit in 2023 remained relatively stable compared to that in 2022. The decrease in gross profit in 2024 was mainly due to the deconsolidation of two subsidiaries in 2024, which reduced Guoyuan Power Group's revenue and profit base. The gross profit margin remained relatively stable in 2022 and 2023. The slight decrease in gross profit margin in 2024 was also attributable to the same reason of gross profit.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Guoyuan Power Group amounted to approximately RMB4,232 million and RMB3,684 million, respectively. The corresponding gross profit margins were 27.2% and 29.5%, respectively. The decrease in gross profit was mainly due to lower coal prices, which reduced electricity revenue and gross profit compared with same period of 2024. The increase in gross profit margin was mainly due to the deconsolidation of a loss-making subsidiary in August 2024, which removed its negative margin impact from Guoyuan Power Group's results and therefore raised the overall gross profit margin in 2025.

Total comprehensive income for the year/period

For the three years ended 31 December 2022, 2023 and 2024, the total comprehensive income of Guoyuan Power Group amounted to approximately RMB2,394 million, RMB3,029 million and RMB3,375 million, respectively. The increase in total comprehensive income in 2023 was mainly due to the decrease of impairment losses on property, plant and equipment. The increase in 2024 was mainly due to the absence of the large impairment provision recorded in 2023 and partial reversal of loss allowances recorded in 2024.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Guoyuan Power Group amounted to approximately RMB2,303 million and RMB2,913 million, respectively. The increase was mainly due to the absence of charitable donation recorded in 2024, which did not recur in 2025.

General information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Guoyuan Power Group amounted to approximately RMB60,151 million, RMB63,610 million, RMB61,030 million and RMB60,066 million, respectively. The increase in total assets as at 31 December 2023 was mainly due to the increase in cash and cash equivalents, interests in joint ventures and associates and prepayments. The decrease in total assets as at 31 December 2024 was mainly due to the decrease in right-of-use assets, cash and cash equivalents, and property, plant and equipment. The slight decrease in total assets as at 31 July 2025 was mainly due to the decrease in prepaid expenses and other current assets and property, plant and equipment.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Guoyuan Power Group amounted to approximately RMB37,455 million, RMB38,408 million, RMB30,904 million and RMB28,019 million, respectively. The increase in total liabilities as at 31 December 2023 was primarily due to the increase in non-current borrowings. The decrease as at 31 December 2024 was mainly due to the decrease in borrowings and accrued expenses and other payables. The decrease in total liabilities as at 31 July 2025 was mainly due to the decrease in non-current borrowings and accrued reclamation obligations.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the respective gearing ratios (calculated as total liability divided by total assets) of Guoyuan Power Group were: 62.3%, 60.4%, 50.6% and 46.6%.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Guoyuan Power Group amounted to approximately RMB11,015 million, RMB13,972 million, RMB11,818 million and RMB11,666 million, respectively.

Among which, cash and cash equivalents amounted to approximately RMB2,993 million, RMB5,046 million, RMB3,632 million and RMB4,366 million, respectively, accounting for 27.2%, 36.1%, 30.7%, and 37.4% of current assets, respectively.

Accounts and bills receivables amounted to approximately RMB2,802 million, RMB2,497 million, RMB2,240 million and RMB2,564 million, respectively, accounting for 25.4%, 17.9%, 19.0%, and 22.0% of current assets, respectively.

Prepaid expense and other current assets amounted to approximately RMB4,439 million, RMB5,334 million, RMB5,114 million and RMB3,892 million, respectively, accounting for 40.3%, 38.2%, 43.3%, and 33.4% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 0.44, 0.69, 0.82 and 0.74, respectively.

Capital management

Guoyuan Power Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Guoyuan Power Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Guoyuan Power Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Guoyuan Power Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Guoyuan Power Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Guoyuan Power Group is domiciled in the PRC and most of the functional currency are denominated in RMB, the foreign exchange risks are insignificant.

Segment information

The management of Guoyuan Power Group assesses the performance and allocates the resources of Guoyuan Power Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Guoyuan Power Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, Guoyuan Power Group had no significant contingent liabilities, with the exception of its accrued reclamation obligations. Guoyuan Power Group has not incurred any significant expenditure for environmental remediation, is currently not involved in any environmental remediation, and apart from the provision for land reclamation costs, has not accrued any further amounts for environmental remediation relating to its operations. Guoyuan Power Group had no material unrecognized obligations from guarantees or litigation. Guoyuan Power Group is involved in certain legal proceedings arising in the ordinary course of business; however, management believes that the outcomes will not have a material adverse effect on financial position or operating results.

Capital commitments

As at 31 July 2025, Guoyuan Power Group had capital commitments of RMB5,412 million contracted for but not provided in relation to land, buildings and mining rights, exploration and evaluation assets and RMB6,931 million for equipment. The equipment-related commitment primarily related to the equipment procurement contracts for certain large-scale power generation projects that commenced construction in 2024.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Guoyuan Power Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Guoyuan Power Group did not have any material investment.

During the same period, Guoyuan Power Group carried out several equity disposals, including: (i) in December 2023, the disposal of a 35% equity interest in a subsidiary of Guoyuan Power Group, at the consideration of RMB514 million; (ii) in January 2024, the transfer of all equity interests in another subsidiary out of Guoyuan Power Group with nil consideration; (iii) in August 2024, the transfer of two subsidiaries out of the Guoyuan Power Group with nil consideration; and (iv) in January 2025, the disposal of a 2% equity interest in a subsidiary of Guoyuan Power Group, at the consideration of RMB19 million, and upon the completion of the disposal, the equity interests held by Guoyuan Power Group was reduced to 49% and thus the entity was controlled by another shareholder.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Guoyuan Power Group had no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Guoyuan Power Group was 9,174. Guoyuan Power Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Guoyuan Power Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, the Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. The Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, the Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, the Group has no further material obligations for pension benefit payments.

The Group's contributions to these retirement benefit plans were RMB718 million, RMB773 million and RMB712 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB306 million for the seven months ended 31 July 2025.

B. MANAGEMENT DISCUSSION AND ANALYSIS ON XINJIANG ENERGY GROUP

The following performance discussion of China Energy Xinjiang Energy & Chemical Co., Ltd. and its subsidiaries (collectively, the "**Xinjiang Energy Group**") should be read in conjunction with the historical financial information for the three years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

China Energy Xinjiang Energy & Chemical Co., Ltd. is a company established in the PRC with limited liability in 2000. It operates in the coal mining and washing industry and is mainly engaged in, among others, coal mining, washing and processing, and sales.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Xinjiang Energy Group amounted to approximately RMB18,543 million, RMB19,423 million and RMB18,232 million, respectively. The increase in 2023 was mainly due to the increase in coal sales volume. The decrease in 2024 was mainly due to the decline in coal prices.

For the seven months ended 31 July 2024 and 2025, the revenue of Xinjiang Energy Group decreased from approximately RMB10,443 million to RMB6,990 million, respectively, primarily due to the decrease in both coal prices and coal sales volume.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Xinjiang Energy Group amounted to approximately RMB11,100 million, RMB14,314 million and RMB14,680 million, respectively. The increase in cost of sales in 2023 was mainly due to the increase in coal mining costs and coal production volume and remained relatively stable in 2024.

For the seven months ended 31 July 2024 and 2025, the cost of sales of Xinjiang Energy Group amounted to approximately RMB7,880 million and RMB5,964 million, respectively. The decrease was mainly due to the decrease in coal production volume.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Xinjiang Energy Group amounted to approximately RMB7,443 million, RMB5,109 million and RMB3,552 million, respectively. The corresponding gross profit margins were 40.1%, 26.3% and 19.5%, respectively. The decrease in gross profit in 2023 was mainly due to the increase in coal mining costs outpacing the increase in coal prices and the further decrease in gross profit in 2024 was mainly due to the decrease in coal prices. The decrease in gross profit margin in 2023 was mainly due to the increase in coal mining costs outpacing the increase in coal prices and the further decrease in gross profit margin in 2024 was mainly due to a larger decrease in coal prices.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Xinjiang Energy Group amounted to approximately RMB2,563 million and RMB1,026 million, respectively. The corresponding gross profit margins were 24.5% and 14.7%, respectively. The decrease in gross profit was mainly due to the decrease in coal prices and the further decrease in gross profit margin was mainly due to a larger decrease in coal prices.

Total comprehensive profit for the year/period

For the three years ended 31 December 2022, 2023 and 2024, the total comprehensive income of Xinjiang Energy Group amounted to approximately RMB5,225 million, RMB2,611 million and RMB2,145 million, respectively. The decrease in 2023 was mainly due to the decrease in gross profit. The further decrease in 2024 was mainly due to the further decrease in gross profit.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Xinjiang Energy Group amounted to approximately RMB1,779 million and RMB176 million, respectively. The decrease was mainly due to the decrease in gross profit.

General information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Xinjiang Energy Group amounted to approximately RMB21,566 million, RMB26,723 million, RMB30,858 million and RMB31,095 million, respectively. The increase as at 31 December 2023 was mainly due to the increase in property, plant and equipment and construction in progress. The increase as at 31 December 2024 was mainly due to the increase in other non-current assets and right-of-use assets.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Xinjiang Energy Group amounted to approximately RMB12,606 million, RMB16,040 million, RMB18,969 million and RMB19,261 million, respectively. The increase as at 31 December 2023 was mainly due to the increase in long-term liabilities and lease liabilities. The increase as at 31 December 2024 was mainly due to the increase in borrowings and accounts and bills payables. The slight increase as at 31 July 2025 was mainly due to the increase in current borrowings.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the gearing ratios (calculated as total liability divided by total assets) of Xinjiang Energy Group were 58.5%, 60.0%, 61.5% and 61.9%, respectively.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Xinjiang Energy Group amounted to approximately RMB7,173 million, RMB8,038 million, RMB8,741 million, and RMB8,896 million, respectively.

Among which, prepaid expenses and other current assets amounted to approximately RMB3,544 million, RMB2,916 million, RMB3,729 million, and RMB4,155 million, respectively, accounting for 49.4%, 36.3%, 42.7%, and 46.7% of current assets, respectively.

Cash and cash equivalents amounted to approximately RMB1,585 million, RMB3,039 million, RMB2,946 million, and RMB2,281 million, respectively, accounting for 22.1%, 37.8%, 33.7%, and 25.6% of current assets, respectively.

Accounts and bills receivables amounted to approximately RMB1,695 million, RMB1,457 million, RMB1,634 million, and RMB1,626 million, respectively, accounting for 23.6%, 18.1%, 18.7%, and 18.3% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 0.82, 0.77, 0.73, and 0.76, respectively.

Capital management

Xinjiang Energy Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Xinjiang Energy Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Xinjiang Energy Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Xinjiang Energy Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Xinjiang Energy Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Xinjiang Energy Group is domiciled in the PRC and denominated in RMB, Xinjiang Energy Group is not exposed to foreign exchange risks.

Segment information

The management of Xinjiang Energy Group assesses the performance and allocates the resources of Xinjiang Energy Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Xinjiang Energy Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, Xinjiang Energy Group had no significant contingent liabilities, with the exception of its accrued reclamation obligations. Beyond these recognized amounts of RMB367 million, RMB407 million, RMB900 million, and RMB862 million, respectively, Xinjiang Energy Group had no material unrecognized obligations from guarantees or litigation. Xinjiang Energy Group is involved in certain legal proceedings arising in the ordinary course of business; however, management believes that the outcomes will not have a material adverse effect on financial position or operating results

Capital commitments

As at 31 July 2025, Xinjiang Energy Group had capital commitments of RMB306 million contracted for but not provided in relation to equipment, RMB141 million for land, buildings and exploration and evaluation assets, and RMB165 million for the others. The equipment-related commitments mainly reflect the normal timing difference between contract signing and delivery for the purchased fully mechanized mining equipment.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Xinjiang Energy Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Xinjiang Energy Group did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Xinjiang Energy Group had no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Xinjiang Energy Group was 4,647. Xinjiang Energy Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Xinjiang Energy Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, Xinjiang Energy Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. Xinjiang Energy Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, Xinjiang Energy Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, Xinjiang Energy Group has no further material obligations for pension benefit payments.

Xinjiang Energy Group's contributions to these retirement benefit plans were RMB139 million, RMB164 million and RMB178 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB104 million and RMB122 million for the seven months ended 31 July 2024 and 2025 respectively.

C. MANAGEMENT DISCUSSION AND ANALYSIS ON CHEMICAL COMPANY GROUP

The following performance discussion of China Shenhua Coal Liquefaction and Chemical Company Limited and its subsidiaries (collectively, the "**Chemical Company Group**") should be read in conjunction with the historical financial information for the three years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

China Shenhua Coal Liquefaction and Chemical Company Limited is a company established in the PRC with limited liability in 2003. It operates in the coal, and other fuel processing industry and is mainly engaged in the production, processing, and sale of coal chemical products, as well as the businesses related to the clean conversion and utilisation of coal.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Chemical Company Group amounted to approximately RMB27,982 million, RMB25,651 million and RMB26,429 million, respectively. The decrease in 2023 was mainly due to the overall downward adjustment in coal-chemical product prices as the market retreated from the unusually high price levels in 2022. The increase in 2024 was mainly due to a recovery in market prices of polyolefin.

For the seven months ended 31 July 2024 and 2025, the revenue of Chemical Company Group decreased from approximately RMB15,767 million to RMB11,962 million, mainly due to the decline in production volume resulting from the suspension of certain major production units for technological upgrades.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Chemical Company Group amounted to approximately RMB23,813 million, RMB22,921 million and RMB23,024 million, respectively. The decrease in 2023 was mainly due to the overall downward adjustment in coal prices as the market retreated from the unusually high price levels in 2022 and remained relatively stable in 2024.

For the seven months ended 31 July 2024 and 2025, the cost of sales of Chemical Company Group amounted to approximately RMB13,791 million and RMB11,383 million, respectively. The decrease was mainly due to the decline in production volume resulting from the temporary suspension of certain major production units for technological upgrades.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Chemical Company Group amounted to approximately RMB4,169 million, RMB2,730 million and RMB3,405 million, respectively. The corresponding gross profit margins were 14.9%, 10.6% and 12.9%, respectively. The decrease in gross profit in 2023 was mainly due to the decrease in product prices outpaced the decline in raw material prices while production volume remained stable. The increase in gross profit in 2024 was mainly due to improved cost efficiency, as unit production costs decreased. The decrease in gross profit margin in 2023 and the increase in 2024 were mainly attributable to the same factors affecting gross profit.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Chemical Company Group amounted to approximately RMB1,976 million and RMB579 million, respectively. The corresponding gross profit margins were 12.5% and 4.8%, respectively. The decrease in gross profit and the decrease in gross profit margin was mainly due to the decline in production volume resulting from the suspension of certain production units for technological upgrades.

Total comprehensive profit/(loss) for the year/period

For the three years ended 31 December 2022, 2023 and 2024, the total comprehensive income of Chemical Company Group amounted to approximately RMB2,224 million, RMB278 million and RMB1,265 million, respectively. The decrease from 2022 to 2023 was mainly due to lower gross profit accompanied with higher general and administrative expenses, while the increase from 2023 to 2024 was mainly due to higher gross profit accompanied with lower general and administrative expenses.

For the seven months ended 31 July 2024 and 2025, Chemical Company Group recorded a total comprehensive income of approximately RMB674 million and a total comprehensive loss of approximately RMB550 million, respectively. The decrease was mainly due to the decline in production volume resulting from the suspension of certain production units for technological.

General information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Chemical Company Group amounted to approximately RMB37,515 million, RMB35,754 million, RMB37,071 million and RMB40,757 million, respectively. The decrease as at 31 December 2023 was mainly due to the decrease in property, plant and equipment and cash and cash equivalents. The increase as at 31 December 2024 was mainly due to the increase in cash and cash equivalents and prepaid expenses and other current assets. The increase as at 31 July 2025 was mainly due to the increase in cash and cash equivalents and right-of-use assets.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Chemical Company Group amounted to approximately RMB21,509 million, RMB19,452 million, RMB19,315 million and RMB23,474 million, respectively. The decrease as at 31 December 2023 was mainly due to the decrease in current borrowings. The decrease as at 31 December 2024 was mainly due to the decrease in non-current borrowings. The increase as at 31 July 2025 was mainly due to the increase in current borrowings.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the gearing ratios (calculated as total liability divided by total assets) of Chemical Company Group were 57.3%, 54.4%, 52.1% and 57.6%, respectively.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Chemical Company Group amounted to approximately RMB7,339 million, RMB6,532 million, RMB7,626 million, and RMB10,708 million, respectively.

Among which, cash and cash equivalents amounted to approximately RMB3,705 million, RMB3,078 million, RMB4,118 million, and RMB6,387 million, respectively, accounting for 50.5%, 47.1%, 54.0%, and 59.6% of current assets, respectively.

Inventories amounted to approximately RMB1,812 million, RMB1,812 million, RMB1,710 million, and RMB1,915 million, respectively, accounting for 24.7%, 27.7%, 22.4%, and 17.9% of current assets, respectively.

Prepaid expenses and other current assets amounted to approximately RMB875 million, RMB733 million, RMB955 million, and RMB945 million, respectively, accounting for 11.9%, 11.2%, 12.5%, and 8.8% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 0.66, 0.82, 0.83, and 0.65, respectively.

Capital management

Chemical Company Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Chemical Company Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Chemical Company Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Chemical Company Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Chemical Company Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Chemical Company Group is domiciled in the PRC and mostly denominated in RMB, the foreign exchange risks are insignificant.

Segment information

The management of Chemical Company Group assesses the performance and allocates the resources of Chemical Company Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Chemical Company Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, Chemical Company Group had no significant contingent liabilities.

Capital commitments

As at 31 July 2025, Chemical Company Group had capital commitments of RMB1,494 million in relation to land, buildings, and exploration and evaluation assets.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Chemical Company Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Chemical Company Group did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

In November 2025, Chemical Company Group successfully bid for an exploration right located in Shaanxi Province at a bid price of approximately RMB20,530 million. The transaction has not yet been formally contracted or completed and remains subject to the execution of relevant transfer agreement.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Chemical Company Group was 6,743. Chemical Company Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Chemical Company Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, the Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. The Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, the Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, the Group has no further material obligations for pension benefit payments.

The Group's contributions to these retirement benefit plans were RMB287 million, RMB343 million and RMB387 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB258 million and RMB290 million for the seven months ended 31 July 2024 and 2025 respectively.

D. MANAGEMENT DISCUSSION AND ANALYSIS ON WUHAI ENERGY GROUP

The following performance discussion of China Energy Wuhai Coal Group Corporation Limited and its subsidiaries (collectively, the "**Wuhai Energy Group**") should be read in conjunction with the historical financial information for the three years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

China Energy Wuhai Coal Group Corporation Limited is a company established in the PRC with limited liability in 2002. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing and processing, and sales.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Wuhai Energy Group amounted to approximately RMB12,606 million, RMB10,744 million and RMB9,770 million, respectively. The decrease in 2023 was mainly due to the decline in coking coal prices and the further decrease in 2024 was mainly due to the continued downward trend in coking coal prices.

For the seven months ended 31 July 2024 and 2025, the revenue of Wuhai Energy Group decreased from approximately RMB6,459 million to RMB4,040 million, primarily due to the continued decline in coking coal prices.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Wuhai Energy Group amounted to approximately RMB5,672 million, RMB7,481 million and RMB5,982 million, respectively. The increase in cost of sales in 2023 was mainly due to higher coal mining cost. The decrease in cost of sales in 2024 was mainly attributable to the decrease in material, fuel and energy costs and other coal mining costs.

For the seven months ended 31 July 2024 and 2025, the cost of sales of Wuhai Energy Group amounted to approximately RMB3,608 million and RMB3,120 million, respectively. The slight decrease was mainly due to lower raw material, fuel, and power costs.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Wuhai Energy Group amounted to approximately RMB6,934 million, RMB3,263 million and RMB3,788 million, respectively. The corresponding gross profit margins were 55.0%, 30.4%, and 38.8%, respectively. The decrease in gross profit in 2023 was mainly due to the lower sales revenue resulting from declining coking coal prices as well as higher coal mining costs. The increase in gross profit in 2024 was mainly due to the increase in coal sales and the decrease in coal mining costs. The decrease in gross profit margin in 2023 was mainly due to higher coal mining cost. The increase in gross profit margin in 2024 was mainly due to the decrease in coal mining costs.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Wuhai Energy Group amounted to approximately RMB2,851 million and RMB920 million, respectively. The corresponding gross profit margins were 44.1% and 22.8%, respectively. The decrease in both gross profit and gross profit margin were mainly due to the continued decrease in coking coal prices.

Total comprehensive profit for the year/period

For the three years ended 31 December 2022, 2023 and 2024, the total comprehensive income of Wuhai Energy Group amounted to approximately RMB4,614 million, RMB933 million and RMB1,124 million, respectively. The decrease from 2022 to 2023 was mainly due to the lower sales revenue by the decline in coking coal prices. The increase from 2023 to 2024 was mainly due to the decrease in coal mining costs.

For the seven months ended 31 July 2024 and 2025, Wuhai Energy Group recorded a total comprehensive income of approximately RMB1,955 million and a total comprehensive loss of RMB84 million, respectively. The decrease was mainly due to the continued decline in coking coal prices and higher coal mining costs.

General information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Wuhai Energy Group amounted to approximately RMB20,941 million, RMB22,502 million, RMB23,401 million and RMB23,407 million, respectively. The increase as at 31 December 2023 was mainly due to increase in prepaid expenses and other current assets. The increase as at 31 December 2024 was mainly due to increase in property, plant and equipment and construction in progress. The slight increase as at 31 July 2025 was mainly due to the increase in construction in progress and time deposits with original maturity of three months and over.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Wuhai Energy Group amounted to approximately RMB9,958 million, RMB10,572 million, RMB10,333 million and RMB10,423 million, respectively. The increase as at 31 December 2023 was mainly due to the increase in accrued reclamation obligations. The slight decrease as at 31 December 2024 was mainly due to the decrease in accounts and bills payables. The slight increase as at 31 July 2025 was mainly due to the increase in accrued expenses and other payables and current portion of long-term liabilities.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the gearing ratios (calculated as total liability divided by total assets) of Wuhai Energy Group were 47.6%, 47.0%, 44.2% and 44.5%, respectively.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Wuhai Energy Group amounted to approximately RMB12,798 million, RMB14,285 million, RMB14,855 million, and RMB15,055 million, respectively.

Among which, time deposits with original maturity of three months or over amounted to approximately RMB9,400 million, RMB5,580 million, RMB5,300 million, and RMB8,037 million, respectively, accounting 73.4%, 39.1%, 35.7%, and 53.4% of current assets, respectively. Cash and cash equivalents amounted to approximately RMB1,445 million, RMB3,146 million, RMB4,438 million, and RMB2,880 million, respectively, accounting for 11.3%, 22.0%, 29.9%, and 19.1% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 2.22, 2.90, 3.29, and 2.88, respectively.

Capital management

Wuhai Energy Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Wuhai Energy Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Wuhai Energy Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Wuhai Energy Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Wuhai Energy Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Wuhai Energy Group is domiciled in the PRC and denominated in RMB, Wuhai Energy Group is not exposed to foreign exchange risks.

Segment information

The management of Wuhai Energy Group assesses the performance and allocates the resources of Wuhai Energy Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Wuhai Energy Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, Wuhai Energy Group had no significant contingent liabilities, with the exception of its accrued reclamation obligations. Beyond these recognized amounts of RMB838 million, RMB2,677 million, RMB2,831 million, and RMB2,497 million, respectively, Wuhai Energy Group had no material unrecognized obligations from guarantees or litigation. Wuhai Energy Group is involved in certain legal proceedings arising in the ordinary course of business; however, management believes that the outcomes will not have a material adverse effect on financial position or operating results.

Capital commitments

As at 31 July 2025, Wuhai Energy Group had capital commitments of RMB343 million contracted for but not provided in relation to equipment, RMB249 million for land, buildings and exploration and evaluation, and RMB91 million for the others. The equipment commitment of Wuhai Energy primarily arised from agreements are related to coal mine production equipment, including hydraulic supports, loading shovels, integrated boring and mining machines, and tunnelling machines, etc.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Wuhai Energy Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Wuhai Energy Group did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Wuhai Energy Group had no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Wuhai Energy Group was 8,854. Wuhai Energy Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Wuhai Energy Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, the Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. The Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, the Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, the Group has no further material obligations for pension benefit payments.

The Group's contributions to these retirement benefit plans were RMB343 million, RMB369 million and RMB371 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB216 million and RMB222 million for the seven months ended 31 July 2024 and 2025 respectively.

E. MANAGEMENT DISCUSSION AND ANALYSIS ON PINGZHUANG COAL GROUP

The following performance discussion of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. and its subsidiaries (collectively, the "**Pingzhuang Coal Group**") should be read in conjunction with the historical financial information for the three financial years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. is a company established in the PRC with limited liability in 2000. It operates in the coal mining and washing industry and is mainly engaged in coal mining and sales.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Pingzhuang Coal Group amounted to approximately RMB9,837 million, RMB9,199 million and RMB10,045 million, respectively. The decrease in 2023 was primarily attributable to lower coal output during the year, which resulted from the river diversion project undertaken at Pingzhuang Coal Group's Yuanbaoshan open-pit coal mine to facilitate production continuity. The increase in 2024 was primarily attributable to the completion of the river diversion project in May 2024, following which coal production resumed to normal levels.

For the seven months ended 31 July 2024 and 2025, the revenue of Pingzhuang Coal Group increased slightly from approximately RMB5,744 million to RMB5,905 million, resulting from the increase of production of coal.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Pingzhuang Coal Group amounted to approximately RMB5,690 million, RMB5,796 million and RMB6,475 million, respectively. The increase in cost of sales for 2023 was mainly due to the increase in stripping expenses, while the further rise in 2024 was mainly due to increased personnel expenses, taxes, and surcharges.

For the seven months ended 31 July 2024 and 2025, the costs of sales of Pingzhuang Coal Group decreased slightly from RMB3,648 million to RMB3,630 million.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Pingzhuang Coal Group amounted to approximately RMB4,147 million, RMB3,403 million, and RMB3,570 million, respectively. The corresponding gross profit margins were 42.2%, 37.0% and 35.5%, respectively. The decrease in gross profit margin was primarily driven by higher stripping expenses in 2023, and subsequently by increased taxes and surcharges in 2024.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Pingzhuang Coal Group increased slightly from RMB2,096 million to RMB2,275 million, with the gross margin rising from 36.5% to 38.5%, resulting from the increase of production of coal.

Total comprehensive income for the year/period

For the three years ended 31 December 2024, the total comprehensive income of Pingzhuang Coal Group amounted to approximately RMB2,143 million, RMB1,537 million and a loss of RMB3,860 million, respectively. The loss in 2024 was primarily due to a significant donation expense of RMB4,934 million for ecological remediation initiatives.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Pingzhuang Coal Group changed from a loss of approximately RMB580 million to a profit of approximately RMB1,157 million. This significant improvement was primarily because the substantial donation expense that impacted the financial results in 2024 was not repeated in 2025.

General Information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Pingzhuang Coal Group amounted to approximately RMB32,892 million, RMB33,693 million, RMB34,354 million and RMB35,794 million, respectively. This consistent growth was primarily driven by increments in key asset categories: the increase as of 31 December 2023 was led by construction in progress, financial assets at fair value through other comprehensive income and other non-current assets; the further rise in 2024 was supported by right-of-use assets and other non-current assets; and the growth as of 31 July 2025 was attributable to increases in right-of-use assets, accounts and bills receivable, and cash and cash equivalents.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Pingzhuang Coal Group amounted to approximately RMB25,250 million, RMB25,458 million, RMB30,758 million and RMB31,042 million, respectively. The significant increase in total liabilities as at 31 December 2024 was mainly due to the increase in borrowings and long-term liabilities raised for the donation for ecological remediation initiatives.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the respective gearing ratios (calculated as total liability divided by total assets) of Pingzhuang Coal Group were: 76.8%, 75.6%, 89.5% and 86.7%.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Pingzhuang Coal Group amounted to approximately RMB3,729 million, RMB3,661 million, RMB3,271 million and RMB4,243 million, respectively. Among which, cash and cash equivalents amounted to approximately RMB1,536 million, RMB1,508 million, RMB1,261 million and RMB1,502 million, respectively, accounting for 41.2%, 41.2%, 38.6% and 35.4% of current assets, respectively. Restricted bank deposits amounted to approximately RMB299 million, RMB491 million, RMB488 million and RMB441 million respectively, accounting for 8.0%, 13.4%, 14.9% and 10.4% of current assets, respectively. Prepaid expenses and other current assets amounted to approximately RMB876 million, RMB825 million, RMB659 million and RMB739 million respectively, accounting for 23.5%, 22.5%, 20.1% and 17.4% of current assets, respectively. Accounts and bills receivables amounted to approximately RMB980 million, RMB815 million, RMB845 million and RMB1,448 million respectively, accounting for 26.3%, 22.3%, 25.8% and 34.1% of current assets, respectively.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, liquidity ratios (current assets divided by current liabilities) were 0.2, 0.2, 0.2 and 0.2, respectively.

Capital management

Pingzhuang Coal Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Pingzhuang Coal Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Pingzhuang Coal Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Pingzhuang Coal Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Pingzhuang Coal Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Pingzhuang Coal Group is domiciled in the PRC and denominated in RMB, Pingzhuang Coal Group is not exposed to foreign exchange risks.

Segment information

The management of Pingzhuang Coal Group assesses the performance and allocates the resources of the Pingzhuang Coal Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Pingzhuang Coal Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023, 2024, and 31 July 2025, Pingzhuang Coal Group had no significant contingent liabilities, with the exception of its accrued reclamation obligations. Beyond these recognized amounts of RMB651 million, RMB576 million, RMB620 million, and RMB592 million, respectively, Pingzhuang Coal Group had no material unrecognized obligations from guarantees or litigation. Pingzhuang Coal Group is involved in certain legal proceedings arising in the ordinary course of business; however, management believes that the outcomes will not have a material adverse effect on financial position or operating results.

Capital commitments

As at 31 July 2025, Pingzhuang Coal Group had capital commitments of RMB403 million contracted for but not provided in relation to land, buildings and exploration and evaluation assets, and 223 million for equipment.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, the balances of the restricted assets of the Pingzhuang Coal Group were RMB939 million, RMB560 million RMB653 million and RMB686 million of which, the fund in the bank deposit subject to restrictions (including restricted time deposits maturing in more than one year) amounted to RMB448 million, RMB560 million, RMB653 million and RMB586 million mainly the mine geographical environment treatment and restoration fund of coal mines, restoration development deposits; accounts receivable amounting to nil, nil, nil and RMB100 million pledged to secure the Target Group's factoring financing activities; other restricted assets were RMB491 million, nil, nil and nil in aggregate, mainly consisted of property, plant and equipment secured for finance leases.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Pingzhuang Coal Group did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Pingzhuang Coal Group has no plans in relation to significant investments or capital assets, other than those capital commitments disclosed below.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Pingzhuang Coal Group was 13,008. Pingzhuang Coal Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Pingzhuang Coal Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, the Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. The Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, the Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, the Group has no further material obligations for pension contribution payments.

The Group's contributions to these retirement contribution plans were RMB296 million, RMB314 million, RMB313 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB179 million and RMB198 million for the seven months ended 31 July 2024 and 2025 respectively.

F. MANAGEMENT DISCUSSION AND ANALYSIS ON INNER MONGOLIA CONSTRUCTION INVESTMENT

The following performance discussion of Guodian Construction and Investment Inner Mongolia Energy Co., Ltd ("**Inner Mongolia Construction Investment**") should be read in conjunction with the historical financial information for the three financial years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. is a company established in the PRC with limited liability in 2005. It operates in the power production and supply industry as well as coal mining and washing industry and is mainly engaged in pithead coal-fired power generation, heat supply, and coal mining, washing, processing, and sales.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Inner Mongolia Construction Investment amounted to approximately RMB7,307 million, RMB2,705 million and RMB3,066 million, respectively. The significant decrease in revenue for 2023 was mainly due to the suspension of coal operations during the conversion of exploration rights to mining rights, coupled with a decline in power generation.

For the seven months ended 31 July 2024 and 2025, the revenue of Inner Mongolia Construction Investment increased from approximately RMB1,131 million to RMB2,872 million, primarily due to the resumption of coal operations.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Inner Mongolia Construction Investment amounted to approximately RMB3,286 million, RMB2,898 million and RMB3,373 million, respectively. The decrease in cost of sales for 2023 was mainly due to temporary suspension of coal operations. The increase in cost of sales for 2024 was mainly due to the increase in fuel cost.

For the seven months ended 31 July 2024 and 2025, the cost of sales of Inner Mongolia Construction Investment amounted to approximately RMB1,992 million and RMB1,602 million, respectively. The decrease was mainly due to the decrease in fuel cost.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, Inner Mongolia Construction Investment reported a gross profit of approximately RMB4,021 million, followed by gross losses of RMB193 million, and RMB307 million, respectively. The corresponding gross profit margins were 55.0% in 2022, which turned negative to -7.1% in 2023 and further to -10.0% in 2024. The decrease in gross profit and gross profit margin was mainly due to the decrease in revenue from coal.

For the seven months ended 31 July 2024 and 2025, Inner Mongolia Construction Investment reported a gross loss of approximately RMB861 million and a gross profit of RMB1,270 million, respectively. This return to profitability was largely attributable to higher revenue generated from coal operations.

Total comprehensive income for the year/period

For the three years ended 31 December 2024, the total comprehensive income of Inner Mongolia Construction Investment was approximately RMB1,022 million, a loss of RMB495 million and a loss of RMB7,137 million, respectively. The significant decline in 2023 was primarily driven by a decrease in gross profit and an increase of other expense. The further substantial loss in 2024 was largely due to significant donations made to public welfare foundation.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Inner Mongolia Construction Investment improved from a loss of approximately RMB1,585 million to an income of approximately RMB1,035 million, primarily driven by an increase in gross profit.

General Information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Inner Mongolia Construction Investment amounted to approximately RMB15,595 million, RMB14,687 million, RMB15,003 million and RMB15,040 million, respectively. The decrease in total assets as at 31 December 2023 was mainly due to the decrease in construction in progress, other non-current assets and cash and cash equivalents.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Inner Mongolia Construction Investment amounted to approximately RMB9,375 million, RMB9,747 million, RMB17,200 million and RMB16,202 million, respectively. The significant increase in total liabilities as at 31 December 2024 was mainly due to increase in borrowings and long-term liabilities. The decrease in total liabilities as at 31 July 2025 was mainly due to decrease in long-term liabilities.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the respective gearing ratios (calculated as total liability divided by total assets) of Inner Mongolia Construction Investment were: 60.1%, 66.4%, 114.6% and 107.7%.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Inner Mongolia Construction Investment amounted to approximately RMB1,612 million, RMB1,113 million, RMB1,028 million and RMB1,183 million, respectively. Among which, cash and cash equivalents amounted to approximately RMB751 million, RMB333 million, RMB416 million and RMB241 million, respectively, accounting for 46.6%, 29.9%, 40.5% and 20.4% of current assets, respectively. Restricted bank deposits amounted to approximately RMB170 million, RMB273 million, RMB132 million and RMB157 million respectively, accounting for 10.5%, 24.5%, 12.8% and 13.3% of current assets, respectively. Prepaid expenses and other current assets amounted to approximately RMB198 million, RMB249 million, RMB105 million and RMB259 million respectively, accounting for 12.3%, 22.4%, 10.2% and 21.9% of current assets, respectively. Accounts and bills receivables amounted to approximately RMB379 million, RMB149 million, RMB289 million and RMB418 million respectively, accounting for 23.5%, 13.4%, 28.1% and 35.3% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 0.3, 0.2, 0.1 and 0.1, respectively.

Capital management

Inner Mongolia Construction Investment's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Inner Mongolia Construction Investment manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Inner Mongolia Construction Investment may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Inner Mongolia Construction Investment monitors capital using a gearing ratio which is total liabilities divided by total assets. Inner Mongolia Construction Investment aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Inner Mongolia Construction Investment is domiciled in the PRC and denominated in RMB, Inner Mongolia Construction Investment is not exposed to foreign exchange risks.

Segment information

The management of Inner Mongolia Construction Investment assesses the performance and allocates the resources of the Inner Mongolia Construction Investment as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Inner Mongolia Construction Investment were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023, 2024, and 31 July 2025, Inner Mongolia Construction Investment had no significant contingent liabilities, with the exception of its accrued reclamation obligations. Beyond these recognized amounts of RMB220 million as at 31 December 2024 and 31 July 2025, Inner Mongolia Construction Investment had no material unrecognized obligations from guarantees or litigation. Inner Mongolia Construction Investment is involved in certain legal proceedings arising in the ordinary course of business; however, management believes that the outcomes will not have a material adverse effect on financial position or operating results.

In September 2025, Inner Mongolia Construction Investment received a notice from the Ordos Bureau of Natural Resources requiring it to carry out the payment procedures for the mining rights grant proceeds in respect of the Chahasu Coal Mine. Inner Mongolia Construction Investment and China Energy Group are currently engaged in ongoing discussions with the relevant authorities regarding this matter. China Energy Group has further confirmed that, if Inner Mongolia Construction Investment is required to make any additional payment of mining rights grant proceeds for the Chahasu Coal Mine (License No.: C1500002024071210157148), China Energy Group will be responsible for coordinating the resolution of such payment obligation.

Capital commitments

As at 31 July 2025, Inner Mongolia Construction Investment had capital commitments of RMB584 million contracted for but not provided in relation to land, buildings and exploration and evaluation assets, and 821 million for equipment and others.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, certain property, plant and equipment of Inner Mongolia Construction Investment with carrying amounts of approximately RMB1,641 million, RMB1,504 million, RMB2,408 million and RMB2,408 million, respectively, were pledged to financial institutions as security for loans provided to Inner Mongolia Construction Investment.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Inner Mongolia Construction Investment did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Inner Mongolia Construction Investment has no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Inner Mongolia Construction Investment was 1,274. Inner Mongolia Construction Investment determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Inner Mongolia Construction Investment reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, Inner Mongolia Construction Investment participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. Inner Mongolia Construction Investment is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, the Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, Inner Mongolia Construction Investment has no further material obligations for pension benefit payments.

Inner Mongolia Construction Investment's contributions to these retirement benefit plans were RMB52 million, RMB76 million and RMB82 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB60 million and RMB50 million for the seven months ended 31 July 2024 and 2025 respectively.

G. MANAGEMENT DISCUSSION AND ANALYSIS ON SHENYAN COAL

The following performance discussion of China Energy Shaanxi Shenyan Coal Co., Ltd. ("**Shenyan Coal**") should be read in conjunction with the historical financial information for the three years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

Shenyan Coal is a company established in the PRC with limited liability in 2009. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing and processing, and sales.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Shenyan Coal amounted to approximately RMB7,137 million, RMB6,824 million and RMB7,059 million, respectively. The revenue remained relatively stable in 2022, 2023 and 2024.

For the seven months ended 31 July 2024 and 2025, the revenue of Shenyan Coal decreased from approximately RMB4,244 million to RMB3,585 million, primarily due to the decrease in coal prices in 2025 as compared with 2024.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Shenyan Coal amounted to approximately RMB2,784 million, RMB3,377 million and RMB3,409 million, respectively. The increase in cost of sales in 2023 was primarily driven by higher personnel expenses, depreciation and amortization costs, as well as stripping costs. The slight increase in cost of sales for 2024 was mainly due to higher sales volume, which led to a corresponding increase in cost of sales.

For the seven months ended 31 July 2024 and 2025, the cost of sales of Shenyan Coal amounted to approximately RMB2,168 million and RMB1,833 million, respectively. The decrease was mainly due to lower cost of sales in line with the decrease in revenue.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Shenyan Coal amounted to approximately RMB4,353 million, RMB3,447 million and RMB3,650 million, respectively. The corresponding gross profit margins were 61.0%, 50.5% and 51.7%, respectively. The decrease in gross profit in 2023 was mainly due to the increase in cost of sales. The slight increase in gross profit margin in 2024 was mainly due to a higher sales volume in 2024 compared with 2023.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Shenyan Coal amounted to approximately RMB2,076 million and RMB1,752 million, respectively, and the gross profit margins remained stable at 48.9% in both periods.

Total comprehensive profit for the year/period

For the three years ended 31 December 2022, 2023 and 2024, the total comprehensive income of Shenyan Coal amounted to approximately RMB3,601 million, RMB2,846 million and RMB2,973 million, respectively. The decrease in 2023 was mainly due to the decrease in gross profit. The slight increase in 2024 was mainly due to the increase in coal sales volume.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Shenyan Coal amounted to approximately RMB1,729 million and RMB1,475 million, respectively. The decrease was mainly due to the decrease in gross profit resulting from a lower average selling price per ton of coal in 2025 compared with 2024.

General information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Shenyan Coal amounted to approximately RMB12,208 million, RMB11,710 million, RMB11,671 million and RMB12,898 million, respectively. The decrease as at 31 December 2023 was mainly due to the decrease in property, plant and equipment and other non-current assets. The slight decrease as at 31 December 2024 was mainly due to the decrease in property, plant and equipment and other non-current assets from charging depreciation and amortization, partially offset by the increase in cash and cash equivalents. The increase as at 31 July 2025 was mainly due to the increase in time deposits with original maturity over three months.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Shenyan Coal amounted to approximately RMB2,594 million, RMB4,987 million, RMB2,046 million and RMB1,798 million, respectively. The increase as at 31 December 2023 was mainly due to the increase in accrued expenses and other payables and borrowings. The decrease as at 31 December 2024 was mainly due to the repayment of and the decrease in accrued expenses and other payables. The slight decrease as at 31 July 2025 was mainly due to the reduction in income tax payables.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the gearing ratios (calculated as total liability divided by total assets) of Shenyan Coal were 21.2%, 42.6%, 17.5%, and 13.9%, respectively.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Shenyan Coal amounted to approximately RMB4,618 million, RMB4,536 million, RMB4,978 million, and RMB6,495 million, respectively.

Among which, cash and cash equivalents amounted to approximately RMB1,000 million, RMB2,222 million, RMB2,757 million, and RMB1,642 million, respectively, accounting for 21.7%, 49.0%, 55.4%, and 25.3% of current assets, respectively.

Time deposits with original maturity over three months amounted to approximately RMB1,500 million, nil, nil, and RMB2,812 million, respectively, accounting for 32.5%, nil, nil, and 43.3% of current assets, respectively.

Accounts receivables amounted to approximately RMB1,323 million, RMB1,226 million, RMB1,055 million, and RMB667 million, respectively, accounting for 28.6%, 27.0%, 21.2%, and 10.3% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 2.05, 0.95, 2.56, and 3.83, respectively.

Capital management

Shenyan Coal's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Shenyan Coal manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Shenyan Coal may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Shenyan Coal monitors capital using a gearing ratio which is total liabilities divided by total assets. Shenyan Coal aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Shenyan Coal is domiciled in the PRC and denominated in RMB, Shenyan Coal is not exposed to foreign exchange risks.

Segment information

The management of Shenyan Coal assesses the performance and allocates the resources of Shenyan Coal as a whole, therefore Shenyan Coal only has one reportable operating segment.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, all of the non-current non-financial assets (excluding deferred tax assets) of Shenyan Coal were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, Shenyan Coal had no significant contingent liabilities, with the exception of its accrued reclamation obligations. Beyond these recognized amounts of RMB537 million, RMB225 million, RMB155 million, and RMB123 million, respectively, Shenyan Coal had no material unrecognized obligations from guarantees or litigation.

Capital commitments

As at 31 July 2025, Shenyan Coal had capital commitments of RMB437 million contracted for but not provided in relation to equipment, and RMB36 million for land and buildings. Of the RMB437 million allocated to equipment, RMB194 million was committed to the coal production system extension project. Additionally, Shenyan Coal committed RMB98 million for the procurement of bulldozers, dump trucks, and wheels to support ongoing operations.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Shenyan Coal did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Shenyan Coal did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Shenyan Coal had no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Shenyan Coal was 887. Shenyan Coal determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Shenyan Coal reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, Shenyan Coal participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. Shenyan Coal is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, Shenyan Coal contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, Shenyan Coal has no further material obligations for pension benefit payments.

Shenyan Coal contributions to these retirement benefit plans were RMB40 million, RMB47 million and RMB60 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB35 million and RMB38 million for the seven months ended 31 July 2024 and 2025 respectively.

H. MANAGEMENT DISCUSSION AND ANALYSIS ON JINSHEN ENERGY GROUP

The following performance discussion of Shanxi Province Jinshen Energy Co., Ltd. and its subsidiaries (collectively, the "**Jinshen Energy Group**") should be read in conjunction with the historical financial information for the three financial years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

Shanxi Province Jinshen Energy Co., Ltd. is a company established in the PRC with limited liability in 2004. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing, processing and sales, and a small amount of coal distribution.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Jinshen Energy Group amounted to approximately RMB5,917 million, RMB5,625 million and RMB3,060 million, respectively. The revenue remained stable for 2022 and 2023. The decrease in revenue for 2024 was primarily due to the temporary shutdown of one of our coal mines for rectification.

For the seven months ended 31 July 2024 and 2025, the revenue of Jinshen Energy Group decreased from approximately RMB2,006 million to RMB1,771 million, primarily driven by a decline in the average selling price per ton of coal.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Jinshen Energy Group amounted to approximately RMB2,345 million, RMB2,446 million and RMB1,789 million, respectively. The fluctuations in cost of sales were mainly due to variations in the cost of in materials, fuel and power.

For the seven months ended 31 July 2024 and 2025, the costs of sales of Jinshen Energy Group increased from approximately RMB1,087 million to RMB1,383 million, largely attributable to increased spending in materials, fuel and power.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Jinshen Energy Group amounted to approximately RMB3,572 million, RMB3,179 million, and RMB1,271 million, respectively. The corresponding gross profit margins were 60.4%, 56.5% and 41.5%, respectively. The decrease in gross profit and gross profit margin was primarily due to a decline in the average selling price of coal and the temporary suspension of a mining operation for rectification.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Jinshen Energy Group amounted to approximately RMB919 million and RMB388 million, respectively. The corresponding gross profit margins were 45.8% and 21.9%, respectively. The decrease in gross profit and gross profit margin was primarily due to a decline in the average selling price per ton of coal.

Total comprehensive income for the year/period

For the three years ended 31 December 2024, the total comprehensive income of Jinshen Energy Group amounted to approximately RMB2,312 million, RMB2,044 million and RMB649 million, respectively. The decrease in total comprehensive income was mainly due to decrease in gross profit.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Jinshen Energy Group dropped from approximately RMB513 to approximately RMB96 million. The decrease was primarily due to a decline in the average selling price per ton of coal.

General Information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Jinshen Energy Group amounted to approximately RMB8,019 million, RMB8,116 million, RMB8,330 million and RMB7,703 million, respectively. The increase in total assets as at 31 December 2023 and 2024 was mainly due to the increase in property, plant and equipment. The decrease in total assets as at 31 July 2025 was mainly due to the decrease in prepaid expenses and other current assets.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Jinshen Energy Group amounted to approximately RMB2,389 million, RMB1,866 million, RMB1,909 million and RMB1,186 million, respectively. The decrease in total liabilities as at 31 December 2023 was mainly due to decrease in bank and other borrowings. The decrease in total liabilities as at 31 July 2025 was mainly due to decrease in dividends payable.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the respective gearing ratios (calculated as total liability divided by total assets) of Jinshen Energy Group were: 29.79%, 22.99%, 22.92% and 15.40%.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Jinshen Energy Group amounted to approximately RMB4,428 million, RMB4,476 million, RMB4,084 million and RMB3,471 million, respectively. Among which, cash and cash equivalents amounted to approximately RMB2,847 million, RMB95 million, RMB14 million and RMB79 million, respectively, accounting for 64.3%, 2.1%, 0.3% and 2.3% of current assets, respectively. Restricted bank deposits amounted to approximately RMB429 million, RMB662 million, RMB688 million and RMB610 million respectively, accounting for 9.7%, 14.8%, 16.8% and 17.6% of current assets, respectively. Prepaid expenses and other current assets amounted to approximately RMB771 million, RMB3,518 million, RMB3,177 million and RMB2,398 million respectively, accounting for 17.4%, 78.6%, 77.8% and 69.1% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 3.0, 3.3, 2.8 and 4.7, respectively.

Capital management

Jinshen Energy Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Jinshen Energy Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Jinshen Energy Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Jinshen Energy Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Jinshen Energy Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Jinshen Energy Group is domiciled in the PRC and denominated in RMB, Jinshen Energy Group is not exposed to foreign exchange risks.

Segment information

The management of Jinshen Energy Group assesses the performance and allocates the resources of Jinshen Energy Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Jinshen Energy Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023, 2024, and 31 July 2025, Jinshen Energy Group had no significant contingent liabilities, with the exception of its accrued reclamation obligations. Beyond these recognized amounts of RMB558 million, RMB498 million, RMB440 million, and RMB432 million, respectively, Jinshen Energy Group had no material unrecognized obligations from guarantees or litigation. Jinshen Energy Group is involved in certain legal proceedings arising in the ordinary course of business; however, management believes that the outcomes will not have a material adverse effect on financial position or operating results.

Capital commitments

As of 31 July 2025, Jinshen Energy Group had capital commitments of RMB346 million, primarily comprising RMB330 million for equipment and RMB16 million for other items. The equipment-related commitments mainly reflect the normal timing difference between contract signing and delivery for the purchased fully mechanized mining equipment.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Jinshen Energy Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Jinshen Energy Group did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Jinshen Energy Group has no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Jinshen Energy Group was 2,484. Jinshen Energy Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Jinshen Energy Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, Jinshen Energy Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. Jinshen Energy Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, Jinshen Energy Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, Jinshen Energy Group has no further material obligations for pension benefit payments.

Jinshen Energy Group's contributions to these retirement benefit plans were RMB55 million, RMB60 million and RMB67 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB39 million and RMB37 million for the seven months ended 31 July 2024 and 2025 respectively.

I. MANAGEMENT DISCUSSION AND ANALYSIS ON BAOTOU MINING GROUP

The following performance discussion of China Energy Baotou Mining Co., Ltd. and its subsidiaries (collectively, the "**Baotou Mining Group**") should be read in conjunction with the historical financial information for the three years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

China Energy Baotou Mining Co., Ltd. is a company established in the PRC with limited liability in 1980. It operates in the road transportation industry and is mainly engaged in road transportation.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Baotou Mining Group amounted to approximately RMB182 million, RMB168 million and RMB132 million, respectively. The decrease in 2023 was mainly due to the decrease in the construction and installation service revenue as its business volume decreased in 2023 and the further decrease in 2024 was mainly due to the continued decline in construction and installation service revenue and the decrease in toll revenue due to reduced traffic volume amid the downturn of the coal market.

For the seven months ended 31 July 2024 and 2025, the revenue of Baotou Mining Group amounted to approximately RMB73 million and RMB93 million, respectively. The increase was mainly due to the increase in the local coal production volumes in 2025, which led to increased traffic volume and higher toll revenue.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Baotou Mining Group amounted to approximately RMB119 million, RMB133 million and RMB156 million, respectively. The increase in cost of sales in 2023 was mainly due to the increased repair and maintenance expenses resulting from major overhaul works carried out in 2023 and the further increase in cost of sales in 2024 was mainly due to the additional taxes and surcharges incurred upon the disposal of a coal exploration right.

For the seven months ended 31 July 2024 and 2025, the cost of sales of Baotou Mining Group amounted to approximately RMB113 million and RMB57 million, respectively. The decrease was mainly due to the additional taxes and surcharges incurred in 2024, which did not recur in 2025.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, Baotou Mining Group recorded a gross profit of approximately RMB63 million and RMB35 million and a gross loss of RMB24 million from operations, respectively. The corresponding gross profit margins were 34.6%, 20.8% and (18.2%), respectively.

The decrease in gross profit in 2023 was mainly due to (i) the decrease in the construction and installation service revenue and (ii) the increase in repair expenses arising from the major overhaul works of highways. The further decrease in gross profit in 2024 was mainly due to the additional taxes and surcharges incurred upon the disposal of a coal exploration right. The decreases in gross profit margin in both 2023 and 2024 were mainly attributable to the same underlying factors that drove the changes in gross profit for each respective year.

For the seven months ended 31 July 2024 and 2025, Baotou Mining Group recorded a gross loss of approximately RMB40 million and a gross profit of RMB36 million from the operations, respectively. The corresponding gross profit margins were (54.8%) and 38.7%, respectively. The increase from gross loss to gross profit was mainly due to absence in 2025 of the additional taxes and surcharges incurred in 2024. The increase in gross profit margin was mainly due to the same reason as the change in gross profit.

Total comprehensive profit for the year/period

For the three years ended 31 December 2022, 2023 and 2024, Baotou Mining Group recorded a total comprehensive loss of approximately RMB23 million, total comprehensive income of RMB51 million and RMB3,747 million, respectively. The increase in 2023 was mainly due to the expected credit loss recognized in 2022 for long-aged other receivables, which did not recur in 2023. The further increase in 2024 was mainly due to the gains arising from the disposal of a coal exploration right.

For the seven months ended 31 July 2024 and 2025, Baotou Mining Group recorded a total comprehensive income of approximately RMB3,747 million and a total comprehensive loss of approximately RMB10 million, respectively. The decrease was mainly attributable to the absence of the additional gains arising from the disposal of a coal exploration right in 2024.

General information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Baotou Mining Group amounted to approximately RMB1,592 million, RMB5,451 million, RMB4,979 million and RMB4,574 million, respectively. The increase as at 31 December 2023 was mainly due to the increase in exploration and evaluation assets and the increase in other non-current assets. The decrease as at 31 December 2024 was mainly due to the decrease in exploration and evaluation assets. The decrease as at 31 July 2025 was mainly due to the decrease in other non-current assets and accounts and bills receivables.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Baotou Mining Group amounted to approximately RMB307 million, RMB4,068 million, RMB420 million and RMB169 million, respectively. The increase as at 31 December 2023 was mainly due to the increase in the current portion of long-term liabilities. The decrease as at 31 December 2024 was mainly due to the settlement of the current portion of long-term liabilities. The decrease as at 31 July 2025 was mainly due to lower accrued expenses and other payables and contract liabilities.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the gearing ratios (calculated as total liability divided by total assets) of Baotou Mining Group were 19.3%, 74.7%, 8.4% and 3.7%, respectively.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Baotou Mining Group amounted to approximately RMB372 million, RMB224 million, RMB675 million, and RMB1,603 million, respectively.

Among which, cash and cash equivalents amounted to approximately RMB104 million, RMB80 million, RMB364 million, and RMB352 million, respectively, accounting for 28.0%, 35.7%, 53.9%, and 22.0% of current assets, respectively.

Time deposits with original maturity over three months amounted to approximately RMB180 million, RMB81 million, RMB252 million, and RMB1,223 million, respectively, accounting for 48.4%, 36.2%, 37.3%, and 76.3% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 1.63, 0.06, 1.98, and 17.8, respectively.

Capital management

Baotou Mining Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Baotou Mining Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Baotou Mining Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Baotou Mining Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Baotou Mining Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Baotou Mining Group is domiciled in the PRC and denominated in RMB, Baotou Mining Group is not exposed to foreign exchange risks.

Segment information

The management of Baotou Mining Group assesses the performance and allocates the resources of Baotou Mining Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, substantially all of the non-current assets of Baotou Mining Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, Baotou Mining Group had no significant contingent liabilities.

Capital commitments

As at 31 July 2025, Baotou Mining Group had no material capital commitments.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Baotou Mining Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Baotou Mining Group did not have any material investment or material acquisition. In May 2024, Baotou Mining Group sold a coal exploration right through a public auction at a consideration of approximately RMB9,553 million. In April 2025, Baotou Mining Group entered into an equity transfer agreement to dispose of a 79% equity interest in one of its subsidiaries at a consideration of approximately RMB576 million.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Baotou Mining Group had no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Baotou Mining Group was 112. Baotou Mining Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Baotou Mining reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, Baotou Mining Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. Baotou Mining Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, Baotou Mining Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, Baotou Mining Group has no further material obligations for pension benefit payments.

Baotou Mining Group's contributions to these retirement benefit plans were RMB5 million, RMB6 million and RMB5 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB2 million and RMB2 million for the seven months ended 31 July 2024 and 2025 respectively.

J. MANAGEMENT DISCUSSION AND ANALYSIS ON SHIPPING COMPANY GROUP

The following performance discussion of China Energy Shipping Co., Ltd. and its subsidiaries (collectively, the "**Shipping Company Group**") should be read in conjunction with the historical financial information for the three financial years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

China Energy Shipping Co., Ltd. is a company established in the PRC with limited liability in 2023. It operates in the water transportation industry and is mainly engaged in river shipping and coastal shipping.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Shipping Company Group amounted to approximately RMB3,076 million, RMB2,466 million and RMB4,160 million, respectively. The decrease in revenue for 2023 was driven by a market-driven downturn in freight rates and an unfavorable change in the pricing model. The recovery in 2024 was fueled by the introduction of a revised, more favorable pricing formula and a significant expansion of the fleet's transport capacity.

For the seven months ended 31 July 2024 and 2025, the revenue of Shipping Company Group increased from approximately RMB2,257 million to RMB2,858 million, primarily driven by expanded transport capacity, coupled with market-driven price adjustments for chartered vessels.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Shipping Company Group amounted to approximately RMB2,752 million, RMB2,375 million and RMB3,580 million, respectively. The decrease in cost of sales for 2023 was mainly due to lower fuel prices, reduced labor costs through optimized crew management, and a significant market-wide decline in vessel charter rates. The increase in cost of sales for 2024 was mainly due to the substantial increase in chartered cargo volume and corresponding vessel charter expenses.

For the seven months ended 31 July 2024 and 2025, the costs of sales of Shipping Company Group amounted to approximately RMB1,947 million and RMB2,439 million, respectively. The increase was mainly due to expanded route network and shipping capacity, which boosted cargo volume, coupled with tightened vessel supply in the market that led to elevated charter rates.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Shipping Company Group amounted to approximately RMB324 million, RMB91 million, and RMB580 million, respectively. The corresponding gross profit margins were 10.5%, 3.7% and 13.9%, respectively. The fluctuations in gross profit and gross profit margin was mainly due to the movements in revenue.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Shipping Company Group amounted to approximately RMB310 million and RMB419 million, respectively. The corresponding gross profit margins were 13.7% and 14.7%, respectively. The increase in gross profit and gross profit margin was mainly due to lower bunker fuel costs for owned vessels.

Total comprehensive income for the year/period

For the three years ended 31 December 2024, the total comprehensive income of Shipping Company Group amounted to approximately RMB197 million, RMB-76 million and RMB220 million, respectively. The fluctuations in total comprehensive income were mainly due to fluctuations in gross profit.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Shipping Company Group increased from approximately RMB139 million to RMB183 million. The increase was mainly due to the increase in gross profit.

General Information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Shipping Company Group amounted to approximately RMB2,392 million, RMB2,448 million, RMB3,926 million and RMB5,339 million, respectively. The increase in total assets as at 2024 was mainly due to the increase in property, plant and equipment and other non-current assets. The increase in total assets as at 31 July 2025 was mainly due to the increase in property, plant and equipment and cash and cash equivalents.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Shipping Company Group amounted to approximately RMB959 million, RMB1,056 million, RMB2,315 million and RMB3,061 million, respectively. The increase in total liabilities as at 31 December 2024 and 31 July 2025 was mainly due to increase in long-term liabilities.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the respective gearing ratios (calculated as total liability divided by total assets) of Shipping Company Group were: 40%, 43%, 59% and 57%.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Shipping Company Group amounted to approximately RMB613 million, RMB688 million, RMB858 million and RMB1,804 million, respectively. Among which, cash and cash equivalents amounted to approximately RMB256 million, RMB366 million, RMB383 million and RMB1,096 million, respectively, accounting for 41.8%, 53.2%, 44.6% and 60.8% of current assets, respectively. Prepaid expenses and other current assets amounted to approximately RMB75 million, RMB104 million, RMB58 million and RMB60 million respectively, accounting for 12.2%, 15.1%, 6.8% and 3.3% of current assets, respectively. Contract assets amounted to approximately RMB56 million, RMB75 million, RMB144 million and RMB141 million respectively, accounting for 9.1%, 10.9%, 16.8% and 7.8% of current assets, respectively. Accounts and bills receivables amounted to approximately RMB152 million, RMB82 million, RMB225 million and RMB447 million respectively, accounting for 24.8%, 11.9%, 26.2% and 24.8% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 0.6, 0.7, 1.0 and 1.8, respectively.

Capital management

Shipping Company Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Shipping Company Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Shipping Company Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Shipping Company Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Shipping Company Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Shipping Company Group is domiciled in the PRC and denominated in RMB, Shipping Company Group is not exposed to significant foreign exchange risks.

Segment information

The management of Shipping Company Group assesses the performance and allocates the resources of the Shipping Company Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, all of the non-current assets of Shipping Company Group were located in the PRC.

Contingent liabilities

As at 31 December 2022, 2023, 2024, and 31 July 2025, Shipping Company Group had no significant contingent liabilities. Shipping Company Group is involved in certain legal proceedings arising in the ordinary course of business; however, management believes that the outcomes will not have a material adverse effect on financial position or operating results.

Capital commitments

As at 31 July 2025, Shipping Company Group had capital commitments of RMB8 million contracted for but not provided in relation to equipment and others.

Charges on assets

As at 31 December 2022 and 2023, Shipping Company Group did not have any charge over its assets. As at 31 December 2024 and 31 July 2025, non current assets with carrying amount of RMB1,090 million and RMB1,969 million have been pledged to China Energy Group and fellow subsidiaries to secure the long-term liabilities granted to Shipping Company Group.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and the seven months ended 31 July 2025, the Shipping Company Group did not undertake any material investment, acquisition or disposal, other than the finance lease arrangements entered into in July 2024 for eleven vessels, which resulted in the recognition of corresponding fixed assets of RMB1,969 million as of 31 July 2025.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Shipping Company Group has no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Shipping Company Group was 186. Shipping Company Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Shipping Company Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, Shipping Company Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. Shipping Company Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. The Group's contributions to these retirement benefit plans were RMB2 million, RMB8 million and RMB17 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB7 million and RMB9 million for the seven months ended 31 July 2024 and 2025 respectively.

K. MANAGEMENT DISCUSSION AND ANALYSIS ON COAL TRADING COMPANY GROUP

The following performance discussion of Shenhua Coal Trading Co., Ltd. and its subsidiaries (collectively, the "**Coal Trading Company Group**") should be read in conjunction with the historical financial information for the three financial years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

Shenhua Coal Trading Co., Ltd. is a company established in the PRC with limited liability in 1985. It operates in the wholesale industry and is mainly engaged in coal sales and import/export, comprehensive utilisation and deep processing of coal, etc.

Revenue

For the three years ended 31 December 2022, 2023 and 2024, the revenue of Coal Trading Company Group amounted to approximately RMB3,773 million, RMB5,433 million and RMB9,124 million, respectively. The increase in revenue was mainly due to the increase in sales volume of imported coal.

For the seven months ended 31 July 2024 and 2025, the revenue of Coal Trading Company Group decreased from approximately RMB4,833 million to RMB2,432 million, primarily due to a decrease in both the sales volume and selling price of coal compared to the prior period.

Cost of sales

For the three years ended 31 December 2022, 2023 and 2024, the cost of sales of Coal Trading Company Group amounted to approximately RMB3,650 million, RMB5,327 million and RMB8,969 million, respectively. The increase in cost of sales was mainly due to a higher sales volume of imported coal.

For the seven months ended 31 July 2024 and 2025, the costs of sales of Coal Trading Company Group amounted to approximately RMB4,759 million and RMB2,332 million, respectively. The decrease was mainly due to a decrease in both the sales volume and selling price of coal compared to the prior period.

Gross profit and gross profit margin

For the three years ended 31 December 2022, 2023 and 2024, the gross profit generated from the operations of Coal Trading Company Group amounted to approximately RMB123 million, RMB106 million, and RMB155 million, respectively. The corresponding gross profit margins were 3.3%, 2.0% and 1.7%, respectively.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Coal Trading Company Group amounted to approximately RMB74 million and RMB100 million, respectively. The corresponding gross profit margins were 1.5% and 4.1%, respectively. This improvement was mainly driven by a favorable shift in the business mix, as the proportion of higher-margin agency services increased in the seven months ended 31 July 2025 relative to the same period in 2024.

Total comprehensive income for the year/period

For the three years ended 31 December 2022, 2023 and 2024, the total comprehensive income of Coal Trading Company Group amounted to approximately RMB54 million, RMB40 million and RMB58 million, respectively. These fluctuations were primarily due to corresponding movements in gross profit.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Coal Trading Company Group increased from approximately RMB21 to approximately RMB28 million. The increase was mainly due to the increase in gross profit.

General Information of assets and liabilities

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total assets of Coal Trading Company Group amounted to approximately RMB830 million, RMB1,271 million, RMB2,161 million and RMB4,343 million, respectively. The increase in total assets as at 31 December 2023 was mainly due to the increase in cash and cash equivalents, accounts and bills receivables and prepaid expenses and other current assets. The further increase in 2024 was mainly due to the increase in cash and cash equivalents and inventories. The growth to RMB4,343 million as at 31 July 2025 was mainly driven by the increase in accounts and bills receivables, cash and cash equivalents and prepaid expenses and other current assets.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the total liabilities of Coal Trading Company Group amounted to approximately RMB378 million, RMB779 million, RMB1,396 million and RMB3,592 million, respectively. The increase in total liabilities as at 31 December 2023 was mainly due to increase in borrowings. The further increase in total liabilities as at 31 December 2024 was mainly due to increase in borrowings and accounts and bills payables. The growth to RMB3,592 million as at 31 July 2025 was mainly driven by the increase in accounts and bills payables.

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the respective gearing ratios (calculated as total liability divided by total assets) of Coal Trading Company Group were: 45.6%, 61.3%, 64.6% and 82.7%.

Liquidity and capital resources

As at 31 December 2022, 2023 and 2024, and 31 July 2025, the current assets of Coal Trading Company Group amounted to approximately RMB776 million, RMB1,228 million, RMB2,113 million and RMB4,300 million, respectively. Among which, cash and cash equivalents amounted to approximately RMB353 million, RMB506 million, RMB936 million and RMB1,330 million, respectively, accounting for 45.5%, 41.2%, 44.3% and 30.9% of current assets, respectively. Accounts and bills receivables amounted to approximately RMB320 million, RMB579 million, RMB590 million and RMB2,518 million respectively, accounting for 41.2%, 47.1%, 27.9% and 58.6% of current assets, respectively. Prepaid expenses and other current assets amounted to approximately RMB54 million, RMB134 million, RMB161 million and RMB359 million respectively, accounting for 7.0%, 10.9%, 7.6% and 8.3% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 2.1, 1.6, 1.5 and 1.2, respectively.

Capital management

Coal Trading Company Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Coal Trading Company Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Coal Trading Company Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Coal Trading Company Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Coal Trading Company Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

While the principal business of Coal Trading Company Group is domiciled in the PRC and predominantly denominated in RMB, Coal Trading Company Group is exposed to foreign exchange risk arising from certain USD-denominated monetary assets and liabilities. As of 31 July 2025, the Group had net USD-denominated liability exposure of RMB 197.2 million. A 10% fluctuation in the USD/RMB exchange rate would have an impact of approximately RMB 14.8 million on post-tax profit. Management considers the Coal Trading Company Group's overall foreign exchange risk exposure to be limited.

Segment information

The management of Coal Trading Company Group assesses the performance and allocates the resources of Coal Trading Company Group as a whole, therefore no segment information is presented.

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, all of the non-current assets of Coal Trading Company Group were located in the PRC.

Contingent liabilities

In October 2024, China Railway Materials Group East China Co., Ltd. ("**CRMGE**") filed a litigation with the Shanghai Putuo District People's Court, requesting the court to rule that Qinhuangdao Yuanhai Electric Power Energy Co., Ltd. ("**Yuanhai Electric Power**") repay a financing loan of RMB10.3 million and overdue loan interest of RMB18.5 million. Guoneng Guoyuan Power Fuel Co., Ltd. ("**Guoyuan Fuel**"), the subsidiary of Coal Trading Company Group is also named as a co-defendant in this litigation. CRMGE further requests the court to require Guoyuan Fuel to assume supplementary liability for any unpaid amounts by Yuanhai Electric Power within its scope of fault. The litigation is currently under first-instance trial and no judgment has been rendered. The Coal Trading Company Group will continue to monitor the latest progress of the litigation to assess any potential impact.

Capital commitments

As at 31 July 2025, Coal Trading Company Group had no material capital commitments.

Charges on assets

As at 31 December 2022, 2023 and 2024 and as at 31 July 2025, Coal Trading Company Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2022, 2023 and 2024 and seven months ended 31 July 2025, Coal Trading Company Group did not have any material investment or material acquisition and disposal.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Coal Trading Company Group has no plans in relation to significant investments or capital assets.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Coal Trading Company Group was 62. Coal Trading Company Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Coal Trading Company Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, Coal Trading Company Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. Coal Trading Company Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, Coal Trading Company Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, Coal Trading Company Group has no further material obligations for pension benefit payments.

Coal Trading Company Group's contributions to these retirement benefit plans were RMB4.8 million, RMB3.9 million and RMB4.6 million for the years ended 31 December 2022, 2023 and 2024 respectively, and RMB2.6 million and RMB6.8 million for the seven months ended 31 July 2024 and 2025 respectively.

L. MANAGEMENT DISCUSSION AND ANALYSIS ON PORT COMPANY GROUP

The following performance discussion of China Energy Port Co., Ltd. and its subsidiaries (collectively, the "**Port Company Group**") should be read in conjunction with the historical financial information for the two financial years ended 31 December 2024 and for the seven months ended 31 July 2025 set forth in the accountants' report, the text of which is set out in Appendix II of this circular.

Business overview

China Energy Port Co., Ltd. is a company established in the PRC with limited liability in 2023. It operates in the cargo handling and warehousing industry and is mainly engaged in coal storage and transportation, port cargo handling, ship agency services, and supply chain management.

Revenue

For the two years ended 31 December 2023 and 2024, the revenue of Port Company Group amounted to approximately RMB76.8 million and RMB112.4 million, respectively. The significant increase in revenue for 2024 was primarily due to Port Company Group's operational ramp-up. Having only commenced operations in May 2023, the business was in its initial stage with a limited scale during that year.

For the seven months ended 31 July 2024 and 2025, the revenue of Port Company Group decreased from approximately RMB74.7 million to RMB64.6 million, primarily due to weaker market demand from key downstream industries such as power and steel, coupled with a structural shift in China's energy mix towards renewables like wind and photovoltaic power, which has reduced coal consumption and subsequently lowered demand for coal transportation and sampling services.

Cost of sales

For the two years ended 31 December 2023 and 2024, the cost of sales of Port Company Group amounted to approximately RMB1.9 million and RMB2.5 million, respectively.

For the seven months ended 31 July 2024 and 2025, the costs of sales of Port Company Group amounted to approximately RMB1.3 million and RMB1.4 million, respectively.

Gross profit and gross profit margin

For the two years ended 31 December 2023 and 2024, the gross profit generated from the operations of Port Company Group amounted to approximately RMB74.9 million, and RMB109.9 million, respectively. The corresponding gross profit margins were 97.5% and 97.8%, respectively. The increase in gross profit was primarily driven by sales revenue growth in 2024, underpinned by Port Company Group's stabilized operational performance.

For the seven months ended 31 July 2024 and 2025, the gross profit generated from the operations of Port Company Group amounted to approximately RMB73.4 million and RMB63.2 million, respectively. The corresponding gross profit margins were 98.3% and 97.8%, respectively. The decrease in gross profit margin was mainly due to lower operational volumes in transportation and sampling following the decline in sales demand.

Total comprehensive income for the year/period

For the two years ended 31 December 2023, 2024, the total comprehensive income of Port Company Group amounted to approximately RMB29.6 million and RMB42.1 million, respectively. The increase in total comprehensive income was mainly due to increase in gross profit.

For the seven months ended 31 July 2024 and 2025, the total comprehensive income of Port Company Group dropped from approximately RMB36.2 million to approximately RMB19.9 million. The decrease was mainly due to decrease in gross profit.

General Information of assets and liabilities

As at 31 December 2023 and 2024, and 31 July 2025, the total assets of Port Company Group amounted to approximately RMB173.9 million, RMB230.9 million and RMB254.2 million, respectively. The increase in total assets as at 31 December 2024 was mainly due to increase in cash and cash equivalents, The further increase as at 31 July 2025 was mainly due to the increase in property, plant and equipment and other non-current assets.

As at 31 December 2023 and 2024, and 31 July 2025, the total liabilities of Port Company Group amounted to approximately RMB44.2 million, RMB44.1 million and RMB47.5 million, respectively. The increase in total liabilities as at 31 July 2025 was mainly due to increase in accounts payable.

As at 31 December 2023 and 2024, and 31 July 2025, the respective gearing ratios (calculated as total liability divided by total assets) of Port Company Group were: 25.4%, 19.1% and 18.7%.

Liquidity and capital resources

As at 31 December 2023 and 2024, and 31 July 2025, the current assets of Port Company Group amounted to approximately RMB163.5 million, RMB214.8 million and RMB207.4 million, respectively. Among which, cash and cash equivalents amounted to approximately RMB103.5 million, RMB157.7 million and RMB159.5 million, respectively, accounting for 63.3%, 73.4% and 76.9% of current assets, respectively. Prepaid expenses and other current assets amounted to approximately RMB35.3 million, RMB33.9 million and RMB27.9 million respectively, accounting for 21.6%, 15.8% and 13.4% of current assets, respectively. Accounts receivable amounted to approximately RMB24.6 million, RMB23.2 million and RMB20.0 million respectively, accounting for 15.1%, 10.8% and 9.6% of current assets, respectively.

Liquidity ratios (current assets divided by current liabilities) were 3.8, 5.0 and 4.4, respectively.

Capital management

Port Company Group's policy is to maintain a strong capital base so as to maintain investor, creditor and the market and to sustain future development of the business.

Port Company Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Port Company Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts. Port Company Group monitors capital using a gearing ratio which is total liabilities divided by total assets. Port Company Group aims to maintain the gearing ratio at a reasonable level.

Foreign exchange risks

As the principal business of Port Company Group is domiciled in the PRC and denominated in RMB, Port Company Group is not exposed to foreign exchange risks.

Segment information

The management of Port Company Group assesses the performance and allocates the resources of Port Company Group as a whole, therefore no segment information is presented.

As at 31 December 2023 and 2024, and 31 July 2025, all of the non-current assets of Port Company Group were located in the PRC.

Contingent liabilities

As at 31 December 2023 and 2024, and 31 July 2025, Port Company Group had no significant contingent liabilities.

Capital commitments

As at 31 July 2025, Port Company Group had capital commitments of RMB191.9 million contracted for but not provided in relation to equipment and RMB35.0 million in remaining committed investment amount.

Charges on assets

As at 31 December 2023 and 2024, and 31 July 2025, Port Company Group did not have any charge over its assets.

Material investment and material acquisitions and disposals

For the years ended 31 December 2023 and 2024 and the seven months ended 31 July 2025, Port Company Group did not have any material investment or material acquisition and disposal, other than the construction contract entered into in April 2025 for the equipment of intelligent coal quality control system, which had a contract value of RMB199.6 million.

Future plans for material investments or capital assets

As at the Latest Practicable Date, Port Company Group has no plans in relation to significant investments or capital assets, other than those capital commitments disclosed above.

Employees and remuneration policy

As at 31 July 2025, the total number of employees of Port Company Group was 33. Port Company Group determines employee remuneration with reference to market level as well as personal qualifications, experience, skills, performance and contributions. Port Company Group reviews the remuneration and benefits policies, and employee's personal performance on a regular basis to ensure employees are fairly rewarded.

In accordance with PRC regulations, the Group participates in various defined contribution retirement plans organized by municipal and provincial governments for its employees. The Group is required to make contributions to these plans based on a specified percentage of employees' salaries, bonuses and certain allowances. Additionally, with government approval, the Group contributes to a supplemental defined contribution pension plan, which is managed by a qualified fund manager. Beyond the required annual contributions, the Group has no further material obligations for pension benefit payments.

The Group's contributions to these retirement benefit plans were RMB1.5 million and RMB2.9 million for the years ended 31 December 2023 and 2024 respectively, and RMB1.6 million and RMB2.0 million for the seven months ended 31 July 2024 and 2025 respectively.

A. Main Valuation Information from the Summaries of the Asset Valuation Reports of the Target Companies

The following information sets out the key valuation information extracted and summarised from the valuation report summaries included in Appendix V to this circular, such as major assumptions, methods and principal parameters. The information below has been prepared for disclosure purposes and should be read together with the valuation report summaries to obtain a complete understanding of the basis and results of the valuations.

A.1 Main Evaluation Materials of Guoyuan Power

I. SELECTION OF THE APPRAISAL APPROACHES

According to the "Appraisal Report," China United Assets Appraisal Group Co., Ltd (hereinafter "China United Assets") has considered the applicability of three asset appraisal approaches: the asset-based approach, the income approach, and the market approach.

China United Assets determined that, around the Appraisal Reference Date, as a large-scale integrated coal-thermal power generation enterprise, Guoyuan Power could not obtain recent transaction cases of similarly sized enterprises, and there were few comparable listed companies of similar scale and business structure in the market. Therefore, the market approach was not selected for the appraisal. Considering that the asset-based approach reflects the enterprise's value from the perspective of its construction and acquisition, provides a basis for the enterprise's operation, management, and performance appraisal after the completion of the economic act, and that Guoyuan Power can provide relatively complete data required for the appraisal of assets and liabilities; and considering that Guoyuan Power possesses the foundation and conditions for continuing operations, with predictable and quantifiable future earnings and risks, China United Assets determined that Guoyuan Power met the conditions for applying both the asset-based approach and the income approach. Therefore, both the asset-based approach and the income approach were used for the appraisal.

Using the asset-based approach, China United Assets calculated the total shareholders' equity of Guoyuan Power to be RMB4,458,199.29 ten thousand. Employing the income approach, the calculated the total shareholders' equity was RMB4,170,437.72 ten thousand.

Considering that (i) the income approach is significantly influenced by the enterprise's future profitability, asset quality, operational capability, and operational risks. The appraisal by the income approach involves the forecast of multiple factors, including future electricity prices, utilization hours, coal prices, and relevant national energy policies. In particular, the national policy on deepening the market-oriented reform of on-grid tariffs for coal-fired power generation is expected to have a material impact on the future operations of the enterprise. These key parameters have considerable uncertainties under the current market environment, and the accuracy of the earnings forecast is relatively low. (ii) The Asset-Based Approach reflects the fair market value of the assets from the perspective of asset replacement. Considering the circumstances of the appraisal, Guoyuan Power is a capital-intensive enterprise, and its asset structure in the power and energy industry is clear. Its core value is mainly embodied in its large-scale tangible assets, such as coal reserves, generating units, transmission networks, and land and buildings. The details of assets and liabilities have been provided by Guoyuan Power and necessary external information required for the Asset-Based Approach has also been collected by the valuer to conduct a comprehensive inventory and appraisal of Guoyuan Power's assets and liabilities. Compared to the income approach applied to the enterprise as a whole, the asset-based approach more objectively reflects the appraised value of the enterprise's net assets. Therefore, China United Assets ultimately selected the result from the asset-based approach as the final appraisal conclusion.

II. MAJOR APPRAISAL ASSUMPTIONS

(1) General Assumptions

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

2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access

to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;

3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating adequate profits to maintain its going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;

4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic climate, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;

7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;

8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;

9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or liabilities not included in the list provided by the target company have been considered;

10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

11. Given that the company's monetary funds, such as cash and bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;

12. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;

13. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

III. ASSET-BASED APPROACH

(I) Long-Term Equity Investments

For long-term equity investments, verification procedures were first conducted to examine the cause of their formation, book value, actual status, and other relevant factors. Investment agreements, shareholder resolutions, articles of association, and relevant accounting records were reviewed to confirm the authenticity and completeness of the long-term investments.

For wholly-owned subsidiaries and those subsidiaries with over 50% ownership, a comprehensive asset appraisal of the invested entities was performed as of the Appraisal Reference Date. The appraised value was then determined by multiplying the appraised net asset value of the investee entity by the shareholding percentage of the subject entity as of the Appraisal Reference Date:

Appraised value of long-term equity investments = Appraised net asset value of the investee entity after a full appraisal × Shareholding percentage.

Where differences existed between the paid-in capital and the subscribed capital, the calculation was as follows:

Appraised value of long-term equity investments = (Total appraised shareholders' equity of the investee entity + Unpaid subscribed capital) × The shareholder's subscribed capital ratio - The shareholder's unpaid subscribed capital

In determining the appraised value of the long-term equity investments, the valuers did not consider any premium or discount arising from factors such as control premiums or minority discounts, nor did they consider the impact of equity marketability on the appraisal results.

No.	Name of Investee Entity	Shareholding Percentage	Appraisal Approach	Method for determining the conclusion value
1	CHN Energy Inner Mongolia Shanghaimiao Power Generation Co., Ltd.	50.00%	Asset-based Approach, Income Approach	Asset-based Approach
2	Guoneng Baoqing Bio-Technology Co., Ltd.	49.00%	Asset-based Approach	Asset-based Approach
3	Ningxia Ninglu Coal & Power Co., Ltd.	50.00%	Asset-based Approach, Income Approach	Asset-based Approach
4	Shanxi Hexin Electric Power Development Co., Ltd.	29.51%	Financial Statement Confirmation	Financial Statement Confirmation
5	Shaanxi Binchang Wenjialuo Power Generation Co., Ltd.	49.00%	Asset-based Approach, Income Approach	Asset-based Approach
6	Shaanxi Binchang Wenjialuo Mining Co., Ltd.	49.00%	Financial Statement Confirmation	Financial Statement Confirmation
7	Zhongneng Fuel Distribution Co., Ltd.	69.81%	Asset-based Approach	Asset-based Approach

8	Guoneng Energy Hami Coal & Power Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach
9	Guoneng Bozhou New Energy Co., Ltd.	100.00%	Asset-based Approach	Asset-based Approach
10	Guoneng Baoqing Coal, Power & Chemical Co., Ltd.	55.00%	Asset-based Approach, Income Approach	Asset-based Approach
11	Guoneng Shanxi Hequ Power Generation Co., Ltd.	60.00%	Asset-based Approach, Income Approach	Asset-based Approach
12	Guoneng (Tianjin) Dagang Power Plant Co., Ltd.	93.89%	Asset-based Approach	Asset-based Approach
13	Guangdong Jinma Tourism Group Co., Ltd.	99.78%	Asset-based Approach	Asset-based Approach
14	Shenzhen Shandong Nuclear Power Engineering Co., Ltd.	70.00%	Asset-based Approach	Asset-based Approach
15	Qinhuangdao Power Generation Co., Ltd.	50.00%	Asset-based Approach	Asset-based Approach
16	Shaanxi Deyuan Fugu Energy Co., Ltd.	70.00%	Asset-based Approach, Income Approach	Asset-based Approach

According to the calculation, the results for the long-term equity investment entities are as follows:

No.	**Name of Investee Enterprises**	**Shareholding Percentage**	**Book Value (RMB in ten thousand)**	**Appraised Value (RMB in ten thousand)**	**Appreciation Rate (%)**
1	CHN Energy Inner Mongolia Shanghaimiao Power Generation Co., Ltd.	50.00%	74,062.21	83,090.98	12.19
2	Guoneng Baoqing Bio-Technology Co., Ltd.	49.00%	5,880.00	5,879.24	-0.01
3	Ningxia Ninglu Coal & Power Co., Ltd.	50.00%	123,670.01	196,298.61	58.73
4	Shanxi Hexin Electric Power Development Co., Ltd.	29.51%	30,856.07	30,455.92	-1.30
5	Shaanxi Binchang Wenjialuo Power Generation Co., Ltd.	49.00%	46,835.66	41,999.36	-10.33
6	Shaanxi Binchang Wenjialuo Mining Co., Ltd.	49.00%	143,080.10	145,175.22	1.46
7	Zhongneng Fuel Distribution Co., Ltd.	69.81%	4,225.95	2,403.68	-43.12
8	Guoneng Energy Hami Coal & Power Co., Ltd.	100.00%	375,473.00	790,615.32	110.57
9	Guoneng Bozhou New Energy Co., Ltd.	100.00%	60,000.00	61,740.74	2.90
10	Guoneng Baoqing Coal, Power & Chemical Co., Ltd.	55.00%	229,984.33	245,047.93	6.55
11	Guoneng Shanxi Hequ Power Generation Co., Ltd.	60.00%	136,511.96	199,493.59	46.14
12	Guoneng (Tianjin) Dagang Power Plant Co., Ltd.	93.89%	103,414.89	224,153.26	116.75
13	Guangdong Jinma Tourism Group Co., Ltd.	99.78%	478,730.95	465,105.27	-2.85
14	Shenzhen Shandong Nuclear Power Engineering Co., Ltd.	70.00%		17,987.20	
15	Qinhuangdao Power Generation Co., Ltd.	50.00%	61,387.92	56,516.12	-7.94

16	Shaanxi Deyuan Fugu Energy Co., Ltd.	70.00%	129,549.89	1,412,254.14	990.12
Total			2,003,662.97	3,978,216.57	98.55

According to the calculation, as at the Appraisal Reference Date, the carrying original cost of the long-term equity investments included in the appraisal was RMB2,042,900.87 ten thousand, the provision for impairment was RMB39,237.90 ten thousand, and the book value was RMB2,003,662.97 ten thousand while the appraised value was RMB3,978,216.57 ten thousand, representing an assessed appreciation of RMB1,974,553.60 ten thousand or an appreciation rate of 98.55%. The primary reason for this increase is the assessed appreciation identified during the comprehensive asset appraisal of the controlling subsidiaries as of the Appraisal Reference Date, leading to a higher appraised value compared to the book value. The main reasons for the assessed appreciation are as follows:

1. The assessed appreciation of Inner Mongolia Shanghaimiao Power Generation Co., Ltd. is RMB9,028.77 ten thousand, representing an appreciation rate of 12.19%. The primary reason for the appreciation is that (1) the book value of long-term equity investments reflects historical investment costs, resulting from the company's accumulated historical operations up to the valuation date; (2) the company's accounting depreciation period for fixed assets is shorter than the economic life period adopted in the valuation.
2. The assessed value of Guoneng Baoqing Bio-Technology Co., Ltd. is basically equivalent to its book value, with no significant appreciation or depreciation.
3. The assessed appreciation of Ningxia Ninglu Coal & Power Co., Ltd. is RMB72,628.59 ten thousand, representing an appreciation rate of 58.73%. The primary reason for the appreciation is that the mining rights for the Renjiazhuang Coal Mine held by the enterprise.
4. The assessed impairment of Shanxi Hexin Electric Power Development Co., Ltd. Is RMB400.15 ten thousand, representing an impairment rate of 1.3%. Its assessed value is basically equivalent to the book value; the variance is mainly attributable to the differences between the consolidated financial statement data of Hexin Electric Power adopted in this assessment and the accounting costs recorded by Guoyuan Power.
5. The assessed impairment of Shaanxi Binchang Wenjialuo Power Generation Co., Ltd. is RMB4,836.30 ten thousand, representing an impairment rate of 10.33%. The impairment is caused by the book operating losses incurred by Wenjialuo Power Generation as a result of the policy impact of local deep peak regulation, coupled with the differences from Guoyuan Power's accounting investment costs.
6. The assessed appreciation of Shaanxi Binchang Wenjialuo Mining Co., Ltd. is RMB2,095.12 ten thousand, representing an appreciation rate of 1.46%. The appreciation stems from the book operating profits of Wenjialuo Power Generation and the variances from Guoyuan Power's accounting investment costs.
7. The assessed impairment of Zhongneng Fuel Distribution Co., Ltd. is RMB2,403.68 ten thousand, representing an impairment rate of 43.12%. The impairment is due to the fact that Zhongneng Fuel has no longer engaged in core business operations, combined with its historical book operating losses and the differences from Guoyuan Power's accounting investment costs.
8. The assessed appreciation of Guoneng Energy Hami Coal & Power Co., Ltd. is RMB 415,142.32 ten thousand, representing an appreciation rate of 110.57%. The primary reason for the appreciation is that the open-pit mining rights for the Xinjiang Da' nanhu No. 2 Mine are held by the enterprise.
9. The assessed appreciation of Guoneng Bozhou New Energy Co., Ltd. is RMB1,740.74 ten thousand, representing an appreciation rate of 2.90%. The appreciation is mainly because Bozhou New Energy is still under construction, and the capital cost of the enterprise's self-injected construction funds has been factored into this assessment.
10. The assessed appreciation of Guoneng Baoqing Coal, Power & Chemical Co., Ltd. is RMB15,063.60 ten thousand, representing an appreciation rate of 6.55%. The primary reason for the appreciation is that the mining rights held by the company for the Chaoyang Open-Pit Coal Mine.

11. The assessed appreciation of Guoneng Shanxi Hequ Power Generation Co., Ltd. is RMB62,981.63 ten thousand, representing an appreciation rate of 46.14%. The primary reason for the appreciation is that (1) the book value of long-term equity investments at RMB136,511.96 ten thousand represents historical investment costs. Through accumulated historical operations, Hequ Power Generation Company's net book value as of the Reference Date reached RMB261,731.51 ten thousand (equivalent to RMB157,038.91 ten thousand after conversion based on a 60% equity stake), reflecting a RMB20,526.95 ten thousand increases over the parent company's original investment; (2) due to land scarcity, land prices have surged significantly over the past two decades. The land use rights acquired by the enterprise in 2003 were revalued at RMB56,839.63 ten thousand (equivalent to RMB34,103.78 ten thousand after conversion based on a 60% equity stake).

12. The assessed appreciation of Guoneng (Tianjin) Dagang Power Plant Co., Ltd. is RMB120,738.36 ten thousand, representing an appreciation rate of 116.75%. The primary reason for the appreciation is that (1) the book value of long-term equity investments at RMB103,414.89 ten thousand represents historical investment costs. Dagang Power Generation Company incurred operating losses due to ageing generating units. Its net book value as of the Reference Date reached RMB66,277.65 ten thousand (equivalent to RMB62,228.09 ten thousand after conversion based on a 93.89% equity stake), reflecting an impairment loss of RMB41,186.80 ten thousand against the parent company's original investment; (2) the significant appreciation in land values over the past two decades. This resulted in an appraised value increase of RMB118,588.29 ten thousand for the land owned by Dagang Power - acquired through allocation without compensation between 1993 and 2016, as well as for the land acquired through transfer in earlier periods (equivalent to RMB111,342.55 ten thousand after conversion based on a 93.89% equity stake) ; (3) As the equipment of Dagang Power is aging and approaching the end of its service life, a total of RMB32,400 ten thousand in impairment provisions was accrued in previous years. In April 2025, the 2*660MW equal-capacity replacement project of Dagang Power Plant commenced construction. A large number of assets for which impairment was previously accrued have regained the value for continued use. Combined with the factor that the company’s accounting depreciation period is shorter than the economic service life adopted in the assessment, the fixed assets recorded an assessed appreciation of RMB52,989.93 ten thousand (equivalent to RMB49,752.25 ten thousand after conversion based on a 93.89% equity stake). These valuation adjustments, combined with minor fluctuations in items such as construction in progress, resulted in an assessed appreciation of RMB120,738.36 ten thousand for the long-term equity investment.

13. The assessed impairment of Guangdong Jinma Tourism Group Co., Ltd. is RMB13,625.68 ten thousand, representing an impairment rate of 2.85%. The main reason for the impairment is that Guoyuan Power’s book value reflects the historical acquisition cost and the costs incurred by Jinma Tourism Group Co., Ltd. for share repurchase upon its delisting. Although Jinma Tourism Group Co., Ltd. incurred historical book losses, the appreciation achieved in this assessment failed to cover the cumulative historical losses, resulting in a final assessed impairment.

14. The assessed appreciation of Shenzhen Shandong Nuclear Power Engineering Co., Ltd. is RMB17,987.20 ten thousand. The primary reason for the appreciation is that Shandong Nuclear Power Company has ceased operations and lacks primary business. Guoyuan Power had previously fully provisioned for impairment on this investment during the historical period. The significant appreciation stems from the current valuation of its investment property located in Shenzhen, held since 2003.

15. The assessed impairment of Qinhuangdao Power Generation Co., Ltd. is RMB4,871.81 ten thousand, representing an impairment rate of 7.94%. The primary cause of the impairment is that subsequent to theAppraisal Reference Date, the company received a notice from the National Development and Reform Commission requiring Units 1# and 2# to be withdrawn from standby service and shut down for demolition. In this assessment, these key equipment items were valued based on their scrap and recovery residual value, leading to the impairment.

16. The assessed appreciation of Shaanxi Deyuan Fugu Energy Co., Ltd. is RMB1,282,704.25 ten thousand, representing an appreciation rate of 990.12%. The primary reason for the appreciation is that (1) the book value of long-term equity investments, recorded at RMB129,549.89 ten thousand, represents historical investment costs. Through

accumulated historical operations, Deyuan Fugu Company's net asset book value as of the Reference Date reached RMB849,849.68 ten thousand (equivalent to RMB594,894.78 ten thousand after conversion based on a 70% equity stake), reflecting an increase of RMB465,344.89 ten thousand over the parent company's original investment; (2) the book value of the Fugu County Sandagao Coal Mine held by the enterprise was RMB72,547.84 ten thousand, with an appraised value of RMB1,094,329.48 ten thousand, representing an increase of RMB1,021,781.64 ten thousand (equivalent to RMB715,247.15 ten thousand after conversion based on a 70% equity stake).

(II) Fixed Assets - Buildings and Structures

Based on the structural characteristics and intended use of the property and building included in the appraisal, the valuer analyzed the applicability of different appraisal approaches and finally determined the appropriate appraisal method. In particular, the valuer analyzed the applicability of different appraisal methodologies, considering that the subject properties do not generate stable and predictable income, the income approach was not adopted for this appraisal. For the building assets self-constructed on industrial land among the subject properties, the replacement cost can be calculated based on the current cost of repurchasing or reconstructing a new asset under present conditions. Therefore, the cost approach was applicable for this valuation.; the Market Approach is appropriate for properties purchased externally or for real estate assets that can be transferred individually.

1. Cost Approach

The cost approach refers to the method of calculating the investment required to replace the subject building with a comparable one based on market conditions and the structural characteristics of the subject building as of the Appraisal Reference Date, multiplied by the comprehensively assessed remaining useful life rate of the building, to ultimately determine the value of the building. The calculation formula is as follows:

Appraised Value = Full Replacement Cost × Remaining Useful Life Rate

(1) Determination of Full Replacement Cost

Since the owner of the property rights is a general VAT taxpayer, the full replacement cost for the building assets in this appraisal is exclusive oftax.

The full replacement cost generally consists of four parts: construction and installation cost, pre-construction and other expenses, capital interest, and a reasonable profit. The calculation formula is:

Full Replacement Cost (excluding tax) = Construction & Installation Cost (excluding tax) + Pre-construction & Other Expenses (excluding tax) + Capital Cost+ Reasonable Profit

1) Determination of Construction and Installation Cost

For key projects with available budget and final account data, the final account adjustment method is used. Specifically, the valuers, based on the quantities from the final accounts and with reference to current standards such as the “Coal Construction Surface Engineering Consumption Quota (2015 Tax-Excluded Base Price)” the “Coal Construction Engineering Expense Quota and Cost Management Regulations (2015)”, and the “Supplementary Provisions for the Implementation of Coal Construction Project Cost Valuation Standards” (China Coal Construction Association, December 2016), calculate the construction

and installation cost of the project using market price information for civil engineering materials in the region where the owner is located as of the Reference Date. Relevant final account data were collected for the buildings within the scope of this appraisal; therefore, the final account adjustment method was applied this time.

2) Determination of Pre-construction and Other Expenses

The pre-construction expenses for the main representative assets are shown in the table below:

A. Pre-construction and Other Expenses Schedule (Baoqing Power Plant 2×600 MW)

No.	Expense Name	Basis of Charge	Total Pre-construction and Other Expenses		Basis of Charge Reference
			Including Tax	Excluding Tax	
1	Project Legal Person Management Fee	Engineering Cost (Including Tax)	3.25%	3.25%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
2	Bidding Fee	Engineering Cost (Including Tax)	0.37%	0.35%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
3	Project Supervision Fee	Engineering Cost (Including Tax)	0.95%	0.90%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
4	Construction Process Cost Consultation and Final Account Review Fee	Engineering Cost (Including Tax)	0.19%	0.18%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
5	Project Pre-construction Work Fee	Engineering Cost (Including Tax)	1.71%	1.61%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
6	Survey and Design Fee	Engineering Cost (Including Tax)	2.30%	2.17%	Ji Jia Ge [2002] No. 10
7	Design Document Review Fee	Engineering Cost (Including Tax)	0.10%	0.09%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
8	Power Engineering Technical and Economic Standardization Fee	Engineering Cost (Including Tax)	0.10%	0.09%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
	Subtotal		10.27%	9.86%	

B. Pre-construction and Other Expenses Schedule (Thermal Power - Huayuan Power Plant)

No.	Expense Name	Basis of Charge	Total Pre-construction and Other Expenses		Basis of Charge Reference
			Including Tax	Including Tax	

1	Project Legal Person Management Fee	Engineering Cost (Including Tax)	2.76%	2.76%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
2	Bidding Fee	Engineering Cost (Including Tax)	0.37%	0.35%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
3	Project Supervision Fee	Engineering Cost (Including Tax)	0.75%	0.71%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
4	Construction Process Cost Consultation and Final Account Review Fee	Engineering Cost (Including Tax)	0.19%	0.18%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
5	Project Pre-construction Work Fee	Engineering Cost (Including Tax)	1.71%	1.61%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
6	Survey and Design Fee	Engineering Cost (Including Tax)	2.30%	2.17%	Ji Jia Ge [2002] No. 10
7	Design Document Review Fee	Engineering Cost (Including Tax)	0.10%	0.09%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
8	Power Engineering Technical and Economic Standardization Fee	Engineering Cost (Including Tax)	0.10%	0.09%	Regulations for Compilation and Calculation of Thermal Power Engineering Construction (2018 Edition)
	Subtotal		8.28%	7.96%	

C. Pre-construction and Other Expenses Schedule (Coal Mine - Chaoyang Open-Pit Coal Mine)

No.	**Expense Name**	**Basis of Charge**	**Total Pre-construction and Other Expenses**		**Basis of Charge Reference**
			Including Tax	**Including Tax**	
1	Project Legal Entity Management Fee	Engineering Cost (Including Tax)	1.37%	1.37%	State Energy Administration Circular No. 81 [2019]
2	Survey Fee	Engineering Cost (Including Tax)	0.50%	0.47%	State Energy Administration Circular No. 81 [2019]
3	Design Fee	Engineering Cost (Including Tax)	2.17%	2.05%	State Energy Administration Circular No. 81 [2019]
4	Project Supervision Fee	Engineering Cost (Including Tax)	0.40%	0.38%	State Energy Administration Circular No. 81 [2019]
5	Bidding Fee	Engineering Cost (Including Tax)	0.37%	0.35%	State Energy Administration Circular No. 81 [2019]
6	Project Pre-construction Work Fee	Engineering Cost (Including Tax)	0.72%	0.68%	State Energy Administration Circular No. 81 [2019]
7	Construction Drawing Review Fee	Engineering Cost (Including Tax)	0.03%	0.03%	State Energy Administration Circular No. 81 [2019]
8	Post-Project Evaluation Fee	Engineering Cost (Including Tax)	0.05%	0.05%	State Energy Administration Circular No. 81 [2019]

9	Staff Training Fee and Advance Entry Fee	Engineering Cost (Including Tax)	0.73%	0.69%	State Energy Administration Circular No. 81 [2019]
10	Power Engineering Quality Inspection Fee	Engineering Cost (Including Tax)	0.07%	0.07%	State Energy Administration Circular No. 81 [2019]
11	Environmental Impact Assessment Fee	Engineering Cost (Including Tax)	0.03%	0.03%	State Energy Administration Circular No. 81 [2019]
12	Engineering Insurance Fee	Engineering Cost (Including Tax)	0.50%	0.47%	State Energy Administration Circular No. 81 [2019]
	Subtotal		6.94%	6.62%	

D. Pre-construction and Other Expenses Schedule (Coal - Da’nanhu No. 2 Mine)

No.	Expense Name	Basis of Charge	Total Pre-construction and Other Expenses		Basis of Charge Reference
			Including Tax	Including Tax	
1	Project Legal Entity Management Fee	Engineering Cost (Including Tax)	0.70%	0.70%	NB/T 51064-2016
2	Survey Fee	Engineering Cost (Including Tax)	0.50%	0.47%	Ministry of Construction [1991] No. 316
3	Design Fee	Engineering Cost (Including Tax)	2.26%	2.13%	NB/T 51064-2016
4	Project Supervision Fee	Engineering Cost (Including Tax)	1.39%	1.31%	NB/T 51064-2016
5	Engineering Bidding Agency Service Fee	Engineering Cost (Including Tax)	0.03%	0.03%	NB/T 51064-2016
6	Feasibility Study Fee	Engineering Cost (Including Tax)	0.02%	0.02%	NB/T 51064-2016
7	Environmental Impact Assessment Fee	Engineering Cost (Including Tax)	0.03%	0.03%	NB/T 51064-2016
8	Soil and Water Conservation Assessment Fee	Engineering Cost (Including Tax)	0.00%	0.00%	NB/T 51064-2016
9	Energy Conservation Assessment Fee	Engineering Cost (Including Tax)	0.00%	0.00%	NB/T 51064-2016
10	Engineering Quality Technical Service Fee	Engineering Cost (Including Tax)	0.38%	0.36%	NB/T 51064-2016
11	Labor Safety and Health Assessment Fee	Engineering Cost (Including Tax)	0.20%	0.19%	NB/T 51064-2016
12	Engineering Insurance Fee	Engineering Cost (Including Tax)	0.30%	0.28%	NB/T 51064-2016
	Subtotal		5.81%	5.52%	

3) Determination of Capital Cost

Capital cost is calculated based on the reasonable construction period determined by the owner of the property rights and the loan interest rate referenced from the Loan Prime Rate (LPR) published by the National Interbank Funding Center authorized by the People's Bank of China on July 21, 2025. The

calculation uses the sum of the construction and installation cost and pre-construction and other expenses as the base, assuming uniform capital input throughout the construction period. The calculation formula is as follows:

Capital Cost = [Construction & Installation Cost (incl. Tax) + Pre-construction & Other Expenses (incl. Tax)] × Reasonable Construction Period × Loan Interest Rate × 1/2

Additionally, for the thermal power sector, the determination of Capital Cost primarily refers to the "Thermal Power Engineering Limit Design Reference Cost Indicators (2024 Level)". For example: Capital Cost Calculation Table for Hami Huayuan Power Plant (4 × 660MW)

Item	Funds Invested in Year 1	Funds Invested in Year 2	Funds Invested in Year 3	Total
Period	1	1	1	3
Total Capital				
Capital Investment Ratio	0.4	0.5	0.1	
Interest Rate	3.00%	3.00%	3.00%	
Year 1 Interest	0.60%			
Year 2 Interest	1.20%	0.75%		
Year 3 Interest	1.20%	1.50%	0.15%	
Interest per Investment Period	3.00%	2.25%	0.15%	5.40%

(2) Determination of the Remaining Useful Life Rate

This appraisal references the economic life expectancy of the buildings. Through site inspections conducted by the valuers, various components of the structures were examined, including the foundations, load-bearing components (beams, slabs, columns), walls, floors, roofs, doors and windows, wall plastering, ceilings, as well as water supply and drainage systems, ventilation, and electrical lighting. Based on the "Standard for Assessment of Building Damage Grades" and the "Reference Basis for Appraising the Degree of Building Old and New" issued by the former Ministry of Urban and Rural Construction and Environmental Protection, and considering the usage status and maintenance conditions of the buildings, the remaining usable life for each type of building was individually assessed. The remaining useful life rate is then determined using the following formula:

Remaining Useful Life Rate = Remaining Usable Life / (Years Already Used + Remaining Usable Life) × 100%

(3) Determination of Appraised Value

Appraised Value = Full Replacement Cost (excluding tax) × Remaining Useful Life Rate

2. Market Approach

The market approach involves comparing the subject property with similar real estate that has been transacted recently around the Appraisal Reference Date. Appropriate adjustments are made to the known prices of these comparable properties to estimate the objective and reasonable price or appraisal of the subject property. The calculation formula is as follows:

P=P case*A*B*C*D*E

Where: P: Appraised value of the subject property; P case: Transaction price of the comparable instance;

A: Transaction circumstance adjustment factor; B: Transaction date adjustment factor;

C: Regional factor adjustment factor; D: Individual factor adjustment factor;

E：Equity status factor adjustment coefficient

Based on the calculations, as of the Appraisal Reference Date, the book value of the building and structure assets within the appraisal scope for CHN Energy Guoyuan Power Co., Ltd. was RMB9,791.46 ten thousand, with an appraised value of RMB98,673.77 ten thousand. This represents an assessed appreciation of RMB88,882.31 ten thousand and an appreciation rate of 907.75%. The main reasons are that: (1) the book value is the historical cost for the company to acquire the properties and buildings. As of the Appraisal Reference Date, the unit costs for labor, materials, and machinery have significantly increased compared to the original construction period, leading to a rise in the fundamental reconstruction cost of the buildings; (2) the continuous regional development of society and economy in recent years, combing with the continuous optimization of the investment environment and improvement of infrastructure in the region have led to an increase in the value of the real estate in the region, resulting in an assessed appreciation against the book value in the appraisal.

(III) Fixed Assets - Equipment

Based on the purpose of this appraisal and adhering to the principle of continuous use, the appraisal was conducted using market prices as the benchmark, considering the characteristics of the equipment to be appraised and the information collected. Different methods were applied to different types of equipment assets: the replacement cost method was primarily used for normally operating equipment, while the market approach was used for used equipment whose prices could be queried in the second-hand market. The calculation formula for the Replacement Cost Method is as follows:

Appraised Value = Full Replacement Cost × Remaining Useful Life Rate

Where:

1. Full replacement value of equipment assets

Full Replacement Cost = Equipment Purchase Price + Transportation & Miscellaneous Costs + Installation & Debugging Costs + Pre-operational & Other Costs (including tax) + Capital Cost - Deductible VAT

1) Purchase Price of Machinery and Equipment

The machinery and equipment subject to the appraisal are predominantly domestically manufactured. The purchase prices for standard domestic equipment were determined through a comprehensive assessment, including consulting the 2025 Electromechanical Product Price Information Query System (China Machinery Industry Information Institute), conducting online price inquiries, consulting manufacturers or trading companies regarding the latest market transaction prices, and reviewing the companies' recent purchase prices for similar equipment. For the few pieces of equipment where the purchase prices could not be ascertained, the purchase price was estimated by comparing the functionality and production capacity of similar equipment from the same era and applying price fluctuation rates.

2) Transportation & Miscellaneous Costs

Calculated based on the purchase price (including tax), these costs are determined according to the transportation and miscellaneous rates applicable to loading, unloading, transportation, storage, insurance, and other related costs incurred between the manufacturer and the equipment's destination. If transportation costs are already included within the purchase price, no additional transportation and miscellaneous costs shall be levied.

Equipment Transportation & Miscellaneous costs = Equipment Purchase Price × Transportation & miscellaneous Rate

3) Installation & Debugging Costs

The installation and debugging rate shall primarily reference the relevant equipment installation rates specified in the Handbook of Commonly Used Data and Parameters for Asset Valuation.

Installation & Debugging Costs = Equipment Purchase Price × Installation & Debugging Rate

4) Pre-operational & Other Costs, Capital Costs

Pre-operational and other costs, along with capital costs, shall be calculated using the same method as that outlined previously for buildings and structures.

2. Full Replacement Value of Transport Vehicles

Full Replacement Value (excluding tax) = Purchase Price + Vehicle Purchase Tax + License Plate and Other Incidental Fees - Deductible VAT

1) Purchase Price

The purchase price is determined by market quotation (excluding tax).

2) Vehicle Purchase Tax

Pursuant to the relevant provisions of the Law of the People's Republic of China on Vehicle Purchase Tax: Taxable amount for vehicle purchase tax = Taxable value × 10%. The 'taxable value for taxpayers purchasing vehicles for self-use shall exclude VAT'. Therefore: Additional tax = Purchase price / (1 + 13%) × 10%

3) License Plate and Other Incidental Fees

Determined based on the nature and amount of such fees applicable in the vehicle's location.

3. Full Replacement Cost of Electronic Equipment

Full Replacement Cost of Electronic Equipment (excluding tax) = Purchase Price - Deductible VAT

4. Newness Rate

1) Newness Rate of Machinery and Equipment

Newness rate of machinery and equipment ("N") is calculated based on the remaining service life of the equipment as determined based on its economic service life and the inspection conducted for each component thereof by on-site inspection of its current condition, and review of the information relating to its operation, repair and management records, which represents:

N = Remaining Usable Years / (Years Already Used + Remaining Usable Years)× 100%

2) Newness Rate for Transport Vehicles

Pursuant to the provisions of the Mandatory Motor Vehicle Scrapping Standards Regulation (Joint Order No. 12 of 2012 issued by the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, and Ministry of Environmental Protection), the newness rate for vehicles shall be determined using the following methods, with the lower value adopted as the final newness rate:

Remaining Useful Life Rate = (1 - Years Already Used / Specified Useful Life or Economic Service Life) × 100%

Mileage-based Newness rate = (1 - Mileage travelled / Specified mileage) × 100%

Newness Rate = Min(Remaining Useful Life Rate, Mileage Newness rate)

Concurrently, conduct necessary inspections and appraisals of the vehicle under valuation. If the inspection findings significantly diverge from the Newness rate determined by the aforementioned method, appropriate adjustments shall be made. Where the two results are comparable, no adjustments shall be undertaken. That is:

Newness Rate = Min(Remaining Useful Life Rate, Mileage Newness Rate) + a

a: Adjustment factor for special vehicle circumstances.

3) Electronic Equipment Newness Rate

Newness Rate = Remaining Usable Years / (Years Already Used + Remaining Usable Years)]× 100%

Note: For electronic equipment valued directly at second-hand market prices, no Newness rate calculation is required.

According to the calculation, as at the Appraisal Reference Date, the book value of the equipment assets included in the appraisal was RMB1,008.29 ten thousand, while the appraised value was RMB1,267.67 ten thousand, representing an assessed appreciation of RMB259.38 ten thousand or an appreciation rate of 25.72%.

The main reason is that the depreciation period of the company is shorter than the economic useful life of the equipment, resulting in an assessed increment against the book value in the appraisal.

(IV) Mining rights (intangible assets)

There are five mining rights involved in the appraisal scope, namely, the Mining Rights for Da'nanhu No. 2 Open-pit Coal Mine of State Grid Energy Hami Coal and Electricity Co., Ltd., the Sandaogou Coal Mine in Fugu County of Shaanxi Deyuan Fugu Energy Co., Ltd., the Mining Rights for the Renjiazhuang Coal of Ningxia Ninglu Coal and Power Co., Ltd. under CHN Energy Group Ningxia Coal Industry Co., Ltd., the Mining Rights for the Chaoyang Open-pit Coal Mine of CHN Energy Baoqing Coal and Electricity Co., Ltd., and the Shangyuquan Coal Mine of Shanxi Luneng Hequ Coal Development Co., Ltd. The detailed parameters are as follows:

1. The Mining Rights for Da'nanhu No. 2 Open-pit Coal Mine of State Grid Energy Hami Coal and Electricity Co., Ltd.

The mine commissioned for appraisal is a large-scale operating coal mine. Relevant exploration and design work has been completed. Expected income and risks can be forecasted and measured in monetary terms, and the expected income period can be predicted, the Discounted Cash Flow (DCF) method is adopted for this appraisal in accordance with the "China Mineral Rights Appraisal Standards". The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P— Mineral rights appraised value;

CI - Annual cash inflow;

CO - Annual cash outflow;

i - Discount rate;

t - Year Index;

n - Appraisal Calculation Period.

The main parameters are determined as follows:

The basis for determining the appraisal indicators and parameters primarily refers to: the Resource Reserve Verification Report for No. 2 Open-pit Minefield in Hami Da'nanhu Mining Area, Xinjiang (the "Reserve Verification Report") submitted by Shandong Taishan Geological Exploration Company in November 2016, the Opinion Letter on the Review of Mineral Resources Reserves for the Resource Reserve Verification Report for No. 2 Open-pit Minefield in Hami Da'nanhu Mining Area, Xinjiang (the "Review Opinion Letter") and the Filing Certificate for the Review of Mineral Resources Reserves for the Resource Reserve Verification Report for No. 2 Open-pit Minefield in Hami Da'nanhu Mining Area, Xinjiang (the "Review Filing Certificate"), the 2024 Annual Reserve Report for Hami Da'nanhu No. 2 Open-pit Coal Mine, Xinjiang (the "2024 Annual Reserve Report"), the Preliminary Design for Hami Da'nanhu No. 2 Open-pit Coal Mine (13Mt/a) of State Grid Energy Hami Coal and Electricity Co., Ltd. (the "Preliminary Design") submitted by Dadi Engineering Development (Group) Co., Ltd. in November 2023; relevant information provided by State Grid Energy Hami Coal and Electricity Co., Ltd. and other information obtained by the valuer.

Resources and Reserves as at the Appraisal Reference Date: According to the 2024 Annual Reserve Report, as at the reserve estimation date of 31 December 2024, the resources and reserves within the mining area were: total coal resources and reserves of 2,334.2115 million tonnes, including Proven Reserves (TM) of 806.0966 million tonnes, Indicated Reserves (KZ) of 754.9352 million tonnes, and Probable Reserves (TD) of 773.1797

million tonnes. Based on the data on depletion from January to July 2025 provided by the company, the depleted resources and reserves from the reserve estimation date to the Appraisal Reference Date amounted to 5.0065 million tonnes. Accordingly, the resources and reserves as at the Appraisal Reference Date amounted to 2,329.2050 million tonnes, including Proven Reserves (TM) of 801.9470 million tonnes, Indicated Reserves (KZ) of RMB754.9352 million tonnes, and Probable Reserves (TD) of RMB772.3228 million tonnes. Assessed usable resources:

Assessed usable resources: Assessed usable resources =∑ base reserves +∑ resources ×confidence coefficient for that resource level = 2,213.3565 million tonnes

Product plan: According to the Preliminary Design and the actual situation of the company, the designed product plan for the appraisal is coal.

Recovery rate: According to the Preliminary Design, the average mining recovery rate for the entire mining area is 91.54%, and the average waste rock mixing rate is 8.00%.

Recoverable reserves: 1,512.0575 million tonnes.

Production scale and service life: The production scale recorded on the mining permit for this mine is 13.00 million tonnes per year, and the approved production scale is also 13.00 million tonnes per year. Based on the Explanation on Production Scheduling and Cost Adjustment for Da'nanhu No. 2 Open-pit Coal Mine issued by the company, the capacity from August to December 2025 is 4.5705 million tonnes, 11.00 million tonnes in 2026, and 13.00 million tonnes per year in 2027 and thereafter. Therefore, the capacity determined for the appraisal is 4.5705 million tonnes from August to December 2025, 11.00 million tonnes in 2026, and 13.00 million tonnes per year in other normal production years. The service life calculated for the appraisal is 105.96 years, meaning the production period is from August 2025 to July 2131.

Coal product price and sales revenue: The equivalent coal price determined in the appraisal is RMB140.77/tonne (pithead price, excluding tax). Assuming all products produced by the mine are sold, the sales revenue in a normal year is RMB183,001.00 ten thousand.

Fixed assets investment: The original value of fixed assets investment determined in the appraisal is RMB224,384.71 ten thousand, with a net value of RMB155,795.33 ten thousand. Including: the original value of stripping engineering of RMB27,153.81 ten thousand, with a net value of RMB15,206.14 ten thousand, the original value of buildings and structures of RMB100,489.70 ten thousand, with a net value of RMB81,405.78 ten thousand, and the original value of equipment of RMB96,741.20 ten thousand, with a net value of RMB59,183.41 ten thousand.

Total costs and charges and operating costs:

Costs for purchased materials: With reference to the Explanation on Production Scheduling Plan, Capital Expenditure, and Cost Forecast of the company, the unit material cost for Da'nanhu No. 1 Mine Shaft in the year of full capacity is RMB1.65/tonne;

Costs for purchased fuel and power: With reference to the Explanation on Production Scheduling Plan, Capital Expenditure, and Cost Forecast provided by the subject company, the unit cost for purchased fuel and power for Da'nanhu No. 1 Mine Shaft in the year of full capacity is RMB1.07/tonne;

Staff remuneration: The unit staff remuneration is RMB9.58/tonne.

Depreciation charges: The unit depreciation charges are RMB8.34/tonne.

Simple reproduction and maintenance charges and roadway drivage work fund: According to the notice of Administrative Measures for the Extraction and Use of Coal Production Safety Costs and Several Provisions on the Standardization of Management Issues for Simple Reproduction and Maintenance Charges in Coal Mines (Cai Jian [2004]No. 119) and the Notice on Adjusting the Extraction Standard for Roadway Engineering Fund of Centrally-Managed Coal Mines (Cai Gong Zi [1989] No. 302) issued by the Ministry of Finance, the National Development and Reform Commission, and the State Administration of Coal Mine Safety, it is determined that the simple reproduction and maintenance charges of this project are RMB6.00/tonne, and the roadway drivage work fund is RMB2.50/tonne. Including: the simple reproduction and maintenance charges in depreciation nature are RMB3.00/tonne, and the simple reproduction and maintenance charges in renewal nature are RMB3.00/tonne.

Geological environment restoration and management fund: Upon calculation, the unit cost for environmental restoration and land reclamation is RMB0.07/tonne.

Safety costs: The safety costs for a normal year are RMB5.00/tonne.

Repair costs: The unit repair cost is RMB0.13/tonne.

External engagement stripping fees: RMB23.85/tonne.

Amortization fee: The unit amortization fee is RMB1.16/tonne.

Other expenses: The unit other expense is RMB19.57/tonne.

Finance costs: The calculation of finance cost is based on the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008) and the regulations on the Valuation of mining rights.

Research and development costs: The unit research and development cost is RMB1.43/tonne.

Sales expenses: The unit sales expense is RMB0.01/tonne.

Management fee: According to the Production Schedule and Capital Expenditure and Cost Forecast Statement provided by State Grid Energy Hami Coal and Electricity Co., Ltd., the unit management fee for the Da' nanhu No. 1 Mine in its full-capacity production year is RMB1.38/tonne.

Total costs and expenses for a normal production year = costs for purchased materials + costs for purchased fuel and power + staff remuneration + depreciation charges + simple reproduction and maintenance charges + roadway drivage work fund + safety costs + repair costs + mine environmental restoration deposit + amortization fee + other expenses + finance costs +management fee = RMB107,113.15 ten thousand, equivalent to the total costs and expenses of unit raw coal of RMB82.40/tonne.

Annual operating costs = total costs and expenses – depreciation charge – simple reproduction and maintenance charges in depreciation nature – roadway drivage work fund – amortization fee – finance costs = RMB86,768.47 (ten thousand), equivalent to a unit raw coal operating cost of RMB66.74/tonne.

The process of determining its discount rate was as follows:

In accordance with the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008), the discount rate was calculated as follows:

Discount rate＝risk-free return rate + risk return rate

Among them, the risk-free return rate can usually be determined by reference to the interest rate of long-term treasury bonds issued by the government or the bank deposit rate for the same period. In the appraisal, a risk-free return rate of 1.70%, was determined in accordance with the average interest rate of interest rate of long-term treasury bonds.

Risk return rate includes risk return rate in survey and development phase, industry risk return rate, financial operation risk return rate and other individual risk return rate. In accordance with the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS402—2016) and considering the actual circumstances of this mine, the risk accumulation method was adopted for the appraisal, determining the risk return rate is 7.80%. On these grounds, the discount rate for the appraisal was determined to be 7.80%.

Upon calculation, as at the Appraisal Reference Date, the mining rights for the Da’nanhu No. 2 Open-Pit Coal Mine of State Grid Energy Hami Coal and Electricity Co., Ltd. (the service life calculated in the appraisal is 105.96 years and 1,521.0575 million tonnes of recoverable reserves to be utilized were disposed) had a value of RMB371,782.92 ten thousand on the Appraisal Reference Date, with a book value of RMB165,147.49 ten thousand, representing an appreciation rate of 125.12%. The appreciation was mainly attributable to the fact that the book value of mining rights (intangible assets) represents the original acquisition cost and exploration expenses of the enterprise in previous years, while the appraised value of the mining rights represents the value of the economic benefits that the enterprise can generate in future years. The scarcity of coal resources results in a relatively weak correlation between exploration costs and the value that can be realized in the future, therefore they are not comparable. Compared to surrounding coal mines, the open-pit mining operations at Dainanhu No. 2 Mine possess a cost advantage. The appraisal adopted the discounted cash flow method to reflect the future earnings of the mine, therefore there was a high appreciation.

2. Shaanxi Deyuan Fugu Energy Co., Ltd.'s Sandaogou Coal Mine in Fugu County

The mine under the entrusted appraisal is a large-scale coal mine for production, and related exploration and design has been completed. The expected revenue and risks can be predicted and measured in currency, and the expected revenue years can be predicted. According to the Guidelines on Mining Rights Valuation in China, the discounted cash flow method has been adopted for the Valuation.The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: *P*- Mineral rights appraised value;

CI - Annual cash inflow;

CO - Annual cash outflow;

i - Discount rate;

t - Year Index;

n - Appraisal Calculation Period.

The main parameters are determined as follows:

The values of the appraisal indicators and parameters were mainly by reference to: The Verification Report on Coal Reserves of the Shaanxi Deyuan Fugu Energy Co., Ltd.'s Sandaogou Coal Mine (hereinafter referred to as the "Verification Report on Reserves") and the Opinion on the Assessment of Mineral Reserves for the Verification Report on Coal Reserves of the Shaanxi Deyuan Fugu Energy Co., Ltd.'s Sandaogou Coal Mine (Shaanxi Land Resources Evaluation and Reserve Approval Document [2011] No. 127) (hereinafter referred to as the "Approval Opinion") submitted by the Shaanxi Geology and Mineral Exploration and Development Bureau and the Xi'an Institute of Geology and Mineral Exploration and Development in August 2011. The 2024 Annual Resource Reserve Report for Shaanxi Deyuan Fugu Energy Co., Ltd.'s Sandagou Coal Mine in Fugu County (hereinafter referred to as the "2024 Reserve Annual Report") submitted by Dongke Construction Co., Ltd. in January 2025, the Preliminary Design for the Construction Project of the Sandagao Coal Mine in the Shenfu Mining Area, Shaanxi Province, by Shaanxi Deyuan Fugu Energy Co., Ltd. (hereinafter referred to as the "Preliminary Design") and its approval documents submitted by CCTEG Beijing Huayu Engineering Co., Ltd. in March 2012, and other information owned by the valuers.

Retained resources as at the Appraisal Reference Date: According to the 2024 Reserve Annual Report and the resource reserve utilization data for January to July 2025 provided by the enterprise, the resource reserve utilization from the reserve Verification Reference Date of August 2011 to the Appraisal Reference Date was 160.11 million tonnes. Calculations indicate that the remaining resource reserves as at the Appraisal Reference Date are:

The retained resources of coal 1,382.00 million tonnes (with 483.83 million tonnes in the initial mining area and 898.17 million tonnes in the reserved area), including: Proven economic base reserves (111b): 72.95 million tonnes; Controlled economic base reserves (122b): 69.50 million tonnes; Proven marginal economic base reserves (2M21): 8.96 million tonnes; Proven sub-marginal economic resources (2S21): 31.40 million tonnes; Controlled sub-marginal economic resources (2S22): 17.83 million tonnes; Proven inferred economic resources (331): 121.57 million tonnes; Controlled inferred economic resources (332): 207.79 million tonnes; Inferred economic resources (333): 852.00 million tonnes.

Assessed usable resources: Assessed usable resources = ∑base reserves + ∑resources × confidence coefficient for that resource level = 1,240.4060 (million tonnes)

Product plan: Based on the Company's actual product plan, the product plan determined in the appraisal is raw coal.

Recovery rate: According to the Preliminary Design, the recovery rate of the mining areas of 3-1, 3-2, 4-3 and 4-4 coal seam is 85%, and the recovery rate of the mining areas of 3-3 and 5-2 upper coal seam is 80%, and 5-2 coal seam is 75%.

Recoverable reserves: 806.8716 million tonnes.

Production scale and service life: The approved production capacity of this mine is 9.00 million tonnes/year. The service life calculated for the appraisal is 67.74 years, with the production period spanning from August 2025 to April 2093.

Coal product price and revenue: The equivalent coal price determined in the appraisal s RMB441/tonne (pithead price, excluding tax), assuming that all products produced by the mine are sold, i.e. the sales revenue for a normal year amounted to RMB396,900.00 ten thousand.

Fixed assets investment: The original value of fixed assets investment determined in the appraisal is RMB445,335.18 ten thousand, with a net value of fixed assets is RMB253,568.66 ten thousand. Including: the original value of roadway drivage work is RMB115,606.89 ten thousand with a net value of roadway drivage work is RMB71,207.52 ten thousand, the original value of buildings and structures is RMB90,916.64

ten thousand with a net value of buildings and structures is RMB66,414.24 ten thousand, and the original value of equipment and installation projects is RMB238,811.65 ten thousand with a net value of equipment and installation projects is RMB115,946.90 ten thousand.

Total costs and charges and operating costs:

Costs for purchased materials: Based on the financial data provided by the enterprise and a comprehensive analysis of the cost data for the past three years and one period, the appraisal determines the unit material cost is RMB10.57/tonne.;

Costs for purchased fuel and power: Based on the financial data provided by the enterprise and a comprehensive analysis of the cost data for the past three years and one period, the appraisal determines the unit purchased fuel and power cost is RMB2.97/tonne.

Staff remuneration: The unit staff remuneration is RMB69.54/tonne.

Depreciation charges: The unit depreciation charge is RMB21.20/tonne.

Simple reproduction and maintenance charges and roadway drivage work fund: According to the notice of Administrative Measures for the Extraction and Use of Coal Production Safety Costs and Several Provisions on the Standardization of Management Issues for Simple Reproduction and Maintenance Charges in Coal Mines (Cai Jian [2004]No. 119) issued by the Ministry of Finance, the National Development and Reform Commission, and the National Coal Mine Safety Administration, it is determined that the simple reproduction and maintenance charges of this project are RMB8.00/tonne, and the roadway drivage work fund is RMB2.50/tonne. Including: the simple reproduction and maintenance charges in depreciation nature are RMB4.00/tonne, and the simple reproduction and maintenance charges in renewal nature are RMB4.00/tonne.

Mine Geological environment restoration and management fund: The estimated cost for environmental remediation and land reclamation is RMB2.89/tonne.

Safety costs: The safety costs for a normal year are RMB30.00/tonne.

Repair costs: The unit repair cost is RMB1.20/tonne.

Amortization fee: The unit amortization fee is RMB0.14/tonne.

Other expenses: Based on the financial data provided by the enterprise and a comprehensive analysis of the cost data for the past three years and one period, other expenses primarily include transportation fees to the station, land acquisition and compensation fees, water conservancy funds, and other expenditures. Specifically, transportation fees to the station amount to RMB46.70/tonne, standard compensation fee is RMB5.85/tonne, water conservancy fund is RMB0.22/tonne, and other expenditure is RMB14.19/tonne.

Sales expenses: Based on the Company's cost data for the most recent three fiscal years and combined with its projected sales expense figures, the appraisal determines the unit sales expense is RMB3.98/tonne.

Finance costs: The calculation of finance cost is based on the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008) and the regulations on the appraisal of mining rights.

Management fee: Based on calculations using the financial data provided by the enterprise, the unit management fee is RMB0.96/tonne.

Research and development costs: Based on the Company's cost data for the most recent three fiscal years and combined with its projected sales expense figures, the appraisal determines the unit research and development cost is RMB1.11/tonne.

Total costs and expenses for a normal production year = costs for purchased materials + costs for purchased fuel and power + staff remuneration + depreciation charges + simple reproduction and maintenance charges + roadway drivage work fund + safety costs + repair costs + mine environmental restoration deposit + amortization fee + other expenses + sale fee + finance costs +management fee + research and development cost= RMB171,134.97 ten thousand, equivalent to the total costs and expenses of unit raw coal of RMB246.40/tonne.

Annual operating costs = total costs and expenses – depreciation charge – simple reproduction and maintenance charges in depreciation nature – roadway drivage work fund – amortization fee – finance costs = RMB132,047.34 ten thousand, equivalent to a unit raw coal operating cost of RMB216.52/tonne.

The process of determining its discount rate was as follows:

In accordance with the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008), the discount rate was calculated as follows:

Discount rate＝risk-free return rate + risk return rate

Among them, the risk-free return rate can usually be determined by reference to the interest rate of long-term treasury bonds issued by the government or the bank deposit rate for the same period. In the appraisal, a risk-free return rate of 1.70%, was determined in accordance with the average interest rate of interest rate of long-term treasury bonds.

Risk return rate includes risk return rate in survey and development phase, industry risk return rate, financial operation risk return rate and other individual risk rate. The risk accumulation method was adopted for the appraisal, determining the risk return rate is 7.80%.

Upon calculation, as at the Appraisal Reference Date, the mining rights for the Shaanxi Deyuan Fugu Energy Co., Ltd.'s Sandaogou Coal Mine in Fugu County (the service life calculated in the appraisal is 67.74 years and 806.8716 million tonnes of recoverable reserves to be utilized were disposed) had a value of RMB1,094,329.48 ten thousand on the Appraisal Reference Date, with a book value of RMB58,740.34 ten thousand, representing an appreciation rate of 1,672.99%. The appreciation was mainly attributable to the fact that the book value of mining rights (intangible assets) represents the original acquisition cost and exploration expenses of the enterprise in previous years, while the appraised value of the mining rights represents the value of the economic benefits that the enterprise can generate in future years. The appraisal adopted the discounted cash flow method to reflect the future earnings of the mine, therefore there was a high appreciation.

3. Ningxia Ninglu Coal and Power Co., Ltd., a subsidiary of China Energy Ningxia Coal Industry Co., Ltd. - Renji Zhuang Coal Mining Right

The mine under the entrusted appraisal is a large-scale coal mine for production, and related exploration and design has been completed. The expected revenue and risks can be predicted and measured in currency, and the expected revenue years can be predicted. According to the Guidelines on Mining Rights Valuation in China, the discounted cash flow method has been adopted for the appraisal. The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: *P*- Mineral rights appraised value;

CI - Annual cash inflow;

CO - Annual cash outflow;

i - Discount rate;

t - Year Index;

n - Appraisal Calculation Period.

The main parameters are determined as follows:

The values of the appraisal indicators and parameters were mainly by reference to: The Report on Verification of Coal Resources Reserves of Renji Zhuang Coal Mine in Lingwu City, Ningxia Hui Autonomous Region (hereinafter referred to as the "Verification Report on Reserves") and the Review Opinion on Mineral Resources Reserves of the 'Report on Verification of Coal Resources Reserves of Renji Zhuang Coal Mine in Lingwu City, Ningxia Hui Autonomous Region' (Document No.: Ningkuangchu Pingzi [2021] No. 37) (hereinafter referred to as the "Review Opinion"), both submitted by No. 173 Exploration Team of China National Administration of Coal Geology in October 2021; the 2024 Annual Mine Reserves Report of Renji Zhuang Coal of Ningxia Ninglu Coal and Power Co., Ltd., a subsidiary of China Energy Ningxia Coal Industry Co., Ltd." (hereinafter referred to as the "2024 Reserve Annual Report") submitted by Ningxia Yiwei Mining Technology Service Co., Ltd. in January 2025; the Mineral Resources Development and Utilization Plan of Renji Zhuang Coal Mine of Shenhua Ningxia Coal Industry Group Co., Ltd. (hereinafter referred to as the "Development and Utilization Plan") submitted by CCTEG Beijing Huayu Engineering Co., Ltd. in June 2006 and its approval documents; as well as other information provided by Ningxia Ninglu Coal and Power Co., Ltd. and mastered by the valuers.

Retained resources as at the Appraisal Reference Date: According to the Reserves Annual Report and the resource reserve utilization data for January to July 2025 provided by the enterprise, the resource reserve utilization from the reserve Verification Reference Date of October 2021 to the Appraisal Reference Date was 14.0707 million tonnes. Calculations indicate that the remaining resource reserves as at the Appraisal Reference Date are:

The retained resources of coal 328.4343 million tonnes, including: 124.3508 million tonnes of proven resources, 34.2110 million tonnes of measured resources and 169.8725 million tonnes of inferred resources.

Assessed usable resources: Assessed usable resources = ∑base reserves + ∑resources × confidence coefficient for that resource level = 311.4471 (million tonnes)

Product plan: Based on the Preliminary Design and the Company's actual conditions, the product plan determined in the appraisal is raw coal.

Recovery rate: For the appraisal, in accordance with the Code for Design of Coal Industry Mines (GB 50215—2015) and the current Coal Mine Safety Regulations, the mining recovery rate of coal mine working areas (normal blocks and non-overlain areas) shall be determined in accordance with the following provisions: For thick coal seams (greater than 3.5 meters), the rate shall not be less than 75%; for medium-thick coal seams (1.3~3.5 meters), the rate shall not be less than 80%; for thin coal seams (less than 1.3 meters), the rate shall not be less than 85%.

Recoverable reserves: 169.7866 million tonnes.

Production scale and service life: For the appraisal, the production scale stated in the mining license is 2.40 million tonnes/year, and the approved production scale is also 4.00 million tonnes/year. The service life calculated in the appraisal is 30.32 years, i.e., the production period ranges from August 2025 to November 2055.

Coal product price and revenue: The equivalent coal price determined in the appraisal is RMB415/tonne (pithead price, excluding tax), assuming that all products produced by the mine are sold, i.e. the sales revenue for a normal year amounted to RMB166,000.00 ten thousand.

Fixed assets investment: The value of fixed assets investment determined in the appraisal is RMB263,323.86 ten thousand, with a net value of fixed assets is RMB166,658.46 ten thousand. Including: the original value of roadway drivage work is RMB77,410.48 ten thousand with a net value of roadway drivage work is RMB71,387.73 ten thousand, the original value of buildings and structures is RMB76,990.86 ten thousand with a net value of buildings and structures is RMB50,508.13 ten thousand, and the original value of equipment and installation projects is RMB108,922.53 ten thousand with a net value of equipment and installation projects is RMB44,762.61 ten thousand.

Total costs and charges and operating costs:

Costs for purchased materials: According to the Production Schedule and Capital Expenditure and Cost Forecast Statement provided by Target Company, the unit material fee for the Da’nanhu No. 1 Mine in its full-capacity production year is RMB30.01/tonne.

Costs for purchased fuel and power: According to the Production Schedule and Capital Expenditure and Cost Forecast Statement provided by Target Company, the unit purchased fuel and power cost for the Da’nanhu No. 1 Mine in its full-capacity production year is RMB7.92/tonne.

Staff remuneration: The unit staff remuneration is RMB117.50/tonne.

Depreciation charges: The unit depreciation charge is RMB23.34/tonne.

Simple reproduction and maintenance charges and roadway drivage work fund: According to the notice of Administrative Measures for the Extraction and Use of Coal Production Safety Costs and Several Provisions on the Standardization of Management Issues for Simple Reproduction and Maintenance Charges in Coal Mines (Cai Jian [2004]No. 119) issued by the Ministry of Finance, the National Development and Reform Commission, and the National Coal Mine Safety Administration, it is determined that the simple reproduction and maintenance charges of this project are RMB6.00/tonne, and the roadway drivage work fund is RMB2.50/tonne. Including: the simple reproduction and maintenance charges in depreciation nature are RMB3.00/tonne, and the simple reproduction and maintenance charges in renewal nature are RMB3.00/tonne.

Mine Geological environment restoration and management fund: The estimated cost for environmental remediation and land reclamation is RMB0.51/tonne.

Safety costs: The safety costs for a normal year are RMB15.00/tonne.

Repair costs: The unit repair cost is RMB13.84/tonne.

External engagement stripping fees: RMB7.36/tonne.

Amortization fee: The unit amortization fee is RMB0.66/tonne.

Other expenses: The unit other expense is RMB29.40/tonne.

Finance costs: The calculation of finance cost is based on the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008) and the regulations on the Valuation of mining rights.

Sales expenses: The unit sales expense is RMB3.13/tonne.

Management fee: According to the Production Schedule and Capital Expenditure and Cost Forecast Statement provided by State Grid Energy Hami Coal and Electricity Co., Ltd., the unit management fee for the Da' nanhu No. 1 Mine in its full-capacity production year is RMB25.13/tonne.

Total costs and expenses for a normal production year = costs for purchased materials + costs for purchased fuel and power + staff remuneration + depreciation charges + simple reproduction and maintenance charges + roadway drivage work fund + safety costs + repair costs + mine environmental restoration deposit + amortization fee + other expenses + finance costs + sale fee + management fee = RMB113,615.09 ten thousand, equivalent to the total costs and expenses of unit raw coal of RMB284.03/tonne.

Annual operating costs = total costs and expenses – depreciation charge – simple reproduction and maintenance charges in depreciation nature – roadway drivage work fund – amortization fee – finance costs = RMB101,177.68 ten thousand, equivalent to a unit raw coal operating cost of RMB252.94/tonne.

The process of determining its discount rate was as follows:

In accordance with the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008), the discount rate was calculated as follows:

Discount rate＝risk-free return rate + risk return rate

Among them, the risk-free return rate can usually be determined by reference to the interest rate of long-term treasury bonds issued by the government or the bank deposit rate for the same period. In the appraisal, a risk-free return rate of 1.70%, was determined in accordance with the average interest rate of interest rate of long-term treasury bonds.

Risk return rate includes risk return rate in survey and development phase, industry risk return rate, financial operation risk return rate and other individual risk return rate. In accordance with the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS402—2016) and considering the actual circumstances of this mine, the risk accumulation method was adopted for the appraisal, determining the risk return rate is 6.10%.

On these grounds, the discount rate for the appraisal was determined to be 7.80%.

Upon calculation, as at the Appraisal Reference Date, the mining rights for the Ningxia Ninglu Coal and Power Co., Ltd.'s Renji Zhuang Coal Mining Right (the service life calculated in the appraisal is 30.32 years and 169.7867 million tonnes of recoverable reserves to be utilized were disposed) had a value of

RMB165,709.92 ten thousand on the Appraisal Reference Date, with a book value of RMB63,861.40 ten thousand, representing an appreciation rate of 159.48%. The appreciation was mainly attributable to the fact that the book value of mining rights (intangible assets) represents the original acquisition cost and exploration expenses of the enterprise in previous years, while the appraised value of the mining rights represents the value of the economic benefits that the enterprise can generate in future years. The appraisal adopted the discounted cash flow method to reflect the future earnings of the mine, therefore there was a high appreciation.

4. Mining Right of Chaoyang Open-Pit Coal Mine, Guoneng Baoqing Electrify Co., Ltd.

The mine under the entrusted appraisal is a large-scale coal mine for production, and related exploration and design has been completed. The expected revenue and risks can be predicted and measured in currency, and the expected revenue years can be predicted. According to the Guidelines on Mining Rights Valuation in China, the discounted cash flow method has been adopted for the appraisal. The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: *P*- Mineral rights appraised value;

CI - Annual cash inflow;

CO - Annual cash outflow;

i - Discount rate;

t - Year Index;

n - Appraisal Calculation Period.

The main parameters are determined as follows:

The values of the appraisal indicators and parameters were mainly by reference to: The Report on Verification of Resource Reserves of Chaoyang Open-Pit Coal Mine in Baoqing County, Heilongjiang Province (hereinafter referred to as the "Verification Report on Reserves"), the "Review Opinion on Mineral Resources Reserves of the 'Report on Verification of Resource Reserves of Chaoyang Open-Pit Coal Mine in Baoqing County, Heilongjiang Province' (hereinafter referred to as the "Review Opinion"), and the Certification of Review and Filing of Mineral Resources Reserves for the 'Report on Verification of Resource Reserves of Chaoyang Open-Pit Coal Mine in Baoqing County, Heilongjiang Province' (hereinafter referred to as the "Review and Filing Certification"), all submitted by No. 110 Exploration Team of Heilongjiang Provincial Coalfield Geology Bureau in April 2009; the Annual Reserves Report of Chaoyang Open-Pit Coal Mine of Guoneng Baoqing Coal, Electricity and Chemical Co., Ltd. in Baoqing County, Heilongjiang Province (2020~2024, hereinafter referred to as the "Annual Reserves Report"); the Preliminary Design (Amendment) of Chaoyang Open-Pit Coal Mine of Shenhua Guoneng Baoqing Electrify Co., Ltd. (hereinafter referred to as the "Preliminary Design") submitted by China Coal Technology and Engineering Group Shenyang Design and Research Institute Co., Ltd. in November 2018; relevant data provided by Guoneng Baoqing Electrify Co., Ltd., and other information owned by the valuers.

Retained resources as at the Appraisal Reference Date: Based on the Annual Reserves Report and the extraction volume data from January to July 2025 provided by the Company, the resource reserves of Chaoyang Open-Pit Coal Mine as at the Appraisal Reference Date are 1,005.9426 million tonnes, including: Proven economic demonstrated reserves (111b): 166.1426 million tonnes; Controlled economic demonstrated reserves (122b): 197.7600 million tonnes; Inferred internal economic resources (333): 469.1800 million tonnes; Predicted internal economic resources (334)? : 172.8600 million tonnes

Product plan: Based on the Preliminary Design and the Company's actual conditions, the product plan determined in the appraisal is raw coal.

Recoverable reserves: 934.9459 million tonnes.

Production scale and service life: The production scale stated in the license of Chaoyang Open-Pit Coal Mine is 11.00 million tonnes/year, and the approved production scale is also 11.00 million tonnes/year. Therefore, the production capacity determined for the appraisal is 11.00 million tonnes/year. The service life calculated for the appraisal is 78.87 years, with the production period spanning from August 2025 to June 2104.

Coal product price and sale revenue: The equivalent coal price determined in the appraisal is RMB150.54/tonne (pithead price, excluding tax), assuming that all products produced by the mine are sold, i.e. the sales revenue for a normal year amounted to RMB165,592.32 ten thousand.

Fixed assets investment: The value of fixed assets investment determined in the appraisal is RMB231,506.47 ten thousand with a net value of RMB163,682.05 ten thousand. the original value of roadway drivage work is RMB95,504.04 ten thousand with a net value of RMB59,284.31 ten thousand, the original value of buildings and structures is RMB73,353.61 ten thousand with a net value of RMB58,105.93 ten thousand, and the original value of equipment is RMB62,648.82 ten thousand with a net value of RMB46,291.81 ten thousand.

Total costs and charges and operating costs:

Costs for purchased materials: The unit materials cost is RMB4.98/tonne.

Costs for purchased fuel and power: The unit costs for purchased fuel and power is RMB0.70/tonne.

Staff remuneration: The unit staff remuneration is RMB11.08/tonne.

Depreciation charges: Upon calculation, the total depreciation expense in normal production years is RMB8,778.11 ten thousand, and the unit depreciation charges is RMB6.37/tonne

Simple reproduction and maintenance charges and roadway drivage work fund: According to the notice of Administrative Measures for the Extraction and Use of Coal Production Safety Costs and Several Provisions on the Standardization of Management Issues for Simple Reproduction and Maintenance Charges in Coal Mines (Cai Jian [2004]No. 119), it is determined that the simple reproduction and maintenance charges of this project are RMB6.20/tonne, and the roadway drivage work fund is RMB2.50/tonne. Including: the simple reproduction and maintenance charges in depreciation nature are RMB3.10/tonne, and the simple reproduction and maintenance charges in renewal nature are RMB3.10/tonne.

Safety costs: The safety costs determined in accordance with the relevant documents of the Ministry of Finance is RMB5.00/tonne

Repair costs: The unit repair cost is RMB0.54/tonne.

Amortization fee: For the appraisal, the determined unit amortization fee is RMB6.42/tonne.

Other expenses: The total of other expenses is RMB12.22/tonne

Finance costs: The calculation is based on the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008) and the regulations on the appraisal of mining rights.

Total costs and expenses for a normal production year = costs for purchased materials + costs for purchased fuel and power + salaries and benefits + depreciation charges + simple reproduction and maintenance charges + roadway drivage work fund + safety costs + repair costs + outsourcing expenses + amortization fee + finance costs + management fee +amortization fee + other expenses + finance costs= RMB109,686.56 (ten thousand), equivalent to the total costs and expenses of unit raw coal of RMB101.50/tonne.

Annual operating costs = total costs and expenses – depreciation charge – simple reproduction and maintenance charges in depreciation nature – roadway drivage work fund – amortization fee – finance costs = RMB83,633.69 (ten thousand), equivalent to a unit raw coal operating cost of RMB82.40/tonne.

The process of determining its discount rate was as follows:

In accordance with the Guidance on Determination of Parameters for the appraisal of Mining Rights (CMVS30800-2008), the discount rate was calculated as follows:

Discount rate＝risk-free return rate + risk return rate

Among them, the risk-free return rate can usually be determined by reference to the interest rate of long-term treasury bonds issued by the government or the bank deposit rate for the same period. In the appraisal, the approximate value of the risk-free rate of return is determined based on the average level of the 10-year government bond yield as of the Reference Date of August 31, 2024, which was announced by China Central Depository & Clearing Co., Ltd. (CCDC), i.e., the risk-free rate of return is 1.70%.

Risk return rate includes risk return rate in survey and development phase, industry risk return rate and financial operation risk return rate. In accordance with the actual circumstances of this mine, the risk accumulation method was adopted for the appraisal, determining the risk return rate is 6.15%.

On these grounds, the discount rate for the appraisal was determined to be 7.80%.

Upon calculation, as at the Appraisal Reference Date, the appraised value of mining rights of the Mining Right of Chaoyang Open-Pit Coal Mine of Guoneng Baoqing Electrify Co., Ltd. was RMB143,973.51 ten thousand and the book value of mining rights was RMB25,915.35 ten thousand, representing an appreciation rate of 455.55%, which was mainly attributable to the fact that the book value of mining rights (intangible assets) represents the original acquisition cost and exploration expenses of the enterprise in previous years, while the appraised value of the mining rights represents the value of the economic benefits that the enterprise can generate in future years. The appraisal adopted the discounted cash flow method to reflect the future earnings of the mine, therefore there was a high appreciation.

5. Shangyuquan Coal Mine of Shanxi Luneng Hequ Power & Coal Development Co., Ltd.

The mine commissioned for appraisal is a large-scale operating coal mine. Relevant exploration and design work has been completed. Expected income and risks can be forecasted and measured in monetary terms, and the expected income period can be predicted, the Discounted Cash Flow (DCF) method is adopted for this

appraisal in accordance with the "China Mineral Rights Appraisal Standards". The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: *P*- Mineral rights appraised value;

CI - Annual cash inflow;

CO - Annual cash outflow;

i - Discount rate;

t - Year Index;

n - Appraisal Calculation Period.

The main parameters are determined as follows:

The "Resource Reserve Volumes Verification Report for the Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in the Hedong Coalfield, Shanxi Province" (hereinafter referred to as the "Verification Report on Reserves") , the "Receipt of Review Opinion on the Resource Reserve Volumes Verification Report for the Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in the Hedong Coalfield, Shanxi Province" (hereinafter referred to as the "Receipt of Review Opinion"), and the "Certificate of Review and Filing for the Resource Reserve Volumes Verification Report for the Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in the Hedong Coalfield, Shanxi Province" (hereinafter referred to as the "Review and Filing Certificate") submitted by Shanxi Tongdiyuan Geological and Mineral Technology Co., Ltd. in April 2009, the "2024 Annual Reserve Report for the the Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in Hequ County, Shanxi Province" (hereinafter referred to as the "Annual Reserve Report") and the "Receipt of Review Opinion on the 2024 Annual Reserve Report for the Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in Hequ County, Shanxi Province" (Jingkuanlian Nianbao Shen Zi [2025] No. 173) (hereinafter referred to as the "Annual Reserve Report Review Opinion") submitted by Shanxi Team of Geological Survey Center of China Building Materials Industry in January 2025, the "Coal Resource Development and Utilization Plan, Mine Environmental Protection and Land Reclamation Plan for for Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in Hequ County, Shanxi Province" (hereinafter referred to as the "Three-in-One Plan") submitted by Coal Industry Taiyuan Design and Research Institute Group Co., Ltd. in March 2025, the "Project Adjustment Statement for the Coal Resource Development and Utilization, Mine Environmental Protection and Land Reclamation Plan for Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in Hequ County, Shanxi Province" (hereinafter referred to as the "Explanation of Adjustments to the Integrated Plan") submitted by Coal Industry Taiyuan Design and Research Institute Group Co., Ltd. on 2 September 2025, the "Feasibility Study Report on Gangue Backfilling for Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. in Hequ County, Shanxi Province" (hereinafter referred to as the "Feasibility Study Report on Gangue Backfilling") submitted by Beijing Huayu Engineering Co., Ltd. in July 2024, information provided by Shanxi Luneng Hequ Power&Coal Development Co., Ltd. and other materials available to the evaluators.

Retained resources as at the Appraisal Reference Date: According to the Annual Reserve Report and the Annual Reserve Report Review Opinion, as of the reserve estimation date of 31 December 2024, the resource reserves within the mining rights area of Shangyuquan Coal Mine are as follows: coal reserves amount to 886.052 million tonnes, including: 636.884 million tonnes of proven resources, 105.306 million tonnes of measured resources and 143.862 million tonnes of inferred resources. Based on the utilization data provided by the enterprise for January to July 2025, the resource consumption at Shangyuquan Coal Mine from the estimated reserve date to the Appraisal Reference Date was 3.5322 million tonnes. Therefore, the resource reserves as at the Reference Date were 882.5198 million tonnes, comprising: 633.3518 million tonnes of proven resources, 105.306 million tonnes of measured resources and 143.862 million tonnes of inferred resources.

Assessed usable reserve resources: Assessed usable reserve resources = ∑base reserves + ∑resources × confidence coefficient for that resource level = 868.1336 (million tonnes)

Product plan: According to the Three-in-One Plan and the company's actual circumstances, the product solution determined in this assessment is washed coal.

Recovery rate: According to the Preliminary Design, the designed recovery rate for coal seams 3-1, 3-2, 4-3 and 4-4 are 85%, while those for coal seams 3-3 and 5-2 Upper are 80%, and the recovery rate for coal seam 5-2 is 75%.

Recoverable reserves: 467.728 million tonnes.

Production scale and service life: The production capacity stated on the mining license for this mine is 3.00 million tonnes per year, while the approved production capacity is 7.00 million tonnes per year. The service life calculated in the Valuation is 51.42 years, i.e. the production period is from August 2025 to January 2077.

Coal product price and sales revenue: The equivalent coal price determined in the valuation is RMB320/tonne (pithead price, excluding tax), assuming that all products produced by the mine are sold, i.e. the sales revenue for a normal production year amounted to RMB164,729.60 ten thousand.

Fixed assets investment:

① Fixed asset investment already committed: The original value of fixed assets investment determined in the Valuation is RMB217,310.30 ten thousand, with a net value of RMB118,615.96 ten thousand. Including: the original value of roadway drivage work is RMB35,497.74 ten thousand with a net value of RMB23,435.70 ten thousand, the original value of buildings and structures is RMB54,420.29 ten thousand with a net value of RMB32,071.53 ten thousand, and the original value of equipment is RMB117,747.32 ten thousand with a net value of RMB53,463.78 ten thousand and construction in progress of RMB9,644.95 ten thousand.

② Subsequent fixed asset investment: Based on the relevant contracts for construction in progress provided by Shangyuquan Coal Mine, a further fixed asset investment of RMB 15,698.29 ten thousand is required.

Intangible Asset Investments:

① Intangible assets - land use rights investment: The investment amount for land use rights stands at RMB 14,872.94 ten thousand.

② Other intangible asset investments: According to documentation provided by Shangyuquan Coal Mine, plans are in place for the relocation of four villages including Baijiaye in Lugu Township. The estimated relocation costs amount to RMB 45,014.81 ten thousand.

Total costs and charges and operating costs:

Costs for purchased materials: Based on the financial data provided by the enterprise, the unit purchased material cost for Shangyuquan Coal Mine is RMB7.35/tonne.

Costs for purchased fuel and power: Based on financial data provided by the enterprise, Shangyuquan Coal Mine's unit external fuel and power cost is RMB5.39/tonne. Shangyuquan Coal Mine will implement gangue backfilling starting in 2026. According to the Feasibility Study Report on Gangue Backfilling, the designed

unit cost for purchased fuel and power will increase by RMB1.71/tonne, resulting in a total cost of RMB5.39/tonne + RMB1.71/tonne = RMB7.10/tonne;

Staff remuneration: the designed unit staff remuneration is RMB87.31/tonne.

Depreciation charges: the unit depreciation charge is RMB16.35/tonne.

Simple reproduction and maintenance charges and roadway drivage work fund: In accordance with the "Notice of Administrative Measures for the Extraction and Use of Coal Production Safety Costs and Several Provisions on the Standardization of Management Issues for Simple Reproduction and Maintenance Charges in Coal Mines (Cai Jian [2004] No. 119) , and the Notice on Adjusting the Extraction Standards for the Shaft and Tunnel Engineering Fund of Unified Allocation Coal Mines (Cai Gong Zi [1989] No. 302) of the Ministry of Finance, the National Development and Reform Commission, the State Administration of Coal Mine Safety, it is determined that the simple reproduction and maintenance charges of this project are RMB7.50/tonne, and the roadway drivage work fund is RMB2.50/tonne. Including: the simple reproduction and maintenance charges in depreciation nature are RMB3.75/tonne, and the simple reproduction and maintenance charges in renewal nature are RMB3.75/tonne.

Mine Geological Environment Remediation Costs: Calculated unit costs for environmental restoration and land reclamation amount to RMB0.15/tonne.

Safety costs: The standard annual safety fee is RMB15.00/tonne.

Repair costs: the designed unit repair cost is RMB1.54/tonne.

Amortization fee: The unit amortization expense is RMB2.08/tonne.

Transportation fee: The unit transportation fee is RMB0.06/tonne.

Other expenses: Other charges per unit amount to RMB25.56/tonne.

Finance costs: The calculation is based on the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008) and the regulations on the Valuation of mining rights.

R&D expenses: Unit R&D expense of RMB2.44/tonne.

Sales Expenses: Unit sales expense of RMB0.01/tonne.

Management Expenses: Based on the financial data provided by the enterprise, the unit management expense is determined to be RMB0.67/tonne.

Total costs and expenses for a normal production year = costs for purchased materials + costs for purchased fuel and power + staff remuneration + depreciation charges + simple reproduction and maintenance charges + roadway drivage work fund + safety costs + repair costs + mine environmental restoration guarantee deposit + amortization fee + other expenses + finance costs + administrative expenses= RMB123,573.53 ten thousand, equivalent to the total costs and expenses of unit raw coal of RMB176.72/tonne.

Annual operating costs = total costs and expenses – depreciation charge – simple reproduction and maintenance charges in depreciation nature – roadway drivage work fund – amortization fee – finance costs = RMB105,652.33 ten thousand, equivalent to a unit raw coal operating cost of RMB150.93/tonne.

The process of determining its discount rate was as follows:

In accordance with the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS30800-2008), the discount rate was calculated as follows:

Discount rate＝risk-free return rate + risk return rate

Among them, the risk-free return rate can usually be determined by reference to the interest rate of long-term treasury bonds issued by the government or the bank deposit rate for the same period. In the Valuation, the risk-free return rate was set at 1.70% based on the average interest rate of long-term treasury bonds.

Risk return rate includes risk return rate in survey and development phase, industry risk return rate and financial operation risk return rate and other individual risk premiums. In accordance with the Guidance on Determination of Parameters for the Valuation of Mining Rights (CMVS402-2016) and considering the actual circumstances of this mine, the risk premium was estimated using the risk accumulation method in this valuation, resulting in a risk premium of 6.10%. Accordingly, the discount rate for this valuation is determined to be 7.80%.

Upon calculation, as at the Appraisal Reference Date, the mining rights for the Shangyuquan Coal Mine of Shanxi Luneng Hequ Power&Coal Development Co.,Ltd. (with a service life of 51.42 years and proposed recoverable reserves of 467.728 million tonnes) had a value of RMB72,069.58 ten thousand and a book value of RMB18,601.36 ten thousand, with a value-added rate of 287.44%, which was mainly attributable to the fact that the book value of mining rights (intangible assets) represents the original acquisition cost and exploration expenses of the enterprise in previous years, while the appraised value of the mining rights represents the value of the economic benefits that the enterprise can generate in future years. The scarcity of coal resources results in a relatively weak correlation between exploration costs and the value that can be realized in the future, therefore they are not comparable. The Valuation adopted the discounted cash flow method to reflect the future earnings of the mine, therefore there was a high appreciation.

(V) Other Assets and Liabilities

The asset appraisal professionals verified the book values against the detailed item lists and relevant financial information provided by the subject entity. The appraised values were determined based on the verified book values, or the actual liabilities/equity interest of the subject entity.

Among them, as at the Appraisal Reference Date, the appraised value and book value of current assets were both RMB497,052.65 ten thousand; the appraised value of intangible assets was RMB1,474.27 ten thousand, with a book value of RMB2,328.74 ten thousand, representing an impairment rate of 36.69%; Other non-current assets had both an appraised value and a book value of RMB 267,125.52 ten thousand; current liabilities had both an appraised value and a book value of RMB385,683.34 ten thousand; and non-current liabilities had both an appraised value and a book value of RMB388.81 ten thousand.

Based on the calculations, as of the Appraisal Reference Date:

(A) The appraised value of all shareholders' equity value for Guoyuan Power= current assets + non-current assets (including long-term equity investments + buildings and structures fixed assets + equipment fixed assets + other intangible assets excluding mining rights + other non-current assets = RMB497,052.65 ten

thousand + RMB3,978,677.56 ten thousand + RMB98,673.77 ten thousand + RMB1,267.67 ten thousand+ RMB1,474.27 ten thousand+ RMB 267,125.52 ten thousand) －current liabilities (RMB385,683.34 ten thousand) －non-current liabilities (RMB388.81 ten thousand) = RMB4,458,199.29 ten thousand.

(B) The book value of all shareholders' equity value for Guoyuan Power = current assets + non-current assets (including long-term equity investments + buildings and structures fixed assets + equipment fixed assets + other intangible assets excluding mining rights + other non-current assets = RMB497,052.65 ten thousand + RMB2,003,662.96 ten thousand + RMB9,791.46 ten thousand + RMB1,008.29 ten thousand + RMB2,328.74 ten thousand + RMB 267,125.52 ten thousand) －current liabilities (RMB385,683.34 ten thousand) －non-current liabilities (RMB388.81 ten thousand) = RMB2,394,897.46 ten thousand.

IV. INCOME APPROACH

(I) Key Parameters and Assumptions

The key parameters and assumptions adopted by China United Assets in the income approach are as follows:

1. It is assumed that no major changes occurring in current national laws, regulations, policies, the macroeconomic climate, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

2. It is assumed that the enterprise will continue as a going concern;

3. It is assumed that the company's management is responsible and competent in fulfilling their duties;

4. It is assumed that no significant changes will occur in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

5. It is assumed that the company's business scope and operational methods will remain consistent with the current direction, based on the existing management style and competency level;

6. It is assumed that during the future forecast period, the subject entity's core business, product mix, composition of revenue and costs, sales strategies, and cost control measures will remain largely unchanged from their post-commissioning and capacity-reaching state;

7. It is assumed that during the future forecast period, period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

8. A discount rate of 7.58% is determined using the weighted average cost of capital assets (WACC) model;

9. This appraisal did not consider the impact of a marketability discount on the equity value of the enterprise.

(II) Appraisal Model

1. Basic Model

The basic model used in this appraisal is:

$$E = B - D \quad (1)$$

Where:

E： the value of all shareholders' equity (net assets) of the appraised entity, the final calculation of which amounted to RMB4,175,007.96 ten thousand;

B： the enterprise value of the appraised entity, which amounted to RMB4,355,373.53 ten thousand;

D： the value of interest-bearing debts of the appraised entity, which amounted to RMB180,365.57 ten thousand;

$$E = P + I + C \quad (2)$$

Where:

P: Value of the operating assets of the subject entity;

I: Value of the long-term investments held by the subject entity as of the Reference Date;

C: Value of surplus or non-operating assets (liabilities) existing as of the Reference Date of the subject entity.

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: The expected return (Free Cash Flow) of the subject entity for the i-th future year.

r： The discount rate is 7.58%;

n: The future operational period of the subject entity;

$$C = C1 + C2 \quad (4)$$

C1: The value of current surplus or non-operating assets (liabilities) as of the Reference Date;

C2: The value of non-current surplus or non-operating assets (liabilities) as of the Reference Date.

2. Income Indicator

For this appraisal, free cash flow to the firm is used as the income indicator for the operating assets of the subject entity. It is fundamentally defined as:

R = Net Profit + Depreciation & Amortization + After-tax Interest Expense - Additional Capital (5)

Based on the operating history of the subject entity and future market development, the free cash flow for its future operational period is estimated. The present value of the free cash flows throughout this future operational period is calculated and summed to determine the value of the enterprise's operating assets.

3. Discount Rate

This appraisal employs the Weighted Average Cost of Capital (WACC) model to determine the discount rate r

$r = r_d \times w_d + r_e \times w_e$ (6)

Where:

W_d ： the debt ratio of comparable companies, which was 48.98% in this case;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e ： the equity ratio of comparable companies, which was 51.02% in this case;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt is 2.63% for this appraisal.

r_e ： the cost of equity capital, the cost of equity capital re was determined according to the Capital Asset Pricing Model (CAPM) for this Valuation, and the cost of equity capital after the comprehensive calculation was 12.33% ;

$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon$ (9)

Where:

r_f: The risk-free rate, using the 10-year government bond yield, is 1.70%;

r_m: The expected market return rate is 9.37%;

ε ： the characteristic risk adjustment factor of the appraised entity, which was 3.50% in this case;

β_e : the expected market risk factor for the equity capital of the appraised entity, which was 0.9291 in this case;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (10)$$

β_u: The expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stocks (assets) of the comparable companies;

$$\beta_t = 34\%K + 66\%\beta_x \quad (12)$$

Where:

K: The average risk value for the stock market over a certain period, typically assumed to be K=1;

β_x: The historical average market risk coefficient of the comparable companies' stocks (assets);

D_i, E_i: Represent the interest-bearing debt and equity capital of the comparable companies, respectively.

A.2 Main Evaluation Materials of Xinjiang Energy

I. Selection of Appraisal Methods

The methods selected for this appraisal are the income approach and the asset-based approach.

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

The total shareholders' equity value appraised using the income approach is RMB12,049,738,200.00, while the total shareholders' equity value appraised using the asset-based approach is RMB12,121,427,600.00.

Unless otherwise stated, all amounts in this summary are expressed in Renminbi (RMB).

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The income approach estimates the value of the subject asset by discounting the expected future earnings of the appraised entity from the perspective of the enterprise's future profitability. The asset-based approach, on the other hand, estimates the value of the subject asset based on a reasonable assessment of the enterprise's assets and liabilities, considering the method of asset replacement. The appraised entity's core business is coal mining and sales, and its key assets are mining rights. In this appraisal, the asset-based approach uses the discounted cash flow method to assess the mining rights, which aligns closely with the approach used in the income approach. Moreover, the appraisal of the mining rights is based on the coal market conditions, using objective market benchmarks. The results from the asset-based approach reflect the contribution of the mining rights to the company's future earnings, therefore the asset-based approach can more objectively reflect the market value of the appraised entity.

II. Major Appraisal Assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations;

6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. As at the valuation benchmark date, the subsidiaries of the appraised entity enjoy preferential enterprise income tax policies under the Western Development Programme, with corporate income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;

14. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly

renewed in the future;

15. It is assumed that after the valuation benchmark date and starting from 2034, Shenhua Xinjiang Energy Company Limited Wudong Coal Mine will begin to levy mining rights transfer income annually in accordance with the provisions of the Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method (C.Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

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

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

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

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

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

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

III. Asset-based Approach

1.**Long-term equity investments**

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the

value of the part of the shareholder's equity.

For non-controlling long-term equity investments, as there are no conditions for an overall appraisal, the appraised value was determined by the net assets as of the valuation benchmark date multiplied by the shareholding percentage.

No.	Name of Investee	Appraisal Method	Final Appraisal Method Adopted
1	Guoneng Xinjiang Zhundong Energy Co., Ltd.	Asset-Based Approach, Income Approach	Asset-Based Approach
2	CHN Energy Xinjiang Mining Co., Ltd.	Asset-Based Approach, Income Approach	Asset-Based Approach
3	Guoneng Xinjiang Toksun Energy Co., Ltd.	Asset-Based Approach, Income Approach	Asset-Based Approach
4	Guoneng Xinjiang Hongshaquan Energy Co., Ltd.	Asset-Based Approach, Income Approach	Asset-Based Approach
5	Guoneng Xinjiang Coal-to-Gas Co., Ltd.	Asset-Based Approach	Asset-Based Approach
6	Guoneng (Guazhou) Coal Trading Co., Ltd.	Listed Price	Listed Price
7	Xinjiang Tianshan Railway Co., Ltd.	Asset-Based Approach, Income Approach	Asset-Based Approach
8	Guoneng Xinjiang Yimian Supply Chain Co., Ltd.	Asset-Based Approach, Income Approach	Asset-Based Approach
9	Guoneng Xinjiang Zhundong Economic and Technological Development Zone Logistics Co., Ltd.	Asset-Based Approach	Asset-Based Approach
10	Xinjiang Shenxing Energy Co., Ltd.	Asset-Based Approach	Asset-Based Approach
11	Xinjiang Wuhu Railway Co., Ltd.	Value 0	Value 0
12	Xinjiang Guoneng Zhongshun Logistics Co., Ltd.	Net Assets * Shareholding Ratio	Net Assets * Shareholding Ratio
13	Xinjiang Jiuhuatian Logistics Co., Ltd.	Asset-Based Approach, Income Approach	Asset-Based Approach
14	Xinjiang Anshunda Mining Technology Engineering Co., Ltd.	Net Assets * Shareholding Ratio	Net Assets * Shareholding Ratio
15	Wuzhun Railway Co., Ltd.	Net Assets * Shareholding Ratio	Net Assets * Shareholding Ratio
16	Xinjiang Zhongyou Guoneng Oil Products Sales Co., Ltd.	Net Assets * Shareholding Ratio	Net Assets * Shareholding Ratio
17	Guoneng Tuoli New Energy Co., Ltd.	Value 0	Value 0
18	Guoneng Xuefeng Shaya New Energy Co., Ltd.	Value 0	Value 0

Following the appraisal, the appraisal results and appreciation/depreciation for the long-term equity investment units are presented as follows:

No.	Name of Investee	Book Value	Appraised Value	Appreciation Rate (%)
1	Guoneng Xinjiang Zhundong Energy Co., Ltd.	192,086.41	268,469.61	39.77
2	CHN Energy Xinjiang Mining Co., Ltd.	70,390.17	199,320.88	183.17
3	Guoneng Xinjiang Toksun Energy Co., Ltd.	105,000.00	271,344.66	158.42
4	Guoneng Xinjiang Hongshaquan Energy Co., Ltd.	110,000.00	261,066.67	137.33
5	Guoneng Xinjiang Coal-to-Gas Co., Ltd.	20,000.00	20,197.94	0.99
6	Guoneng (Guazhou) Coal Trading Co., Ltd.	2,200.00	2,198.92	-0.05
7	Xinjiang Tianshan Railway Co., Ltd.	31,374.47	64,095.75	104.29
8	Guoneng Xinjiang Yimian Supply Chain Co., Ltd.	1,650.00	4,742.25	187.41
9	Guoneng Xinjiang Zhundong Economic and Technological Development Zone Logistics Co., Ltd.	4,125.00	4,125.36	0.01
10	Xinjiang Shenxing Energy Co., Ltd.	611.64	737.09	20.51
11	Xinjiang Wuhu Railway Co., Ltd.	0.00	0.00	/
12	Xinjiang Guoneng Zhongshun Logistics Co., Ltd.	29,608.62	29,608.62	0.00
13	Xinjiang Jiuhuatian Logistics Co., Ltd.	8,256.96	9,220.26	11.67
14	Xinjiang Anshunda Mining Technology Engineering Co., Ltd.	2,188.12	2,187.84	-0.01
15	Wuzhun Railway Co., Ltd.	90,318.19	90,318.42	0.00
16	Xinjiang Zhongyou Guoneng Oil Products Sales Co., Ltd.	466.29	466.29	0.00

No.	Name of Investee	Book Value	Appraised Value	Appreciation Rate (%)
17	Guoneng Tuoli New Energy Co., Ltd.	0.00	0.00	/
18	Guoneng Xuefeng Shaya New Energy Co., Ltd.	0.00	0.00	/
Total		668,275.86	1,228,100.56	83.77

The primary reasons for the appraisal increases and decreases in the investee entities are as follows:

(1) Guoneng Xinjiang Zhundong Energy Co., Ltd. recorded an appraisal increase of RMB763,832,000. This increase stemmed from the fact that the carrying amount of the long-term equity investment represented historical investment costs. The investee entity holds mining rights acquired at an earlier stage with relatively low acquisition costs, resulting in an increase in value for the mining rights asset group during appraisal.

(2) CHN Energy Xinjiang Mining Co., Ltd. recorded an appraisal increase of RMB1,289,307,100. This increase stemmed from the investee holding two mining rights acquired at low cost, with the collection of mining rights usage fees from the mining rights operators contributing to the valuation appreciation.

(3) Guoneng Xinjiang Toksun Energy Co., Ltd. recorded an appraisal increase of RMB1,663,446,600. This increase stemmed from the fact that the carrying amount of the long-term equity investment represented historical investment costs. The investee operates mining rights held by Xinjiang Energy, with favourable projected future operational returns, leading to the appraisal increase in mining rights value.

(4) Guoneng Xinjiang Hongshaquan Energy Co., Ltd. recorded an appraisal increase of RMB1,510,666,700. This increase stemmed from the fact that the carrying amount of the long-term equity investment represented historical investment costs. The investee operates mining rights held by Xinjiang Mining, with favourable projected future operational returns, leading to an increase in the value of the mining rights asset group.

(5) The valuation increase of Guoneng Xinjiang Coal-to-Gas Co., Ltd. was RMB1,979,400. The reason for the increase was that the book value of the long-term equity investment was the historical investment cost, and the investee was constructing a coal-to-gas project, resulting in an increase in valuation due to the ongoing construction.

(6) The valuation decrease of Guoneng (Guazhou) Coal Trading Co., Ltd. was RMB10,800. The reason for the decrease was that the book value of the long-term equity investment was the historical investment cost, the investee had no actual business, and the accumulated historical operating benefits resulted in the net assets after the share conversion being lower than the book investment cost, resulting in a valuation decrease.

(7) The valuation increase of Xinjiang Tianshan Railway Co., Ltd. was RMB327,212,800. The reason for the increase was that the book value of the long-term equity investment was the historical investment cost, and the accumulated historical operating benefits resulted in the net assets after the share conversion being higher than the book investment cost.

(8) The valuation increase of Guoneng Xinjiang Yimian Supply Chain Co., Ltd. was RMB30,922,500. The reason for the increase was that the book value of the long-term equity investment was the historical investment cost, and the accumulated historical operating benefits resulted in the net assets after the share conversion being higher than the book investment cost.

(9) The appraised value of Guoneng Xinjiang Zhundong Economic and Technological Development Zone Logistics Co., Ltd. increased by RMB3,600. The reason for the increase is that the book value of the long-term equity investment is the historical investment cost. The investee has no actual business, and the accumulated historical operating benefits have resulted in the net assets after the share conversion being higher than the book investment cost, thus forming an appraised value increase.

(10) The appraised value of Xinjiang Shenxing Energy Co., Ltd. increased by RMB1,254,500. The reason for the increase is that the book value of the long-term equity investment is the historical investment cost. The investee has no actual business. During the capital increase process, the capital reserve injected by the minority shareholders resulted in the net assets after the share conversion being higher than the book investment cost, thus forming an appraised value increase.

(11) The appraised value of Xinjiang Jiuhuatian Logistics Co., Ltd. increased by RMB9,633,000. The reason for the increase is that the book value of the long-term equity investment is the historical investment cost. The accumulated historical operating benefits have resulted in the net assets after the share conversion being higher than the book investment cost.

(12) The valuation of Xinjiang Anshunda Mining Technology Engineering Co., Ltd. was reduced by RMB2,800. The reason for the reduction was that the book value of the long-term equity investment was calculated using the equity method. The valuation was determined by multiplying the net assets on the valuation date by the shareholding ratio, resulting in a valuation reduction.

(13) The valuation of Wuzhun Railway Co., Ltd. was increased by RMB2,300. The reason for the increase was that the book value of the long-term equity investment was calculated using the equity method. The valuation was determined by multiplying

the net assets on the valuation date by the shareholding ratio, resulting in a valuation increase.

2. **Fixed assets – buildings and structures**

Based on the characteristics of the various types of building and structure assets, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraisal, while the market approach is applied in certain cases.

Cost method

The calculation formula of cost method is expressed as:

Appraised value = Replacement cost × Composite depreciation rate

(1) Determination of replacement cost

Based on the characteristics, nature, and situation of the building and structure assets within the appraisal scope, the calculation formula for replacement cost in this appraisal is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

① Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

② Pre-construction and other costs

Pre-construction and other costs are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations. Specific rates and billing bases are presented below.

A. Wudong Coal Mine

a. Coal Preparation Plant

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Construction and installation cost	1.58%	/
2	Engineering Supervision Fee	Construction and installation cost	1.80%	6.00%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6.00%
4	Feasibility Study Fee	Construction and installation cost	0.29%	6.00%

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
5	Environmental Impact Assessment Fee	Construction and installation cost	0.23%	6.00%
6	Surveying and design fees	Construction and installation cost	3.10%	6.00%
7	Tender Agency Service Fee	Construction and installation cost	0.10%	6.00%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6.00%
9	Engineering Insurance Fee	Construction and installation cost	0.30%	6.00%
10	Joint Commissioning Fee	Construction and installation cost	0.77%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.11%	6.00%
12	Geological disaster risk assessment fee	Construction and installation cost	0.03%	6.00%
13	Early entry fee for production personnel	Construction and installation cost	1.20%	/
	Total	/	10.06%	/

b. Buildings and structures assets other than coal preparation plants

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Construction and installation cost	2.50%	/
2	Engineering Supervision Fee	Construction and installation cost	1.30%	6.00%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6.00%
4	Feasibility Study Fee	Construction and installation cost	0.09%	6.00%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.06%	6.00%
6	Surveying and design fees	Construction and installation cost	2.50%	6.00%
7	Tender Agency Service Fee	Construction and installation cost	0.02%	6.00%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6.00%
9	Engineering Insurance Fee	Construction and installation cost	0.30%	6.00%
10	Joint Commissioning Fee	Construction and installation cost	0.33%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.08%	6.00%
12	Geological disaster risk assessment fee	Construction and installation cost	0.01%	6.00%
13	Early entry fee for production personnel	Construction and installation cost	0.16%	/
	Total	/	7.90%	/

For properties located within urban administrative planning zones, urban infrastructure supporting fees shall be levied accordingly.

B. Changji Mining Branch

a. Coal Preparation Plant

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Construction and installation cost	1.41%	/
2	Engineering Supervision Fee	Construction and	1.90%	6.00%

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
		installation cost		
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6.00%
4	Feasibility Study Fee	Construction and installation cost	0.33%	6.00%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.27%	6.00%
6	Surveying and design fees	Construction and installation cost	3.10%	6.00%
7	Tender Agency Service Fee	Construction and installation cost	0.11%	6.00%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6.00%
9	Engineering Insurance Fee	Construction and installation cost	0.30%	6.00%
10	Joint Commissioning Fee	Construction and installation cost	0.22%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.12%	6.00%
12	Geological disaster risk assessment fee	Construction and installation cost	0.05%	6.00%
13	Early entry fee for production personnel	Construction and installation cost	1.07%	/
	Total	/	9.43%	/

b. Buildings and structures assets other than coal preparation plants

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Construction and installation cost	2.50%	/
2	Engineering Supervision Fee	Construction and installation cost	1.50%	6.00%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6.00%
4	Feasibility Study Fee	Construction and installation cost	0.16%	6.00%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.11%	6.00%
6	Surveying and design fees	Construction and installation cost	2.70%	6.00%
7	Tender Agency Service Fee	Construction and installation cost	0.05%	6.00%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6.00%
9	Engineering Insurance Fee	Construction and installation cost	0.30%	/
10	Joint Commissioning Fee	Construction and installation cost	0.23%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.09%	6.00%
12	Geological disaster risk assessment fee	Construction and installation cost	0.01%	6.00%
13	Early entry fee for production personnel	Construction and installation cost	0.21%	/
	Total	/	8.41%	/

C. Washing and Selection Centre

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Construction and installation cost	1.58%	
2	Engineering Supervision Fee	Construction and	1.80%	6.00%

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
		installation cost		
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6.00%
4	Feasibility Study Fee	Construction and installation cost	0.29%	6.00%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.23%	6.00%
6	Surveying and design fees	Construction and installation cost	3.10%	6.00%
7	Tender Agency Service Fee	Construction and installation cost	0.10%	6.00%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6.00%
9	Engineering Insurance Fee	Construction and installation cost	0.30%	6.00%
10	Joint Commissioning Fee	Construction and installation cost	0.77%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.11%	6.00%
12	Geological disaster risk assessment fee	Construction and installation cost	0.03%	6.00%
13	Early entry fee for production personnel	Construction and installation cost	1.20%	/
	Total	/	10.06%	/

For properties located within urban administrative planning zones, urban infrastructure supporting fees shall be levied accordingly.

D. Other Entities

Including Kashgar Sales Branch, Mechanical and Electrical Management Centre, Material Supply Centre, Accounting Service Centre, Production Preparation Centre, Logistics Service Centre, and Fukang Huangzhu Hotel.

N	Fee Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Preliminary Work Consulting Fee	Construction and installation cost	0.08%	6.00%
2	Tender agency fee	Construction and installation cost	0.04%	6.00%
3	Environmental Impact Assessment Fee	Construction and installation cost	0.02%	6.00%
4	Surveying and design fees	Construction and installation cost	2.14%	6.00%
5	Engineering Supervision Fee	Construction and installation cost	1.09%	Including VAT input tax
6	Project construction management fee	Construction and installation cost	0.68%	/
Total		/	4.05%	/

For properties located within urban administrative planning zones, urban infrastructure supporting fees shall be levied accordingly.

③ Capital costs

Capital costs are calculated based on the sum of construction and installation engineering costs, pre-construction and other costs, using uniform capital investment over the reasonable construction period. The calculation formula of capital costs is as follows:

Capital costs = (Construction and installation engineering costs + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1/2

Based on the scale and nature of the construction project in which the appraised buildings and structures are located and the relevant construction period quotas, the reasonable construction period and interest rate for the subsidiaries of CHN Energy Xinjiang Energy Chemical Co., Ltd. were determined by referring to the effective Loan Prime Rate (LPR) on the Valuation benchmark date as published by the National Interbank Funding Centre authorised by the People's Bank of China, as presented in the following table:

No.	Entity	Reasonable Construction Period	Rate
1	Wudong Coal Mine	/	/
1.1	Coal Preparation Plant	2	3.13%
1.2	Mining and Ancillary Facilities	4	3.38%
2	Changji Mining Branch	/	/
2.1	Coal Preparation Plant	2	3.13%
2.2	Mining and Ancillary Facilities	3	3.25%
3	Washing and Selection Centre	2	3.13%
4	Other Entities	2	3.13%

④Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

(2) Determination of composite depreciation rate

①For important buildings (and structures), the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

For mining enterprises, the remaining service life of buildings is closely related to the mine's remaining service life. The remaining service life is determined based on the lower of the mine's remaining service life and the building's remaining economic service life.

②For low-value buildings (and structures), the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

(3) Determination of appraised value

Appraised value= Replacement cost × Composite depreciation rate

Market Approach

Market approach can be used for estimating the objective and reasonable price or value of the appraisal subject by comparing it with similar real estate transactions that occurred recently around the valuation benchmark date, and applying appropriate adjustments to their known prices.

Appraisal based on the market approach should proceed according to the following steps:

(1) Collecting transaction instances;

(2) Selecting comparable instances;

(3) Establishing a comparable price basis;

(4) Making transaction condition adjustments;

(5) Making transaction date adjustments;

(6) Making regional factor adjustments;

(7) Making individual factor adjustments;

(8) Deriving the benchmark price.

The calculation formula for appraisal based on the market approach is expressed as follows:

Price of Real Estate Under Appraisal = Transaction Price of Comparable Instance × (Normal Transaction Conditions / Comparable Instance Transaction Conditions) × (Price Index of Real Estate Under Appraisal on Valuation benchmark date / Price Index of Comparable Instance Real Estate on Transaction Date) × (Regional Factor Value of Real Estate Under Appraisal / Regional Factor Value of Comparable Instance Real Estate) × (Individual Factor Value of Real Estate Under Appraisal / Individual Factor Value of Comparable Instance Real Estate)

Following appraisal, the original value of buildings and structures demonstrated an appraisal impairment of RMB502,019,400.00, representing an impairment rate of 16.37%; The Net value impairment was appraised to be RMB245,776,900.00, with an impairment rate of 12.72%. The primary reasons for this appraisal impairment are described as follows:

The primary reasons for the appraisal impairment of the original value of building (structure) assets are: firstly, a decline in real estate market prices in recent years resulted in appraisal impairment; secondly, certain structures were valued as part of buildings, also leading to appraisal impairment. The principal reasons for the

appreciation in net value result are: firstly, the enterprise had made impairment provisions in its accounting records, and this appraised value was calculated based on the actual condition of the building (structure) assets, leading to appraisal appreciation; secondly, the enterprise's depreciable life is shorter than the economic life span adopted in the appraisal.

The aforementioned appraised value incorporates the Wudong Coal Mine mining right with a negative appraised value. This value is presented separately under building (structure) assets and shaft engineering. Specifically, the appraised value of Wudong Coal Mine is RMB-1,446,225,400.00, with RMB-578,490,200.00 allocated to building (structure) assets and RMB-867,735,200.00 to shaft engineering.

3. **Fixed assets – shaft engineering**

Based on the characteristics of various shaft engineering projects, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraising shaft engineering projects.

Appraised value = Full replacement value × Composite depreciation rate

(1) Determination of full replacement value

Replacement cost = Engineering cost + Pre-construction and other costs + Capital costs - Deductible input tax

①Comprehensive cost

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

For large-scale, high-value, and critical shaft engineering project, the comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

Engineering cost = Base price of engineering quotas + Measure fees + Company management fees + Profits + Regulatory fees + Other project fees + Regional price differences

Where:

Base price of engineering quotas - The base price is calculated based on the shaft engineering's lifting method, lifting depth, tunnel cross-section, support method, materials, and thickness. *The Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* and *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering (2015, After-tax Base Price)* are applied. This includes wages, material consumption, machine usage fees, etc., with adjustments made according to relevant regulations;

Other fees — determined in accordance with the Notice issued by the China Coal Construction Association on Adjustment of Pricing Basis for Coal Construction Projects under the VAT Reform for the Construction Industry ((ZH.M.J.X.Z.

[2016] No. 46) and the Notice on Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis (ZH.M.J.X.Z. [2019] No. 37), together with the Notification on Release of the Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price) (ZH.M.J.X.Z. [2016] *No.* 115) and the Supplementary Provisions on the Implementation of the Valuation Standards for Coal-Construction Projects (ZH.M.J.X.Z. [2016] No. 116), and calculated in combination with the actual construction conditions of the mine.

Labour, *materials, and e*quipment price d*ifferences – Adjusted according to the* Notice on Adjusting Coal Construction Engineering Quotation Standards (2015 Base Price) for Labour Unit Prices and Related Regulations (ZH.M.J.X.Z. [2021] No. 125), Urumqi City Construction Engineering Material Information Price List (Q2 2025), and materials price information provided by the enterprise for the valuation benchmark date.

For general shaft engineering projects, or when final settlement data is incomplete, or when the value is small and the structure is simple, the Analogy Method is used to determine the construction cost.

②Preliminary and Other Costs:

Preliminary and other costs include construction unit management fees, engineering supervision fees, surveying and design fees, environmental evaluation fees, and soil and water conservation consulting service fees. These costs are calculated based on the engineering construction investment amount, according to industry, national, or local government fee standards. Preliminary and Other Costs Calculation Formula:

Preliminary and other costs = Engineering cost × Fee rate

Calculation Sheet of Preliminary and Other Costs of Wudong Coal Mine

No.	Project Name	Billing Basis	Billing Standard	Deductible VAT Rate
1	Construction Unit Management Fee	Construction and installation cost	2.50%	/
2	Engineering Supervision Fee	Construction and installation cost	1.30%	6.00%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6.00%
4	Feasibility Study Fee	Construction and installation cost	0.09%	6.00%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.06%	6.00%
6	Surveying and design fees	Construction and installation cost	2.50%	6.00%
7	Tender Agency Service Fee	Construction and installation cost	0.02%	6.00%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6.00%
9	Engineering Insurance Fee	Construction and installation cost	0.30%	6.00%
10	Mine Location Determination Fee	Construction and installation cost	0.01%	6.00%
11	Joint Commissioning Fee	Construction and installation cost	0.33%	/
12	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.08%	6.00%
13	Geological disaster risk assessment fee	Construction and installation cost	0.01%	6.00%
14	Early entry fee for production personnel	Construction and	0.16%	/

No.	Project Name	Billing Basis	Billing Standard	Deductible VAT Rate
		installation cost		
	Total		7.91%	/

Calculation Sheet of Preliminary and Other Costs of Tunbao Coal Mine (Changji Branch)

No.	Project Name	Billing Basis	Billing Standard	Deductible VAT Rate
1	Construction Unit Management Fee	Construction and installation cost	2.50%	/
2	Engineering Supervision Fee	Construction and installation cost	1.50%	6.00%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6.00%
4	Feasibility Study Fee	Construction and installation cost	0.16%	6.00%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.11%	6.00%
6	Surveying and design fees	Construction and installation cost	2.70%	6.00%
7	Tender Agency Service Fee	Construction and installation cost	0.05%	6.00%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6.00%
9	Engineering Insurance Fee	Construction and installation cost	0.30%	6.00%
10	Mine Location Determination Fee	Construction and installation cost	0.01%	6.00%
11	Joint Commissioning Fee	Construction and installation cost	0.23%	/
12	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.09%	6.00%
13	Geological disaster risk assessment fee	Construction and installation cost	0.01%	6.00%
14	Early entry fee for production personnel	Construction and installation cost	0.21%	/
	Total	/	8.42%	/

③Capital costs

Financing costs are calculated based on the appraised entity's reasonable construction period, referencing the Loan Prime Rate (LPR) published by the People's Bank of China on the valuation benchmark date, and considering the appraised entity's loan interest rate adjustments. The total sum of engineering costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The reasonable construction period for Wudong Coal Mine is 4 years, and the reasonable construction period for Tunbao Coal Mine (Changji Branch) is 3 years.

The calculation formula of capital costs is as follows:

Financing cost = (Engineering cost + Preliminary and other fees) × Reasonable construction period × Interest rate / 2

④Deductible input tax

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

(2) Determination of composite depreciation rate

Shaft engineering in coal mines differs from surface buildings in that it is a special structure attached to coal resources. Its economic lifespan is closely linked to the coal reserves that can be mined. As coal resources are depleted, the economic lifespan shortens, and when coal resources are exhausted, the economic lifespan ends.

Underground engineering has a complex geological structure, many unpredictable factors, and poor construction conditions. The stability of the tunnels depends on their location, rock layer properties, and mining methods. The service life of each type of tunnel is determined by the coal reserves in the service area.

Therefore, before determining the depreciation rate, the appraisers first reviewed geological reports, mine design data, and understood the position, rock properties, support methods, geological structures, and the impact of mining on the tunnels. They then visited representative tunnels underground to inspect the support conditions and maintenance status and consulted with on-site engineering personnel to verify and review the maintenance records and methods. Finally, based on the coal reserves, remaining reserves, recoverable reserves, and production capacity provided by the geological survey department, the remaining service life of each tunnel was calculated, and the composite depreciation rate was determined. The calculation formula is as follows:

Composite depreciation rate = Remaining service life / (Service life + Remaining service life) × 100%

(3) Appraised value

Appraised value = Full replacement value × Composite depreciation rate

According to the appraisal, the original value of the shaft engineering incurred an appraisal impairment of RMB846,371,600.00, representing an impairment rate of 84.61%; The net value impairment was appraised to be RMB505,068,400.00, with an impairment rate of 96.11%. The primary reasons for the appraisal appreciation or depreciation are presented below: the continuous increase in labor, material, and machinery costs in recent years has resulted in an appreciation of the original value. The main reason for the appraisal appreciation in the net value lied in that while the book value depreciation was calculated using the production and reserves method, this appraisal determined the newness rate based on the remaining service life, leading to an appreciation in the appraised net value. The aforementioned appraised value

incorporates the Wudong Coal Mine Mining Right with a negative appraised value, which was separately presented under buildings (structures) and shaft engineering, the appraised value of the Wudong Coal Mine stands at RMB-1,446,225,400.00, with RMB-578,490,200.00 recorded under buildings (structures) and RMB-867,735,200.00 under shaft engineering.

4. **Fixed assets – equipment**

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the appraisal scope, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost method is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Depreciation rate

(1) Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

①Machinery and equipment

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

A. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the Valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

B. Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

C. Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T 51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

D. Pre-construction and other costs

Pre-construction and other costs include project construction management fees, bidding agency fees, environmental impact assessment fees, surveying and design fees, engineering supervision fees, joint trial operation fees, and others. The rates for these expenses are determined by investigating the average cost levels of similar projects and referring to the *Standards for Other Expenses of Coal Mining Construction Project* (NBT 51064-2016) and other related standards, as well as the specific conditions of this project. Specific rates and billing bases are presented below:

Wudong Coal Mine

a. Coal Preparation Plant

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Equipment Fee	1.58%	/
2	Engineering Supervision Fee	Equipment Fee	1.80%	6.00%
3	Engineering Quality Technical Service Fee	Equipment Fee	0.35%	6.00%
4	Feasibility Study Fee	Equipment Fee	0.29%	6.00%
5	Environmental Impact Assessment Fee	Equipment Fee	0.23%	6.00%
6	Surveying and design fees	Equipment Fee	3.10%	6.00%

7	Tender Agency Service Fee	Equipment Fee	0.10%	6.00%
8	Occupational Safety and Health Assessment Fee	Equipment Fee	0.20%	6.00%
9	Engineering Insurance Fee	Equipment Fee	0.30%	6.00%
10	Joint Commissioning Fee	Equipment Fee	0.77%	/
11	Soil and Water Conservation Assessment Fee	Equipment Fee	0.11%	6.00%
12	Geological disaster risk assessment fee	Equipment Fee	0.03%	6.00%
13	Early entry fee for production personnel	Equipment Fee	1.20%	/
	Total	/	10.06%	/

b. Equipment assets other than coal preparation plants

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Equipment Fee	2.50%	/
2	Engineering Supervision Fee	Equipment Fee	1.30%	6.00%
3	Engineering Quality Technical Service Fee	Equipment Fee	0.35%	6.00%
4	Feasibility Study Fee	Equipment Fee	0.09%	6.00%
5	Environmental Impact Assessment Fee	Equipment Fee	0.06%	6.00%
6	Surveying and design fees	Equipment Fee	2.50%	6.00%
7	Tender Agency Service Fee	Equipment Fee	0.02%	6.00%
8	Occupational Safety and Health Assessment Fee	Equipment Fee	0.20%	6.00%
9	Engineering Insurance Fee	Equipment Fee	0.30%	6.00%
10	Mine Location Determination Fee	Equipment Fee	0.00%	6.00%
11	Joint Commissioning Fee	Equipment Fee	0.33%	/
12	Soil and Water Conservation Assessment Fee	Equipment Fee	0.08%	6.00%
13	Geological disaster risk assessment fee	Equipment Fee	0.01%	6.00%
14	Early entry fee for production personnel	Equipment Fee	0.16%	/
	Total	/	7.90%	/

Changji Mining Branch

a. Coal Preparation Plant

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Equipment Fee	1.41%	/
2	Engineering Supervision Fee	Equipment Fee	1.90%	6.00%
3	Engineering Quality Technical Service Fee	Equipment Fee	0.35%	6.00%
4	Feasibility Study Fee	Equipment Fee	0.33%	6.00%
5	Environmental Impact Assessment Fee	Equipment Fee	0.27%	6.00%
6	Surveying and design fees	Equipment Fee	3.10%	6.00%
7	Tender Agency Service Fee	Equipment Fee	0.11%	6.00%
8	Occupational Safety and Health Assessment Fee	Equipment Fee	0.20%	6.00%
9	Engineering Insurance Fee	Equipment Fee	0.30%	6.00%
10	Mine Location Determination Fee	Equipment Fee	0.00%	6.00%
11	Joint Commissioning Fee	Equipment Fee	0.22%	/
12	Soil and Water Conservation Assessment Fee	Equipment Fee	0.12%	6.00%
13	Geological disaster risk assessment fee	Equipment Fee	0.05%	6.00%
14	Early entry fee for production personnel	Equipment Fee	1.07%	/
	Total	/	9.430%	/

b. Equipment assets other than coal preparation plants

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
1	Construction Unit Management Fee	Equipment Fee	2.500%	/
2	Engineering Supervision Fee	Equipment Fee	1.500%	6.00%
3	Engineering Quality Technical Service Fee	Equipment Fee	0.350%	6.00%
4	Feasibility Study Fee	Equipment Fee	0.160%	6.00%
5	Environmental Impact Assessment Fee	Equipment Fee	0.110%	6.00%
6	Surveying and design fees	Equipment Fee	2.700%	6.00%
7	Tender Agency Service Fee	Equipment Fee	0.050%	6.00%
8	Occupational Safety and Health Assessment Fee	Equipment Fee	0.200%	6.00%
9	Engineering Insurance Fee	Equipment Fee	0.300%	6.00%
10	Mine Location Determination Fee	Equipment Fee	0.000%	6.00%
11	Joint Commissioning Fee	Equipment Fee	0.230%	/
12	Soil and Water Conservation Assessment Fee	Equipment Fee	0.090%	6.00%
13	Geological disaster risk assessment fee	Equipment Fee	0.010%	6.00%

No.	Project Name	Billing Basis	Billing Standard	Input VAT Rate Included
14	Early entry fee for production personnel	Equipment Fee	0.210%	/
	Total	/	8.410%	/

Other Entities

Including Kashgar Sales Branch, Mechanical and Electrical Management Centre, Material Supply Centre, Accounting Service Centre, Production Preparation Centre, Logistics Service Centre, and Fukang Huangzhu Hotel.

No.	Fee Name	Billing Basis	Billing Standard	Remark
1	Preliminary Work Consulting Fee	Equipment Fee	0.08%	Including VAT input tax
2	Tender agency fee	Equipment Fee	0.04%	Including VAT input tax
3	Environmental Impact Assessment Fee	Equipment Fee	0.02%	Including VAT input tax
4	Surveying and design fees	Equipment Fee	2.14%	Including VAT input tax
5	Engineering Supervision Fee	Equipment Fee	1.09%	Including VAT input tax
6	Project construction management fee	Equipment Fee	0.68%	/
7	Joint Commissioning Fee	Equipment Fee	0.50%	Including VAT input tax
6		/	4.55%	/

E．Capital costs

Capital costs are calculated based on the normal construction period of the project where the equipment is located, using the Loan Prime Rate (LPR) in effect on the valuation benchmark date. The total of the equipment purchase costs, transport and handling fees, installation fees, pre-construction and other costs is used as the base, with the capital costs calculated based on uniform capital investment. The reasonable construction periods and annual loan interest rates for each subsidiary and other units are as shown in the following table.

No.	Entity	Reasonable Construction Period	Rate
1	Wudong Coal Mine	/	/
1.1	Coal Preparation Plant	2	3.13%
1.2	Other Buildings and Structures	4	3.38%
2	Mining and Ancillary Facilities	/	/
2.1	Coal Preparation Plant	2	3.13%
2.2	Other Buildings and Structures	3	3.25%
3	Washing and Selection Center	2	3.13%
4	Other Entities	2	3.13%

The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Reasonable construction period × Annual loan interest rate / 2

F．Deductible VAT

According to the regulations in "C.SH [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the input VAT includes VAT on the equipment purchase price (tax rate 13%), VAT on transport and handling fees (tax rate 9%), and VAT on pre-construction and other costs (tax rate 6%).

②Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase cost / (1 + 13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

③Electronic equipment

For electronic equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electronic equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

(2) Determination of composite depreciation rate

① For specialised and general machinery, the depreciation rate is primarily determined based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

②For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

③For vehicles, according to the Standard for Mandatory Scrapping of Motor Vehicles (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection), the theoretical depreciation rate was determined using either vehicle mileage or service life, based on the lower of the two methods. For vehicles without a prescribed service life, the remaining service life method was used. Adjustments were made based on on-site inspection results. The calculation formula is as follows:

Composite depreciation rate = Depreciation rate × Adjustment coefficient

(4) Determination of the appraised value

Appraised value= Replacement cost × Composite depreciation rate

The original value of machinery and equipment experienced an appraisal impairment of RMB370,697,700.00, representing an impairment rate of 12.23%; The net value showed an appraisal appreciation of RMB126,645,300.00, with an appreciation rate of 13.83%. The primary reasons for this appraisal appreciation or impairment are given below:

The principal reason for the appraisal impairment in the original value was attributable to the decrease in the acquisition price of the equipment. The main reason for the appraisal appreciation in the net value was attributable to the impairment provisions already recognized for the book value of the equipment, and the depreciable life adopted by the appraised entity being shorter than the economic useful life of the equipment.

5. **Construction in progress**

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost method was adopted for the appraisal.

(1)Completed projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

(2)Unfinished projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period. If the book value differs significantly from the price level on the valuation benchmark date, the construction costs are adjusted to the Valuation benchmark date price level.

(3)Pure expense type ongoing projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

The appraisal impairment for construction in progress amounted to RMB6,360,600.00, representing an impairment rate of 2.10%. The primary reasons for

the appraisal impairment of construction in progress were described as follows: certain construction in progress with major components in fixed asset were integrated into the fixed assets appraisal, thereby leading to the impairment. The Xinjiang Heishan Coal Mine New Intelligent Overhead Rail Transport System Project has entered its termination phase, resulting in a zero value in this appraisal and consequently leading to appraisal impairment.

6. **Land use rights**

According to the requirements of the *Asset Appraisal Practice Standards - Real Estate*, the main appraisal methods for land use rights include the market approach, income approach, hypothetical development method, cost method, and benchmark land price method. The appropriate appraisal method is selected based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the above basic appraisal methods.

This appraisal uses the market comparison method, cost method, and benchmark land price method to appraise the value of the land use rights.

Intangible Assets - Land Use Rights had a book value of RMB84,683,500.00, an appraised value of RMB1,740,334,400.00, resulting in an appraisal appreciation of RMB1,655,650,900.00, and an appreciation rate of 1,955.10%. Reasons for appraisal appreciation: The book value of the land use rights represents their amortized value, whereas the appraised value reflects their market value as of the valuation benchmark date. Additionally, among the 37 land parcels under appraisal, 19 were acquired at zero cost through allocation or authorized operation, which significantly contributed to the appraisal appreciation of the land use rights.

7. **Mining rights**

(1)Mining rights

Based on the purpose of this project appraisal and specific characteristics of mining rights, commissioned mining rights have a certain scale, possesses independent profit-making capabilities that can be measured, and its future returns and risks can be quantified in monetary terms. With a relatively high degree of geological research and generally complete and reliable data, reports and relevant information largely meet the requirements for applying the discounted cash flow method for appraisal. In accordance with the *Basic Guidelines for Mining Rights Appraisal Technology and the Standard for Income Approach Appraisal Methods*, the discounted cash flow method has been selected for this project appraisal.

The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P —Mining rights appraisal value;

CI—Annual cash inflow;

CO—Annual cash outflow;

i—Discount rate;

t—Year index (t = 1, 2, 3, …, n);

n—Calculation period.

Specific Appraisal Indicators and Parameters

A. Wudong Coal Mine

Wudong Coal Mine is currently in normal production. Resource reserves and recoverable reserves utilized in this Appraisal are primarily based on the following documents:

Reserve Verification Report of Wudong Coal Mine in Urumqi Mining Area, Zhunnan Coalfield, Xinjiang (hereinafter referred to as Reserve Verification Report), prepared by the Ninth Geological Team of the Xinjiang Geology and Mineral Bureau in February 2010, along with its Mineral Resource Reserve Review Opinion (No. 7 [2009] of the Ministry of Land and Resources (Mineral Reserve Appraisal)) and Filing Certificate (No. 29 [2009] of the Ministry of Land and Resources (Reserve Filing)); 2024 Reserve Annual Report of Wudong Coal Mine in Urumqi City, Xinjiang (hereinafter referred to as 2024 Reserve Annual Report), prepared by Henan Hongcheng Mining Survey and Design Co., Ltd. in January 2025, along with its Review Opinion (No. 261 [2025] of Urumqi Natural Resources Bureau); Preliminary Design of Wudong Coal Mine of Shenhua Xinjiang Energy Co., Ltd. (hereinafter referred to as Preliminary Design), prepared by China Coal Technology and Engineering Group Beijing Huayu Engineering Co., Ltd. in August 2016, along with its Review Opinion (No. 217 [2016] of Xinjiang Coal Industry Administration); technical parameters are primarily determined based on the Reserve Verification Report, 2024 Reserve Annual Report, Preliminary Design, and actual production and operational data from Wudong Coal Mine. Key economic parameters are determined based on the actual financial data of enterprise. Refer to China Mineral Rights Appraisal Guidelines, other relevant policies and regulations, technical economic standards, and data available to the appraisers for selection of other major technical and economic indicators.

Determination of each parameter is explained as follows:

Reserve Resources as of the Valuation benchmark date: based on the Reserve Verification Report, 2024 Reserve Annual Report, and statistical table of extraction consumption, reserve resources amount to 1.1718507 billion tons, including 490.6193 million tons of measured resources, 412.7885 million tons of indicated resources, and 268.4429 million tons of inferred resources.

Mineral Resource Reserves Utilized for Appraisal: Mineral Resource Reserves Utilized for Appraisal = Σ (Base Reserves Involved in the Appraisal + Resource Quantity × Corresponding Credibility Coefficient) = 1.1181621 billion tons.

Product Scheme: based on the actual situation of mine, product scheme is set as processed coal, selling commercial coal such as lump coal, fine coal, or mixed coal according to different customer requirements.

Recovery Rate in Mining Areas: according to the Preliminary Design, recovery rate is 75% for thin coal seams, 80% for medium-thick coal seams, and 85% for thick coal seams.

Recoverable Reserves Utilized for Appraisal: = (Mineral Resource Reserves Utilized for Appraisal-Design Losses) × Mining Recovery Rate = 614.6163 million tons.

Production Capacity and Service Life: based on the mine's mining succession plan, production capacity during stable period is 4 million tons per year. Appraisal calculation period is 110.65 years, from August 2025 to March 2136.

Product Sales Price and Sales Revenue: for this Appraisal, sales price is set at RMB216.00 per ton for August-December 2025 and for 2026, RMB267.00 per ton for 2027, RMB318.00 per ton for 2028, and RMB368.00 per ton for 2029 and subsequent years. Assuming all processed coal produced is sold within the period, annual sales revenue during normal production years is RMB1.472 billion.

Fixed Asset Investment: for this Appraisal, original value of fixed assets (after consolidation with construction in progress) is RMB2.6950753 billion (including: RMB779.4016 million for shaft and tunneling engineering, RMB1.2011877 billion for buildings and structures, and RMB714.4861 million for machinery and equipment). Net value is RMB1.8159920 billion (including: RMB738.9934 million for shaft and tunneling engineering, RMB740.5483 million for buildings and structures, and RMB336.4504 million for machinery and equipment). Subsequent investment for construction in progress is RMB213.1849 million (all for buildings and structures, excluding tax).

Total Cost and Operating Cost:

Cost of External Materials: based on the mine's financial statements, unit cost of

external materials is set at RMB12.94 per ton.

Cost of External Fuel and Power: based on the mine's financial statements, unit cost of external fuel and power is set at RMB7.56 per ton.

Employee Compensation: based on the financial statements, unit employee compensation is set at RMB78.60 per ton.

Depreciation Expense: based on calculations, annual depreciation expense is RMB101.3519 million, and unit depreciation expense is RMB25.34 per ton.

Maintenance and Upkeep Fee and Shaft & Tunneling Engineering Fund: according to the notice of Measures for Withdrawal and Use of Coal Production Safety Funds and Several Provisions on Regulating the Management of Coal Mine Maintenance and Upkeep Fees (C.J. [2004] No. 119), maintenance and upkeep fee for this project is RMB6.00 per ton, and shaft & tunneling engineering fund is RMB2.5 per ton. This includes a renewal-type maintenance fee of RMB3.00 per ton and a depreciation-type maintenance fee of RMB3.00 per ton.

Safety Expenses: according to the notice of Measures for Withdrawal and Use of Enterprise Work Safety Funds (C.Z. [2022] No. 136), unit safety expense for this Appraisal is set at RMB50.00 per ton.

Repair Expense: based on the enterprise's financial statements, unit repair expense is RMB2.44 per ton.

Transportation Expense: based on the enterprise's financial statements, unit transportation expense is RMB0.74 per ton.

Environmental Management and Land Reclamation Expense: based on the Mine Geological Environmental Protection and Land Reclamation Plan for Wudong Coal Mine of CHN Energy Xinjiang Energy Co., Ltd., and after calculation, unit environmental management and land reclamation expense for this Appraisal is RMB9.19 per ton.

Other Manufacturing Expenses: based on the enterprise's financial statements, unit other manufacturing expenses are set at RMB79.51 per ton.

Management Expenses: based on the enterprise's financial statements, unit management expenses are RMB2.06 per ton.

Research and Development Expenses: based on the enterprise's financial data, unit R&D expense for this Appraisal is set at RMB4.15 per ton.

Financial Expenses: according to Guidance on Determining Parameters for Mining Rights Appraisal, and after calculation, unit financial expense for this Appraisal is RMB1.70 per ton.

Total Cost refers to the sum of all cost items. Operating Cost refers to the total cost after deducting depreciation expense, depreciation-type maintenance fee, shaft & tunneling engineering fund, amortization expense, and financial expenses.

Taking the year 2030 as an example, unit total cost for the Appraised Entity is RMB282.72 per ton, and unit operating cost is RMB248.12 per ton. Annual total cost is RMB1.1308718 billion, and annual operating cost is RMB992.4979 million.

Discount Rate: according to Guidance on Determining Parameters for Mining Rights Appraisal, basic composition of Discount Rate is: Discount Rate = Risk-free Rate + Risk Premium Rate.

Risk-free Rate is determined as 1.70%, referencing the 10-year government bond yield to maturity disclosed by WIND information system as of the valuation benchmark date.

Risk Premium Rate is estimated using "risk addition method". Main risks include: exploration and development stage risk, industry risk, financial operation risk, and other specific risks. As this is an operating mine, exploration and development stage Risk Premium Rate is set at 0.60%, industry Risk Premium Rate at 2.00%, financial operation Risk Premium Rate at 1.50%. Considering the actual situation of the mine, other specific Risk Premium Rate is set at 2.00%. Total Risk Premium Rate for this Appraisal is determined to be 6.10%.

Based on the comprehensive discount rate range and mine's development status, Discount Rate for this project is determined to be 7.80%.

After estimation, cumulative present value of net cash flows for Wudong Coal Mine Mining Rights of Shenhua Xinjiang Energy Co., Ltd. as of July 31, 2025, is RMB-1,446,225,400.00, resulting in the mining rights appraisal value of 0.

B．Tunbao Coal Mine

Calculation of resource reserves and recoverable reserves utilized in this Appraisal is primarily based on the following documents: Xinjiang Changji Liuhuanggou Mining Area Tunbao Coal Mine Newly Proposed Consolidation Area Resource Reserve Verification Report (hereinafter referred to as Reserve Verification Report) prepared in May 2022; Guoneng Xinjiang Energy Co., Ltd. Changji Tunbao Coal Mine 2024 Reserve Annual Report (hereinafter referred to as 2024 Reserve Annual Report); CHN Energy Xinjiang Energy Co., Ltd. Tunbao Coal Mine Preliminary Design Change Description (hereinafter referred to as Preliminary Design Change) from 2024; Technical and economic parameters are mainly based on Preliminary Design Change and financial forecast data of Tunbao Coal Mine for periods following the base date.

Refer to China Mineral Rights Appraisal Guidelines, relevant policies and regulations, technical economic standards, and data available to the appraisers for selection of other relevant technical and economic indicators.

Determination of each parameter is explained as follows:

Reserve Resources as of the Valuation benchmark date: based on the Reserve Verification Report, 2024 Reserve Annual Report, and statistical table of extraction consumption, reserve resources amount to 302.331 million tons, including 198.554 million tons of measured resources, 81.869 million tons of indicated resources, and 21.908 million tons of inferred resources.

Mineral Resource Reserves Utilized for Appraisal: Mineral Resource Reserves Utilized for Appraisal = Σ (Base Reserves Involved in the Appraisal + Resource Quantity × Corresponding Credibility Coefficient) = 294.658 million tons.

Product Scheme: based on the actual situation of mine, raw coal is dry-processed to obtain commercial coal products such as lump coal and fine coal, primarily used as thermal coal according to different customer requirements. Therefore, product scheme for this Appraisal is determined to be lump coal and fine coal or mixed coal after dry processing.

Recovery Rate in Mining Areas: according to *Code for Design of Coal Mine Shafts* (GB 50215-2015) and Preliminary Design Change, based on the analysis of coal seam thickness, seams #5, #10, #14-2, #15-1, and #15-2 are thick coal seams with designed mining area recovery rate of 75%; seams #4, #7, #9, and #14-1 are medium-thick coal seams with designed mining area recovery rate of 80%. Designed recovery rates are adopted for the Appraisal.

Recoverable Reserves Utilized for Appraisal: Recoverable Reserves Utilized for Appraisal = (Mineral Resource Reserves Utilized for Appraisal-Design Losses) × Mining Recovery Rate = 195.8558 million tons.

Production Capacity and Service Life: based on the mine's mining succession plan, production capacity during table period is 2.7 million tons per year. Appraisal calculation period is 54.25 years, from August 2025 to October 2079.

Product Sales Price and Sales Revenue: for this Appraisal, sales price is set at RMB189.00 per ton for August-December 2025 and for 2026, RMB234.00 per ton for 2027, RMB279.00 per ton for 2028, and RMB323.00 per ton for 2029 and subsequent years. Assuming all processed coal produced is sold within the period, annual sales revenue during normal production years is RMB484.5000 million.

Fixed Asset Investment: for this Appraisal, original value of fixed assets (after

consolidation with construction in progress) is RMB991,427,400.00 (including: RMB293,162,500.00 for shaft and tunneling engineering, RMB363,608,700.00 for buildings and structures, and RMB334,656,200.00 for machinery and equipment). Net value is RMB590,059,900.00 (including: RMB200,016,300.00 for shaft and tunneling engineering, RMB227,226,900.00 for buildings and structures, and RMB162,816,700.00 for machinery and equipment). Subsequent investment for construction in progress is RMB613,414,000.00 (including: RMB488,036,900.00 for shaft and tunneling engineering, RMB28,268,300.00 for buildings and structures, and RMB97,108,800.00 for machinery and equipment; amounts include tax).

Total Cost and Operating Cost:

Cost of External Materials: based on the mine's financial statements, unit cost of external materials is set at RMB13.94 per ton.

Cost of External Fuel and Power: based on the mine's financial statements, unit cost of external fuel and power is set at RMB14.05 per ton.

Employee Compensation: based on the financial statements, unit employee compensation is set at RMB65.33 per ton.

Depreciation Expense: based on calculations, annual depreciation expense is RMB45.6325 million, and unit depreciation expense is RMB16.90 per ton.

Maintenance and Upkeep Fee and Shaft & Tunneling Engineering Fund: according to the notice of Measures for Withdrawal and Use of Coal Production Safety Funds and Several Provisions on Regulating the Management of Coal Mine Maintenance and Upkeep Fees (Cai Jian [2004] No. 119), maintenance and upkeep fee for this project is RMB6.00 per ton, and shaft & tunneling engineering fund is RMB2.5 per ton. This includes a renewal-type maintenance fee of RMB3.00 per ton and a depreciation-type maintenance fee of RMB3.00 per ton.

Safety Expenses: according to the notice of Measures for Withdrawal and Use of Enterprise Work Safety Funds (C.Z. [2022] No. 136), unit safety expense for this Appraisal is set at RMB50.00 per ton.

Repair Expense: based on the enterprise's financial statements, unit repair expense is RMB4.85 per ton.

Environmental Management and Land Reclamation Expense: based on the Mine Geological Environmental Protection and Land Reclamation Plan for Wudong Coal Mine of CHN Energy Xinjiang Energy Co., Ltd., and after calculation, unit environmental management and land reclamation expense for this Appraisal is RMB1.15 per ton.

Transportation Expense, Loading/Unloading Fees, Specialized Services, Outsourced Services, and Equipment Rental Fees: based on the enterprise's financial statements, unit transportation expense is RMB23.74 per ton.

Other Manufacturing Expenses: based on the enterprise's financial statements, unit other manufacturing expenses are set at RMB3.76 per ton.

Management Expenses: based on the enterprise's financial statements, unit management expenses are RMB7.38 per ton.

Research and Development Expenses: based on the enterprise's financial data, unit R&D expense for this Appraisal is set at RMB2.59 per ton.

Financial Expenses: according to Guidance on Determining Parameters for Mining Rights Appraisal, and after calculation, unit financial expense for this Appraisal is RMB1.49 per ton.

Total Cost refers to the sum of all cost items. Operating Cost refers to the total cost after deducting depreciation expense, depreciation-type maintenance fee, shaft & tunneling engineering fund, amortization expense, and financial expenses.

Taking the year 2030 as an example, unit total cost for the Appraised Entity is RMB213.69 per ton, and unit operating cost is RMB189.52 per ton. Annual total cost is RMB576.9523 million, and annual operating cost is RMB511.7030 million.

Discount Rate: according to Guidance on Determining Parameters for Mining Rights Appraisal, basic composition of Discount Rate is: Discount Rate = Risk-free Rate + Risk Premium Rate.

Risk-free Rate is determined as 1.70%, referencing the 10-year government bond yield to maturity disclosed by WIND information system as of the valuation benchmark date.

Risk Premium Rate is estimated using "risk addition method". Main risks include: exploration and development stage risk, industry risk, financial operation risk, and other specific risks. As this is an operating mine, exploration and development stage Risk Premium Rate is set at 0.60%, industry Risk Premium Rate at 2.00%, financial operation Risk Premium Rate at 1.50%. Considering the actual situation of the mine, other specific Risk Premium Rate is set at 2.00%. Total Risk Premium Rate for this Appraisal is determined to be 6.10%.

Based on the comprehensive discount rate range and mine's development status, Discount Rate for this project is determined to be 7.80%.

After estimation, cumulative present value of net cash flows for CHN Energy Xinjiang Energy Co., Ltd. Changji Tunbao Coal Mine Mining Rights as of July 31,

2025, is RMB148,687,700.00, resulting in the mining rights appraisal value of RMB148,687,700.00.

(2) For Exploration Rights, due to the inability to obtain information such as geological surveys, preliminary designs, general mine plans, and formal feasibility study reports that meet the requirements for mining rights appraisal, it is not possible to model and calculate the market value of these exploration rights as of the Valuation benchmark date in accordance with mining rights appraisal standard system and theory. Therefore, for this appraisal, relevant costs associated with exploration rights are retained at their audited book value. Book value of the exploration rights is RMB98.2562 million, and appraised value is also RMB98.2562 million.

(3) Mining Rights Usage Fee

Certain individual mining right owners authorize their subsidiaries to extract and operate the mining rights by charging Mining Rights Usage Fee. For this Appraisal, mining rights held by the owner are valued by calculating the usage fee based on the per-ton fee and expected production volume. After deducting income tax expense, the resulting amount is discounted to its present value using the discount rate applied in the mining rights appraisal to determine the appraised value. Operator retains the operating income; therefore, in the Asset-based Approach Appraisal of this subsidiary, summarized mining rights appraisal value is included, and net value of payable Mining Right Usage Fee is added and listed as the appraised value. The appraised value of Mining Rights Usage Fee is RMB901.7375 million.

As of the valuation benchmark date, total mining rights appraisal result is RMB1.1486814 billion, comprising a mining rights value of RMB148.6877 million, an exploration rights value of RMB98.2562 million, and a mining rights usage fee value of RMB901.7375 million. This represents an appraised decrease of RMB504.3339 million. Reason for the decrease is as follows: the operator of CHN Energy Xinjiang Energy Chemical Co., Ltd. Tuokexian Heishan Open-pit Coal Mine is the subsidiary Guoneng Xinjiang Tuokexun Energy Co., Ltd. Appraised mining rights value is reflected in the appraisal schedule of the operator, while only the Mining Rights Usage Fee is listed in the appraisal schedule of the Appraised Entity, leading to a decrease compared to the book value.

8. **Other assets and liabilities**

Asset appraiser verified the book values of various itemized statements and related materials provided by the Appraised Entity. Appraised values were determined based on audited book values or actual liabilities borne/entitlements held by the entity.

Where: book value of current assets was RMB6.6928134 billion, with an appraised value of RMB6.6928134 billion, representing no change in value. Book value of other non-current assets was RMB357.6273 million, with an appraised value of RMB375.1271 million, representing an increase of 4.89%. Book value of current liabilities was RMB10.1445244 billion, with appraised value of RMB10.1445244 billion, showing no change. Book value of non-current liabilities was RMB3.1345043 billion, with an appraised value of RMB3.0171186 billion, representing a decrease of 3.74%.

Based on the calculations, as of the valuation benchmark date:

(A) Appraised Total Equity of Xinjiang Energy's Shareholders= Current Assets (RMB6.6928134 billion) + Non-Current Assets (including Long-term equity investments + building and structure fixed assets + shaft and tunneling engineering + equipment fixed assets + construction in progress + land use rights + mining rights + other non-current assets) (RMB12,281,005,600 + RMB1,685,774,000 + RMB20,439,200 + RMB1,042,669,700 + RMB296.2258 million + RMB1.7403344 billion + RMB1,148,681,400 + RMB375,127,100) - Current Liabilities (RMB10.1445244 billion) - Non-Current Liabilities (RMB3.0171186 billion) = RMB12,121,427,600.

(B) Book Value of Total Equity of Xinjiang Energy's Shareholders= Current Assets (RMB6,692,813,400) + Non-Current Assets (including long-term equity investments + building and structure fixed assets + shaft and tunneling engineering + equipment fixed assets + construction in progress + land use rights + mining rights + other non-current assets) (RMB6.6827586 billion + RMB1.9315509 billion + RMB525.5075 million + RMB916.0244 million + RMB302.5864 million + RMB84.6835 million + RMB1.6530153 billion + RMB357.6273 million) - Current Liabilities (RMB10.1445244 billion) - Non-Current Liabilities (RMB3.1345043 billion) = RMB5,867,538,600.

IV. Income Approach

(I) Key Assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset’s function, purpose, and transaction

price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations;

6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

14. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

15. It was assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

16. It was assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;

17. It is assumed that starting from 2034, Shenhua Xinjiang Energy Company Limited Wudong Coal Mine will begin to pay mining rights transfer income annually in accordance with the provisions of the Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method (C.Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

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

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

(II) Appraisal Model

1. Basic model

This Appraisal employs the Discounted Cash Flow (DCF) method under the Income Approach to indirectly determine the total equity value of shareholders by appraising the business enterprise value. Business enterprise value comprises the value of operating assets generated from normal business activities and value of non-operating assets unrelated to normal business activities. Value of operating assets is determined using the Free Cash Flow to the Firm (FCFF) model, which discounts and sums the projected annual free cash flows to the firm over a specified future period using an appropriate discount rate. The calculation model is as follows:

Total Shareholders' Equity Value = Business Enterprise Value - Interest-Bearing Debt Value

RMB12,049,738,200 = RMB15,330,818,100 - RMB3,281,079,900

(1) Business Enterprise Value

Business enterprise value refers to the sum of total shareholders' equity value and interest-bearing debt value. Based on the asset allocation and usage of the Appraised Entity, the calculation formula for business enterprise value is as follows:

Business Enterprise Value = Value of Operating Assets + Value of Redundant Assets + Value of Non-Operating Assets - Value of Non-Operating Liabilities + Value of Long-term Equity Investments

Business enterprise value for Xinjiang Energy is calculated as: RMB3,182,692,600 + RMB1,223,293,400 + RMB5,011,942,000 – RMB6,368,115,500 + RMB12,281,005,600

= RMB15,330,818,100

①Value of Operating Assets

Operating Assets refer to the assets and liabilities related to the production and operation of the Appraised Entity and involved in the projection of post-Valuation benchmark date free cash flows to the firm.

②Value of Redundant Assets

Redundant Assets refer to those assets in excess of the requirements for production and operation as of the valuation benchmark date, not involved in the projection of post-Valuation benchmark date free cash flows to the firm. The redundant assets of the Appraised Entity include monetary funds. Cost approach was used for their appraisal.

③Value of Non-operating Assets and Liabilities

Non-operating Assets and Liabilities refer to those assets and liabilities unrelated to the production and operation of the Appraised Entity and not involved in the projection of post- Valuation benchmark date free cash flows to the firm. For the Appraised Entity, these include accounts receivable, other receivables, inventory and fixed assets in abnormal status, accounts payable, other payables, etc. Cost approach was used for their appraisal.

④Value of Long-term Equity Investments

Long-term Equity Investments refer to external equity investments held by the enterprise as of the valuation benchmark date. Their value is determined by multiplying the total equity value of the invested entity, confirmed through an appropriate appraisal method, by the ownership percentage.

(2) Interest-bearing Debt Value

Interest-bearing Debt refers to liabilities requiring interest payments by the Appraised Entity as of the valuation benchmark date. This includes short-term loans, long-term loans due within one year, and long-term loans. Verified book value is RMB3.2810799 billion.

2. Income indicators

For this Appraisal, value of operating assets is calculated using the following formula:

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

Where: P: Value of operating assets of the enterprise as of the valuation benchmark date;

Fi: Expected free cash flow to the firm in the i-th year after the valuation benchmark date;

Fn: Expected free cash flow to the firm in the final year of the detailed forecast period;

r: Discount rate (Weighted Average Cost of Capital, WACC) of 8.09%;

n: Detailed forecast period;

i: The i-th year within the detailed forecast period.

Among these, free cash flow to the firm is calculated as follows:

Free Cash Flow to the Firm = Earnings before Interest after Taxes + Depreciation & Amortization - Capital Expenditures - Increase in Working Capital

3. Discount rate

Discount rate used is the Weighted Average Cost of Capital (WACC), calculated as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Where: ke: Cost of equity capital, calculated as 11.87%;

kd: Cost of interest-bearing debt capital, calculated as 2.05%;

E: Market value of equity;

D: Market value of interest-bearing debt;

t: Income tax rate of 25%.

Where, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: rf: As the possibility of not being redeemable upon maturity is minimal and can be omitted, yield of state bond is usually considered as risk-free. According to information disclosed by the WIND Information System, the yield of to maturity of 10-year government bonds as at the Valuation benchmark date is 1.7044%, this valuation report adopted 1.7044% as the risk-free yield;

MRP: Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment is determined by comprehensively analysing the weighted average of the annualised weekly returns from 1992 to the Valuation benchmark date selected on the basis of the stock trading price indices of the Shanghai Stock Exchange and Shenzhen Stock Exchange. As calculated, the market rate of return on investment is 8.36%. The yield to maturity on 10-year treasury bonds of 1.70% on the Valuation benchmark date has been taken as the risk-free rate of return. The market risk premium is 6.66%;

βL: Levered beta coefficient, measuring systematic risk of equity, determined as 1.0766;

rc: Company-specific risk adjustment factor of 3.00%.

A3. Main Evaluation Materials of Chemical Company

I. SELECTION OF THE APPRAISAL APPROACHES

According to the "Appraisal Report," China United Assets Appraisal Group Co., Ltd (hereinafter "China United Assets") has considered the applicability of three asset appraisal approaches: the asset-based approach, the income approach, and the market approach.

China United Assets determined that, around the Appraisal Reference Date, as a large-scale coal chemical enterprise, Chemical Co. could not obtain recent transaction cases of similarly sized coal chemical enterprises, and there were few comparable listed companies of similar scale and business structure in the market. Therefore, the market approach was not selected for the appraisal. Considering that the asset-based approach reflects the enterprise's value from the perspective of its construction and acquisition, provides a basis for the enterprise's operation, management, and performance appraisal after the completion of the economic act, and that Chemical Co. can provide relatively complete data required for the appraisal of assets and liabilities; at the same time, considering that Chemical Co. possesses the foundation and conditions for continuing operations, with predictable and quantifiable future earnings and risks, China United Assets determined that Chemical Co. meets the conditions for applying both the asset-based approach and the income approach. Therefore, both the asset-based approach and the income approach were used for the appraisal.

The value of all shareholders' equity of Chemical Co., as calculated by China United Assets using the asset-based approach, is RMB2,495,053.41 ten thousand, and the value calculated using the income approach is RMB2,207,287.02 ten thousand.

Considering that (i) the income approach is significantly influenced by the enterprise's future profitability, asset quality, operational capability, and operational risks. Chemical Co.'s historical operating conditions have been relatively unstable, with instances of production line shutdowns, idle assets, or assets pending scrappage. Furthermore, the chemical industry is susceptible to environmental impacts, and the prices of its products and raw materials fluctuate significantly, leading to a lower accuracy of profit forecasts; (ii) the asset-based approach reflects the fair market value of the assets from the perspective of asset replacement. In the context of this appraisal, Chemical Co. is a heavy-asset enterprise. Chemical Co. has provided detailed information on its assets and liabilities, and the valuers have also collected the necessary data from external sources to satisfy the requirements of the asset-based approach, allowing for a comprehensive inspection and appraisal of Chemical Co.'s assets and liabilities. Compared to the income approach applied to the enterprise as a whole, the asset-based approach more objectively reflects the appraised value of the enterprise's net assets. Therefore, China United Assets ultimately selected the result from the asset-based approach as the final appraisal conclusion.

II. MAJOR APPRAISAL ASSUMPTIONS

(1) General Assumptions

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

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

4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic climate, or the political, economic, and social situation of the regions where the parties involved in the transaction are located;

5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;

7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;

8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;

9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;

10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;

12. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;

13. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

III. ASSET-BASED APPROACH

(I) Long-Term Equity Investments

For long-term equity investments, verification procedures were first conducted to examine the cause of their formation, book value, actual status, and other relevant factors. Investment agreements, shareholder resolutions, articles of association, and relevant accounting records were reviewed to confirm the authenticity and completeness of the long-term investments.

For wholly-owned subsidiaries and those subsidiaries with over 50% ownership, a comprehensive asset appraisal of the investee entities was performed as of the Appraisal Reference Date. The appraised value was then determined by multiplying the appraised net asset value of the investee entity by the shareholding percentage of the investee entity as of the Appraisal Reference Date:

Appraised value of long-term equity investments = Appraised net asset value of the investee entity after a full appraisal × Shareholding percentage

Where differences existed between the paid-in capital and the subscribed capital, the calculation was as follows:

Appraised value of long-term equity investments = (Total appraised shareholders' equity of the investee entity + Unpaid subscribed capital) × The shareholder's subscribed capital ratio - The shareholder's unpaid subscribed capital

In determining the appraised value of the long-term equity investments, the valuers did not consider any premium or discount arising from factors such as control premiums or minority discounts, nor did they consider the impact of equity marketability on the appraisal results.

No.	Name of Investee Entity	Shareholding Percentage	Appraisal Approach	Method for determining the conclusion value
1	Shaanxi Xianyang Chemical Industry Co., Ltd.	65.00%	Asset-based Approach	Asset-based Approach
2	Shenhua Coal to Liquid Research Center Co., Ltd.	80.00%	Asset-based Approach	Asset-based Approach
3	Guoneng Yulin Chemical Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach
4	Guoneng Xinjiang Chemical Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach
5	Shenhua Engineering Technology Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach
6	Guoneng Jishi Chemical Technology (Shanghai) Co., Ltd.	100.00%	Asset-based Approach	Asset-based Approach
7	Shaanxi Yushen Energy Thermal Power Co., Ltd.	65.00%	Asset-based Approach	Asset-based Approach
8	Guoneng Baoqing Biotechnology Co., Ltd.	51.00%	Asset-based Approach	Asset-based Approach
9	Guoneng Baoqing Coal, Power & Chemical Co., Ltd.	35.00%	Asset-based Approach, Income Approach	Asset-based Approach
10	Shaanxi Energy Liangshuijing Mining Co., Ltd.	30.00%	Income Approach	Income Approach
11	Shanghai Pujing Chemical Technology Co., Ltd.	33.36%	Financial Statement Confirmation	Financial Statement Confirmation
12	Shaanxi Shenmu Chemical Industry Co., Ltd.	62.32%	Asset-based Approach, Income Approach	Asset-based Approach

Upon completion of the appraisal, the results for the long-term equity investment entities are as follows:

No.	Name of Investee Entity	Book Value (ten thousand RMB)	Appraised Value (RMB in ten thousand)	Appreciation Rate (%)
1	Shaanxi Xianyang Chemical Industry Co., Ltd.	0.00	17,434.87	100
2	Shenhua Coal to Liquid Research Center Co., Ltd.	4,000.00	5,517.19	37.93
3	Guoneng Yulin Chemical Co., Ltd.	659,070.35	702,328.47	6.56
4	Guoneng Xinjiang Chemical Co., Ltd.	377,543.83	775,611.84	105.44
5	Shenhua Engineering Technology Co., Ltd.	26,092.30	26,111.30	0.07
6	Guoneng Jishi Chemical Technology (Shanghai) Co., Ltd.	16,596.97	19,172.39	15.52
7	Shaanxi Yushen Energy Thermal Power Co., Ltd.	16,945.14	17,039.44	0.56
8	Guoneng Baoqing Biotechnology Co., Ltd.	6,120.00	6,119.21	-0.01
9	Guoneng Baoqing Coal, Power & Chemical Co., Ltd.	88,580.05	155,939.59	76.04
10	Shaanxi Energy Liangshuijing Mining Co., Ltd.	139,020.09	392,386.98	182.25
11	Shanghai Pujing Chemical Technology Co., Ltd.	18,613.25	10,719.58	-42.41
12	Shaanxi Shenmu Chemical Industry Co., Ltd.	0.00	0.00	0.00
	Total	1,352,581.99	2,128,380.86	57.36

As calculated, as of the Appraisal Reference Date, the long-term equity investments included in the scope of this appraisal have an original book value of RMB2,267,883.78 ten thousand, an impairment provision of RMB915,301.79 ten thousand, and a book value of RMB1,352,581.99 ten thousand. The appraised value is RMB2,128,380.86 ten thousand, representing an assessed appreciation of RMB775,798.87 ten thousand, or an appreciation rate of 57.36%. The primary reason for this increase is the assessed appreciation identified during the comprehensive asset appraisal of the controlling subsidiaries as of the Appraisal Reference Date, leading to a higher appraised value compared to the book value. The main reasons for the assessed appreciation are as follows:

1. The assessed appreciation of Shaanxi Xianyang Chemical Industry Co., Ltd. is RMB17,434.87 ten thousand, representing an appreciation rate of 100%. The primary reason for the appreciation is that the company has ceased production, and its production facilities have been dismantled. The Coal to Liquid Chemical Company has fully provided for the impairment of this long-term equity investment. During this appraisal, the continuing utility value of its land use rights, ground-level office buildings, and substation facilities has been taken into account, and thus their value has been reflected;

2. The assessed appreciation of Shenhua Coal to Liquid Research Center Co., Ltd. is RMB1,517.19 ten thousand, representing an appreciation rate of 37.93%. The primary reason for the appreciation is that the depreciation period applied by the company for fixed assets under accounting standards is shorter than the economic life period adopted during this appraisal.

3. The assessed appreciation of Guoneng Yulin Chemical Co., Ltd. is RMB43,258.12 ten thousand. The main reason for the appreciation is that, in previous years, due to persistently low international oil prices, the company's main olefin products in the coal chemical industry lacked competitiveness, and the utilization rate of chemical equipment was insufficient, leading to impairment provisions for long-term assets. After years of research, development and upgrades by the company, the equipment utilization rate at the time of this appraisal has significantly improved, and the original reasons for impairment have shown evident changes. As a result, this appraisal reflects the value of the long-term assets.

4. The assessed appreciation of Guoneng Xinjiang Chemical Co., Ltd. is RMB 398,068.01 ten thousand. The primary reason for the appreciation is that, in previous years, due to persistently low international oil prices, the company's main olefin products in the coal chemical industry lacked competitiveness, and the utilization rate of chemical equipment was insufficient, leading to impairment provisions for long-term assets. After years of research, development and upgrades by the company, the equipment utilization rate at the time of

this appraisal has significantly improved, and the original reasons for impairment have shown evident changes. As a result, this appraisal reflects the value of the long-term assets.

5. The assessed appreciation of Shenhua Engineering Technology Co., Ltd. is RMB 19.00 ten thousand, representing an appreciation rate of 0.07%. The appraised value is basically equivalent to its book value.

6. The assessed appreciation of Guoneng Jishi Chemical Technology (Shanghai) Co., Ltd. is RMB 2,575.42 ten thousand, representing an appreciation rate of 15.52%. The primary reason for the appreciation is that the depreciation period applied by the company for fixed assets under accounting standards is shorter than the economic life period adopted during this appraisal.

7. The assessed appreciation of Shaanxi Yushen Energy Thermal Power Co., Ltd. is RMB 94.30, representing an appreciation rate of 0.56%. The appraised value is basically equivalent to its book value.

8. The assessed impairment of Guoneng Baoqing Biotechnology Co., Ltd. is RMB 0.79, representing an impairment rate of 0.01%. The appraised value is basically equivalent to its book value.

9. The assessed appreciation of Guoneng Baoqing Coal, Power & Chemical Co., Ltd. is RMB67,359.54 ten thousand, representing an impairment rate of 76.04%. The main reason for the appreciation is the assessed appreciation in the mining rights of Chaoyang Open-Pit Coal Mine held by the company.

10. The assessed appreciation of Shaanxi Energy Liangshuijing Mining Co., Ltd. is RMB253,366.89 ten thousand. The primary reason for the appreciation is the favorable performance and stable dividends of the Liangshuijing Coal Mine, leading to the assessed appreciation of this coal mining company.

11. The assessed impairment of Shanghai Pujing Chemical Technology Co., Ltd. is RMB 7,893.67 ten thousand, representing an impairment rate of 42.41%. As the Coal to Liquid Chemical Company holds only a 33.36% equity interest in Pujing Chemical, which does not meet the criteria for conducting a full asset appraisal, the appraisal was determined by multiplying the company's consolidated net assets as of the Appraisal Reference Date by the shareholding percentage. The book value represents the historical investment cost of the Coal to Liquid Chemical Company, resulting in the discrepancy.

12. Shaanxi Shenmu Chemical Industry Co., Ltd. showed no increase or decrease in value. The reason is that the company's net assets in its financial statements were RMB -20,439.35 ten thousand, while the appraised value was RMB -5,198.17 ten thousand. Pursuant to the Company Law, which stipulates that that a parent company bears limited liability within the scope of its capital contribution, the long-term equity investment value of the Coal to Liquid Chemical Company in the entity is valued at 0.

(II) Fixed Assets - Buildings and Structures

Based on the structural characteristics, usage nature, and other factors of the buildings and structures included in the scope of the appraisal, the valuers analyzed the applicability of different appraisal methods and ultimately determined the reasonable appraisal method for each type of asset, as follows:

① For buildings and structures self-constructed by the enterprise, the cost approach is used for appraisal;

② For commercially purchased properties or real estate with the potential for separate transfer, the market approach is used for appraisal.

1. Cost Approach

The cost approach is a method of determining the value of a building by calculating the investment required to replace a similar property under market conditions as of the Appraisal Reference Date and based on the structural characteristics of the subject building, then multiplying this by the building's remaining useful life rate determined after a comprehensive evaluation. The calculation formula is as follows:

Appraised Value = Full Replacement Cost × Remaining Useful Life Rate

①Determination of Full Replacement Cost

As the appraised entity is a general VAT taxpayer, the full replacement cost for buildings and structures in this appraisal is exclusive of tax.

The full replacement cost generally consists of three parts: construction and installation engineering cost, pre-construction and other fees, and capital cost. The calculation formula is as follows:

Full Replacement Cost (excluding tax) = Construction and Installation Engineering Cost (excluding tax) + Pre-construction and Other Fees (excluding tax) + Capital Cost

A. Determination of Construction and Installation Engineering Cost

For key projects with budget or final account data, the budget/final account adjustment method is used. The appraiser calculates the construction and installation engineering cost based on the project quantities from the budget/final account, referencing the current "Inner Mongolia Housing Construction and Decoration Engineering Budget Quota" (2017), "Inner Mongolia General Installation Engineering Budget Quota" (2017), and "Inner Mongolia Municipal Engineering Budget Quota" (2017), and using market price information for construction materials in the appraised entity's region as of the Reference Date;

For key projects without budget, estimate, or final account data, the appraiser uses the budget quota of similar projects, recompiles simulated project quantities, and calculates the construction and installation engineering cost of the subject project based on relevant quotas and price documents applicable as of the Appraisal Reference Date;

For general construction projects of smaller value, the appraiser refers to the budget quotas, construction quotas, or estimate indices of similar construction and installation projects, and adjusts for differences in factors such as floor height, column spacing, span, finishing standards, and water and electricity facilities to derive the construction and installation engineering cost of the subject project.

B. Determination of Pre-construction and Other Fees

Pre-construction and other fees are determined based on the fee rate standards specified in national standards, industry regulations, and local construction management department policies, as well as administrative fee policy documents. The specific details are as follows:

No.	Fees	Rate (incl. tax)	Rate (excl. tax)	Calculation Base	Basis for Calculation
1	Project Legal Entity Management Fee	1.52%	1.49%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
2	Supervision Fee	0.19%	0.18%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
3	Engineering Supervision Fee	0.68%	0.64%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
4	Engineering Cost Consulting Fee	0.27%	0.25%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
5	Technical Service Fee	0.07%	0.07%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
6	Temporary Facilities Fee	0.58%	0.53%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
7	Pre-construction Work Fee	0.05%	0.05%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
8	Special Demonstration, Evaluation, and Acceptance Fee	0.14%	0.13%	Engineering Cost	2025 Petrochemical Engineering Construction Quota

9	Survey and Design Fee	1.68%	1.58%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
10	Digital Delivery Fee	0.21%	0.20%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
11	Special Measures Fee for Over-dimensional Equipment Transportation	0.150%	0.14%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
12	Engineering Insurance Fee	0.30%	0.28%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
13	Equipment, Materials, and Facilities Inspection and Testing Fee	0.13%	0.12%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
14	Equipment and Materials Supervision and Inspection Fee	0.04%	0.04%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
15	Solid Waste and Hazardous Waste Disposal Fee	0.06%	0.06%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
16	Commissioning and Startup Fee	1.08%	0.99%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
17	Other Special Costs	0.50%	0.46%	Engineering Cost	2025 Petrochemical Engineering Construction Quota
	Total	7.65%	7.21%		

C. Determination of Capital Cost

The capital cost is calculated based on the appraised entity's reasonable construction period and the loan rate determined by reference to the Loan Prime Rate (LPR) published by the National Interbank Funding Center, authorized by the People's Bank of China, on July 21, 2025. The calculation base is the sum of the construction and installation engineering cost and the pre-construction and other fees, assuming an even input of funds. The calculation formula is as follows:

Capital Cost = [Construction and Installation Engineering Cost (incl. tax) + Pre-construction and Other Fees (incl. tax)] × Reasonable Construction Period × Loan Rate × 1/2

② Determination of Remaining Useful Life Rate

For this appraisal, reference was made to the economic life of buildings with different structures. Through on-site inspection of each type of building, the valuers examined the foundation, load-bearing components (beams, slabs, columns), walls, floors, roofs, doors, windows, plastering, ceilings, and utilities (plumbing, ventilation, electrical). Based on the "Standard for Assessing the Condition of Buildings" and "Reference for Appraising the Age of Buildings" issued by the former Ministry of Urban and Rural Construction and Environmental Protection, combined with the building's usage status and maintenance condition, the remaining service life for each type of building was determined. The remaining useful life rate was then calculated using the following formula:

Remaining Useful Life Rate = Remaining Usable Life / (Years Already Used + Remaining Usable Life) × 100%

③ Determination of Appraised Value

Appraised Value = Full Replacement Cost (excluding tax) × Remaining Useful Life Rate

2. Market Approach

The market approach involves comparing the subject property with similar real estate that has been transacted recently around the Appraisal Reference Date. Appropriate adjustments are made to the known prices of these comparable properties to estimate the objective and reasonable price or appraisal of the subject property. The calculation formula is as follows:

P=P case*A*B*C*D*E

Where: P: Appraised value of the subject property; P case: Transaction price of the comparable instance;

A: Transaction circumstance adjustment factor; B: Transaction date adjustment factor;

C: Regional factor adjustment factor; D: Individual factor adjustment factor;

E： Equity status factor adjustment coefficient

As calculated, as of the Appraisal Reference Date, the buildings and structures included in the scope of this appraisal have a book value of RMB53,535.68 ten thousand and an appraised value of RMB133,128.73 ten thousand, representing an assessed appreciation of RMB79,593.05 ten thousand, or an appreciation rate of 148.67%. The main reasons for this are (i) the commercially purchased properties or properties acquired through debt settlement were mainly acquired in 2007, and by the Appraisal Reference Date, land and housing prices had risen significantly with the economic development of the local area, and (ii) the self-constructed buildings and structures were mainly built between 2006 and 2025, and by the Appraisal Reference Date, the costs of labor, materials, and machinery had increased substantially, leading to an increase in the appraised original value. The significant increase in the appraised net value is mainly because the economic life of the buildings and structures is longer than the accounting depreciation period, resulting in a higher appraised value compared to the book value.

(III) Construction in Progress

Based on the characteristics of construction in progress, the type of value being appraised, the availability of data, and other relevant conditions, the cost approach is used for the appraisal.

(1) Completed Projects

For projects that were completed as of the Appraisal Reference Date and for which the project costs have been settled or the payable amount has been confirmed, the appraisal is conducted using the same method as for fixed assets. If the project is an ancillary part of another main project, it is considered during the appraisal of that main project and is not appraised separately under this category.

(2) Uncompleted Projects

For projects that started within six months of the Appraisal Reference Date, the verified book value is taken as the appraised value. For projects that started more than six months before the Appraisal Reference Date, if the book value does not include capital costs, capital costs are added based on a reasonable construction period. If the book value already includes capital costs, the existing capital costs are valued at zero, and a new capital cost is calculated.

As calculated, as of the Appraisal Reference Date, the construction in progress included in the scope of this appraisal has a book value of RMB107,605.97 ten thousand and an appraised value of RMB109,077.00 ten thousand, representing an assessed appreciation of RMB1,471.03 ten thousand, or an appreciation rate of 1.37%. The primary reason for this is that for projects under construction for more than six months, capital costs were included, leading to a higher appraised value compared to the book value.

(IV) Fixed Assets - Equipment

Based on the purpose of this appraisal and adhering to the principle of continuous use, the appraisal was conducted using market prices as the benchmark, considering the characteristics of the equipment to be appraised and the information collected. Different methods were applied to different types of equipment assets: the replacement cost method was primarily used for normally operating equipment, while the market approach was used for used equipment whose prices could be queried in the second-hand market. The calculation formula for the Replacement Cost Method is as follows:

Appraised Value = Full Replacement Cost × Remaining Useful Life Rate

Where: Full Replacement Cost = Equipment Purchase Price + Transportation & Miscellaneous Costs + Installation & Debugging Costs + Pre-operational & Other Costs (including tax) + Capital Cost - Deductible VAT

Remaining Useful Life Rate = Remaining Usable Years / (Years Already Used + Remaining Usable Years)× 100%

Based on the calculations, as of the Appraisal Reference Date, the book value of the equipment assets within the appraisal scope was RMB136,192.04 ten thousand, and the appraised value was RMB260,652.82 ten thousand. This represents an assessed appreciation of RMB124,460.78 ten thousand and an appreciation rate of 91.39%. The main reasons are as follows: (i) The replacement cycle for related production equipment has shortened due to overall advancements in national industrial technology. The continuous introduction of new equipment has led to the obsolescence of older equipment, causing a decrease in the appraised original value of the machinery. (ii) Due to insufficient domestic market demand and hindered export orientation in recent years, the industrial products market has generally experienced oversupply, leading to a continuous decline in industrial product prices. This has resulted in a decrease in the replacement cost of machinery and equipment, causing a decrease in the appraised original value of the equipment. (iii) The increase in labor costs has led to a rise in the installation costs within the full replacement cost of the equipment, creating a factor for an increase in the appraised original value of the equipment. (iv) A significant impairment provision had been made for the machinery and equipment, leading to a substantial increase in the appraised net value. (v) The decrease in the appraised original value of the equipment impacts the appraised net value, causing a decrease in the appraised net value. The combination of the above factors has resulted in an assessed appreciation of the appraised value relative to the book value.

(V) Intangible Assets - Land

(1) Selection of Appraisal Method

In accordance with the requirements of the "Asset Appraisal Practice Standards - Real Estate" and the "Regulations for Urban Land Valuation," and considering the location, land use nature, utilization conditions of the subject land, as well as the local land market conditions, the valuers analyzed the applicability of different appraisal methods and ultimately determined the reasonable appraisal methods.

1) Suitable Methods and Rationale

A. Market Comparison Approach: The subject property is located in Ordos City, where real estate transactions have been relatively active in recent years. Transaction prices are public and transparent, making it possible to obtain numerous transaction cases of land similar to the subject property in terms of conditions and use. The transaction dates, circumstances, and regional and individual factors of the comparable instances are clear, allowing for the reasonable determination of adjustment factors and the objective calculation of a comparable price. Therefore, the Market Comparison Approach is suitable for this appraisal.

B. Cost Approach: The subject land is for industrial use. In recent years, there have been many similar land acquisition cases in the area where the subject land is located, and there is a reliable basis for the various costs and expenses incurred in acquiring and developing the land. Therefore, it is appropriate to use the Cost Approach for this appraisal.

2) Unsuitable Methods and Rationale

A. Base Land Price Coefficient Adjustment Method: The base land price for the area where the subject property is located has not been publicly announced. The valuers were also unable to obtain the corresponding adjustment system for the local base land price through visits and research at the local land and resources department. The conditions for using the Base Land Price Coefficient Adjustment Method are not met; therefore, it is not suitable for this appraisal.

B. Income Capitalization Method: There are no comparable land rental cases in the area of the subject land that can be used to estimate potential rent. At the same time, the buildings on the subject land are currently for the enterprise's own use. Although this type of building has a certain degree of versatility, similar land uses in the subject land's area are predominantly for self-use, with very few rental cases. It is also difficult to accurately calculate the pure land income by separating it from the property rent. Therefore, the Income Capitalization Method is not suitable for this appraisal.

C. Hypothetical Development Method: The subject land is for industrial use. In the same supply-demand circle, similar recent real estate for industrial use is primarily self-built and self-used by enterprises after land purchase. There are few cases of mining plant rentals or sales, and a stable and public market for plant rental and sales

transactions has not been formed. Therefore, the Residual Method (Hypothetical Development Method) is not suitable for this appraisal.

In summary, based on the characteristics and actual situation of the subject land, the Market Comparison Approach and the Cost Approach were used for this appraisal.

For land for which property certificates cannot be obtained and whose book value represents compensation for the use of land belonging to others, the book value is listed as the appraised value.

(2) Description of Appraisal Methods

The Market Comparison Approach is a method of estimating the objective and reasonable price of a subject property by comparing it with similar, substitutable land use rights that have been transacted in the market recently around the Appraisal Reference Date, and making appropriate adjustments to the transaction prices of these similar land use rights.

The Cost Approach is an appraisal method that determines the price of granted land primarily based on the sum of all objective expenses incurred in developing the land, plus objective profit, interest, and taxes payable.

As calculated, as of the Appraisal Reference Date, the book value of the intangible assets - land use rights included in the scope of this appraisal is RMB36,493.00 ten thousand, and the appraised value is RMB163,319.92 ten thousand, representing an assessed appreciation of RMB126,826.92, or an appreciation rate of 347.54%. The primary reason for this is that the book value represents the historical cost at which the enterprise acquired the land use rights in previous years. With the continuous social and economic development of the region in recent years, improvements in the investment environment and infrastructure have driven up the value of land use rights in the area, leading to an assessed appreciation of the appraised value relative to the book value.**(VI) Other Assets and Liabilities**

The asset appraisal professionals verified the book values against the detailed item lists and relevant financial information provided by the subject entity. The appraised values were determined based on the verified book values, or the actual liabilities/equity interest of the subject entity.

Among them, as of the Appraisal Reference Date, the appraised value of current assets is RMB669, 365.06 ten thousand, with a book value of RMB665,974.18 ten thousand, representing an appreciation rate of 0.51%; the appraised value of intangible assets is RMB176,579.76 ten thousand, with a book value of RMB41,590.06 ten thousand, representing an appreciation rate of 324.57%; the appraised value and book value of other non-current assets are both RMB66,954.66 ten thousand; the appraised value and book value of current liabilities are both RMB864,773.73 ten thousand; and the appraised value and book value of non-current liabilities are both RMB184,311.75 ten thousand.

Based on the calculations, as of the Appraisal Reference Date:

(A) Appraised Value of All Shareholders' Equity of Chemical Co. = Current Assets + Non-current Assets (including Long-term Equity Investments + Fixed Assets - Buildings and Structures + Fixed Assets - Equipment + Construction in Progress + Intangible Assets + Other Non-current Assets = RMB669,365.06 ten thousand + RMB2,128,380.86 ten thousand + RMB133,128.73 ten thousand + RMB260,652.82 ten thousand + RMB109,077.00 ten thousand + RMB176,579.76 ten thousand + RMB66,954.66 ten thousand) - Current Liabilities (RMB864,773.73 ten thousand) - Non-current Liabilities (RMB184,311.75 ten thousand) = RMB2,495,053.41 ten thousand.

(B) Book Value of All Shareholders' Equity of Chemical Co. = Current Assets + Non-current Assets (including Long-term Equity Investments + Fixed Assets - Buildings and Structures + Fixed Assets - Equipment + Construction in Progress + Intangible Assets + Other Non-current Assets = RMB665,974.18 ten thousand + RMB1,352,581.99 ten thousand + RMB53,535.68 ten thousand + RMB136,192.04 ten thousand + RMB107,605.97 ten thousand + RMB41,590.06 ten thousand +

RMB66,954.66 ten thousand) - Current Liabilities (RMB864,773.73 ten thousand) - Non-current Liabilities (RMB184,311.75 ten thousand) = RMB1,375,349.10 ten thousand.

IV. INCOME APPROACH

(I) Key Parameters and Assumptions

The key parameters and assumptions adopted by China United Assets in the Income Approach are as follows:

1. It is assumed that no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

2. It is assumed that the enterprise will continue as a going concern;

3. It is assumed that the company's management is responsible and competent in fulfilling their duties;

4. It is assumed that no significant changes will occur in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

5. It is assumed that the company's business scope and operational methods will remain consistent with the current direction, based on the existing management style and competency level;

6. It is assumed that during the future forecast period, the subject entity's core business, product mix, composition of revenue and costs, sales strategies, and cost control measures will remain largely unchanged from their post-commissioning and capacity-reaching state;

7. It is assumed that during the future forecast period, period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

8. The Weighted Average Cost of Capital (WACC) model was used to determine the discount rate, which is 9.51%;

9. This appraisal did not consider the impact of a marketability discount on the equity value of the enterprise.

(II) Appraisal Model

1. Basic Model

The basic model used in this appraisal is:

$$E = B - D \quad (1)$$

Where:

E: Appraised value of all shareholders' equity (net assets) of the subject entity, with the final calculated result being RMB2,046,343.89 ten thousand;

B: Enterprise value of the subject entity, which is RMB2,789,438.95 ten thousand;

D: Value of interest-bearing debt of the subject entity, which is RMB743,095.06 ten thousand;

$$E = P + I + C \quad (2)$$

Where:

P: Value of the operating assets of the subject entity;

I: Value of the long-term investments held by the subject entity as of the Reference Date;

C: Value of surplus or non-operating assets (liabilities) existing as of the Reference Date of the subject entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

Ri: The expected return (Free Cash Flow) of the subject entity for the i-th future year;

r: Discount rate, which is 9.51%;

n: The future operational period of the subject entity;

$$C = C_1 + C_2 \quad (4)$$

C1: The value of current surplus or non-operating assets (liabilities) as of the Reference Date;

C2: The value of non-current surplus or non-operating assets (liabilities) as of the Reference Date.

2. Income Indicator

For this appraisal, free cash flow to the firm is used as the income indicator for the operating assets of the subject entity. It is fundamentally defined as:

R = Net Profit + Depreciation & Amortization + After-tax Interest Expense - Additional Capital (5)

Based on the operating history of the subject entity and future market development, the free cash flow for its future operational period is estimated. The present value of the free cash flows throughout this future operational period is calculated and summed to determine the value of the enterprise's operating assets.

3. Discount Rate

This appraisal employs the Weighted Average Cost of Capital (WACC) model to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: The debt ratio of the comparable companies; the debt ratio in this appraisal is 14.81%;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: The equity ratio of the comparable companies; the equity ratio in this appraisal is 85.19%;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt; the after-tax interest rate on interest-bearing debt in this appraisal is 2.98%;

r_e: The cost of equity capital; for this appraisal, the cost of equity capital (r_e) is determined using the Capital Asset Pricing Model (CAPM), and after comprehensive calculation, the cost of equity capital is 10.65%;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f: The risk-free rate, using the 10-year government bond yield, is 1.70%;

r_m: The expected market return rate is 9.37%;

ε: The specific risk adjustment coefficient of the subject entity; the specific risk coefficient in this appraisal is 0.50%;

β_e: The expected market risk coefficient of the subject entity's equity capital; the market risk coefficient in this appraisal is 0.9597;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (10)$$

βu: The expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stocks (assets) of the comparable companies;

$$\beta_t = 34\%K + 66\%\beta_X \quad (12)$$

Where:

K: The average risk value for the stock market over a certain period, typically assumed to be K=1;

β_x: The historical average market risk coefficient of the comparable companies' stocks (assets);

D_i, E_i: Represent the interest-bearing debt and equity capital of the comparable companies, respectively.

A.4 Main Evaluation Materials of Wuhai Company

I.Selection of Appraisal Methods

The methods selected for this appraisal are the income approach and the asset-based approach.

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually appraised using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

Under the income approach, the value of entire shareholders' equity amounts to RMB12,557,566,000, while the value of the entire shareholders' equity after the asset-based approach appraisal is RMB14,214,293,300.

Unless otherwise stated, all amounts in this summary are expressed in Renminbi (RMB).

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The income approach estimates the value of the subject asset by discounting the expected future earnings of the appraised entity from the perspective of the enterprise's future profitability. The asset-based approach, on the other hand, estimates the value of the subject asset based on a reasonable appraisal of the enterprise's assets and liabilities, considering the method of asset replacement. The appraised entity's core business is coal mining and sales, and its key assets are mining rights. In this appraisal, the asset-based approach uses the discounted cash flow method to appraise the mining rights, which aligns closely with the approach used in the income approach. Moreover, the appraisal of the mining rights is based on the coal market conditions, using objective market benchmarks. The results from the asset-based approach reflect the contribution of the mining rights to the company's future earnings, therefore the asset-based approach can more objectively reflect the market value of the appraised entity.

II. Key Appraisal Assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mines;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operation throughout the remaining service life of the mines;

6. It is assumed that there will be no significant changes in the interest rates, tax bases and rates, or policy-related levies related to the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. As at the valuation benchmark date, the subsidiaries of the appraised entity enjoy preferential enterprise income tax policies under the Western Development Programme, with corporate income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;

14. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

15. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

16. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

17. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;

18. It is assumed that CHN Energy Wuhai Energy Co., Ltd. will continue to charge coal resource usage fees to Wuhai Lutian Mining Co., Ltd., Guoneng Wuhai Energy Wuhushan Mining Co., Ltd., Guoneng Wuhai Energy Huangbaici Mining Co., Ltd., and Wuhai Gongwusu Coal Industry Co., Ltd. at the current level;

19. It is assumed that Shenhua Group Haibowan Mining Co., Ltd. Pinggou Coal Mine will complete the technological transformation and reach production capacity by 2030, and Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3 will complete the technological transformation and reach production capacity by 2029.

III. Asset-based Approach

1. **Long-term equity investments**

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity.

For non-controlling long-term equity investments, as there are no conditions for an overall appraisal, the appraised value was determined by the net assets as of the valuation benchmark date multiplied by the shareholding percentage. If the net assets of the affiliated company are negative on the valuation benchmark date or for the most recent financial statement, the appraisal value is zero.

No.	Name of investee	Appraisal methods	Conclusion appraisal method
1	Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd.	Asset-based approach and income approach	Asset-based approach
2	Inner Mongolia Limin Coal and Coking Co., Ltd.	Asset-based approach and income approach	Asset-based approach
3	Guoneng Wuhai Energy Information Technology Co., Ltd.	Asset-based approach and income approach	Asset-based approach
4	Wuhai Gongwusu Coal Industry Co., Ltd.	Asset-based approach and income approach	Asset-based approach

No.	Name of investee	Appraisal methods	Conclusion appraisal method
5	Wuhai Lutian Mining Co., Ltd.	Asset-based approach and income approach	Asset-based approach
6	Wuhai Tianjie Power Co., Ltd.	Asset-based approach	Asset-based approach
7	Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	Asset-based approach and income approach	Asset-based approach
8	Guoneng Wuhai Energy Huangbaici Mining Co., Ltd.	Asset-based approach and income approach	Asset-based approach
9	Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd.	Asset-based approach and income approach	Asset-based approach
10	Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd.	Asset-based approach and income approach	Asset-based approach
11	Inner Mongolia Damonfei Industry and Trade Co., Ltd.	Zero value	Zero value
12	Guoneng Kehuan (Wuhai) New Energy Co., Ltd.	Zero value	Zero value
13	Shenhua Group Haibowan Mining Co., Ltd.	Zero value	Zero value
14	Shenhua Wuhai Coal and Coking Co., Ltd.	Zero value	Zero value

After appraisal, the results for long-term equity investments are as follows:

Unit: RMB'0,000

No.	Name of investee	Net book value	Appraised value	Appreciation rate %
1	Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd.	0.00	-3,188.42	/
2	Inner Mongolia Limin Coal and Coking Co., Ltd.	77,134.61	109,661.13	42.17
3	Guoneng Wuhai Energy Information Technology Co., Ltd.	195.00	1,989.28	920.14
4	Wuhai Gongwusu Coal Industry Co., Ltd.	0.00	-11,520.36	/
5	Wuhai Lutian Mining Co., Ltd.	6,781.97	65,764.99	869.70
6	Wuhai Tianjie Power Co., Ltd.	3,493.48	3,493.48	0.00

No.	Name of investee	Net book value	Appraised value	Appreciation rate %
7	Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	3,863.00	165,454.98	4,183.07
8	Guoneng Wuhai Energy Huangbaici Mining Co., Ltd.	4,277.87	16,088.31	276.08
9	Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd.	13,000.00	16,888.96	29.92
10	Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd.	17,244.43	31,413.54	82.17
11	Inner Mongolia Damonfei Industry and Trade Co., Ltd.	0.00	0.00	/
12	Guoneng Kehuan (Wuhai) New Energy Co., Ltd.	0.00	0.00	/
13	Shenhua Group Haibowan Mining Co., Ltd.	0.00	0.00	/
14	Shenhua Wuhai Coal and Coking Co., Ltd.	0.00	0.00	/
Total		**125,990.36**	**396,045.89**	**214.35**

(1) Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd. has incurred operating losses in historical years, and the audit has recognized a full impairment provision. Based on the assumption of the enterprise as a going concern and the aggregation of its negative net assets, an impairment of RMB31.8842 million is required against the carrying amount of the long-term equity investment.

(2) Inner Mongolia Limin Coal and Coking Co., Ltd. holds a mining right. The asset group corresponding to this mining right as a whole was appraised at a value increase of RMB325.2652 million.

(3) Guoneng Wuhai Energy Information Technology Co., Ltd. is engaged in information technology services. Due to accumulated undistributed profits from historical years, its value exceeds the carrying cost of the long-term equity investment, resulting in an appraisal increment of RMB17.9428 million.

(4) Wuhai Gongwusu Coal Industry Co., Ltd. operates a mining right. Although the asset group corresponding to this mining right showed an appraisal increment when valued using the income approach, the company's historically accumulated substantial losses could not be offset by this increment. Consequently, the appraised value of the long-term equity investment fell below its original investment cost, requiring an impairment of RMB115.2036 million.

(5) Wuhai Lutian Mining Co., Ltd. operates a mining right. The asset group corresponding to this mining right was appraised at a value increase. Combined with the operating profits accumulated by the enterprise in historical years, this results in a total appreciation of RMB589.8302 million relative to the carrying cost of the long-term equity investment.

(6) Wuhai Tianjie Power Co., Ltd. showed no appraisal increase or decrease.

(7) Guoneng Wuhai Energy Wuhushan Mining Co., Ltd. operates a mining right. Valued

using the income approach, this right shows an appraisal increment of RMB1,615.9198 million.

(8) Guoneng Wuhai Energy Huangbaici Mining Co., Ltd. operates a mining right. Valued using the income approach, this right shows an appraisal increment of RMB118.1044 million.

(9) Following the appraisal of the relevant assets and liabilities of Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd., no significant value increase was identified. The appraised value shows an increment of RMB38.8896 million relative to the carrying investment cost, primarily attributable to undistributed profits accumulated from the enterprise's historical operating performance.

(10) Following the appraisal of the relevant assets and liabilities of Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd. using the cost approach, a value increase was recorded. The primary reasons for this increment are the appraised original value is higher than the prices in labour, materials, and machinery in recent years compared to the acquisition and construction period; and the appraised net value increased because the economic useful lives of properties and equipment assumed for appraisal purposes are longer than the accounting depreciation periods used by the enterprise. Furthermore, the enterprise has accumulated a certain amount of undistributed profits from its historical operations, which contributed to the value relative to the original investment cost. In aggregate, these factors resulted in a total appraisal increment of RMB141.6911 million.

2. **Fixed assets - buildings and structures**

According to the characteristics of different types of building and structure assets, the type of appraisal value, and the data collection situation, the cost method is mainly used for appraisal, while the market approach is applied in certain cases.

Cost Method

The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

(1) Determination of replacement cost

Based on the characteristics, nature, and situation of the building and structure assets within the appraisal scope, the calculation formula for replacement cost in this appraisal is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

a) Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building’s final budget as a basis and calculates the construction and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building’s value is small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

b) Pre-construction and other costs

Pre-construction and other costs are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations. The rates and bases for various costs are as follows:

A. Luotuoshan Coal Washing Plant

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Construction and installation fees	0.88%	/
2	Project supervision fees	Construction and installation fees	1.90%	6.00%
3	Engineering quality technical service fees	Construction and installation fees	0.35%	6.00%
4	Feasibility study fees	Construction and installation fees	0.33%	6.00%
5	Environmental impact assessment fees	Construction and installation fees	0.27%	6.00%
6	Surveying and design fees	Construction and installation fees	3.10%	6.00%
7	Bidding agency service fees	Construction and installation fees	0.12%	6.00%
8	Occupational safety and hygiene assessment fees	Construction and installation fees	0.20%	6.00%
9	Joint trial operation fees	Construction and installation fees	0.41%	/
10	Soil and water conservation assessment fees	Construction and installation fees	0.13%	6.00%
11	Geological hazard risk assessment fees	Construction and installation fees	0.09%	6.00%
12	Engineering insurance premium	Construction and installation fees	0.30%	6.00%
13	Early entry fees for production personnel	Construction and installation fees	0.40%	/
Total		/	8.48%	/

B. Luotuoshan Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Construction and installation fees	2.50%	/

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
2	Project supervision fees	Construction and installation fees	1.40%	6.00%
3	Engineering quality technical service fees	Construction and installation fees	0.35%	6.00%
4	Feasibility study fees	Construction and installation fees	0.12%	6.00%
5	Environmental impact assessment fees	Construction and installation fees	0.08%	6.00%
6	Surveying and design fees	Construction and installation fees	2.60%	6.00%
7	Bidding agency service fees	Construction and installation fees	0.03%	6.00%
8	Occupational safety and hygiene assessment fees	Construction and installation fees	0.20%	6.00%
9	Joint trial operation fees	Construction and installation fees	0.19%	/
10	Soil and water conservation assessment fees	Construction and installation fees	0.08%	6.00%
11	Geological hazard risk assessment fees	Construction and installation fees	0.03%	6.00%
12	Engineering insurance premium	Construction and installation fees	0.30%	6.00%
13	Early entry fees for production personnel	Construction and installation fees	0.09%	/
Total		/	7.97%	/

C. Laoshidan Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Construction and installation fees	2.50%	/
2	Project supervision fees	Construction and installation fees	1.50%	6.00%
3	Engineering quality technical service fees	Construction and installation fees	0.35%	6.00%
4	Feasibility study fees	Construction and installation fees	0.20%	6.00%

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
5	Environmental impact assessment fees	Construction and installation fees	0.15%	6.00%
6	Surveying and design fees	Construction and installation fees	2.80%	6.00%
7	Bidding agency service fees	Construction and installation fees	0.06%	6.00%
8	Occupational safety and hygiene assessment fees	Construction and installation fees	0.20%	6.00%
9	Joint trial operation fees	Construction and installation fees	0.40%	/
10	Soil and water conservation assessment fees	Construction and installation fees	0.08%	6.00%
11	Geological hazard risk assessment fees	Construction and installation fees	0.07%	6.00%
12	Engineering insurance premium	Construction and installation fees	0.30%	6.00%
13	Early entry fees for production personnel	Construction and installation fees	0.19%	/
Total		/	8.80%	/

D. Pinggou Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Construction and installation fees	2.50%	/
2	Project supervision fees	Construction and installation fees	1.60%	6.00%
3	Engineering quality technical service fees	Construction and installation fees	0.35%	6.00%
4	Feasibility study fees	Construction and installation fees	0.24%	6.00%
5	Environmental impact assessment fees	Construction and installation fees	0.18%	6.00%
6	Surveying and design fees	Construction and installation fees	2.90%	6.00%
7	Bidding agency service fees	Construction and installation fees	0.07%	6.00%

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
8	Occupational safety and hygiene assessment fees	Construction and installation fees	0.20%	6.00%
9	Joint trial operation fees	Construction and installation fees	0.58%	/
10	Soil and water conservation assessment fees	Construction and installation fees	0.09%	6.00%
11	Geological hazard risk assessment fees	Construction and installation fees	0.10%	6.00%
12	Engineering insurance premium	Construction and installation fees	0.30%	6.00%
13	Early entry fees for production personnel	Construction and installation fees	0.27%	/
Total		/	9.38%	/

E. Suhaitu Coal Mine

No.	Project	Fee Basis	Fee Rate	*Input VAT Rate*
1	Preliminary work consultancy fees	Construction and installation fees	0.31%	6%
2	Bidding agency fees	Construction and installation fees	0.17%	6%
3	Environmental impact assessment fees	Construction and installation fees	0.07%	6%
4	Surveying and design fees	Construction and installation fees	3.38%	6%
5	Project supervision fees	Construction and installation fees	1.95%	6%
6	Project construction management fees	Construction and installation fees	1.19%	/
Total		/	7.07%	/

F. Wuhai Energy Headquarters

Including the Quality Management Centre, Materials Supply Centre, R&D Centre, and the headquarters office, among others.

No.	Cost name	Fee Base	Fee Rate	Input VAT Rate
1	Preliminary work consultancy fees	Construction and installation fees	0.15%	6%

No.	Cost name	Fee Base	Fee Rate	Input VAT Rate
2	Bidding agency fees	Construction and installation fees	0.07%	6%
3	Environmental impact assessment fees	Construction and installation fees	0.03%	6%
4	Surveying and design fees	Construction and installation fees	2.84%	6%
5	Project supervision fees	Construction and installation fees	1.48%	6%
6	Project construction management fees	Construction and installation fees	0.89%	/
7	Infrastructure support fee	Floor area	RMB40 per square metre	/
Total		/	5.46%	/

Note: The infrastructure support fee is calculated for properties within the urban area.

c) Capital costs

Capital costs are calculated based on the sum of construction and installation engineering costs, pre-construction and other costs, using uniform capital investment over the reasonable construction period. The calculation formula of capital costs is as follows:

Capital costs = (Construction and installation engineering costs + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1 / 2

Based on the scale and nature of the construction project in which the appraised buildings and structures are located and the relevant construction period quotas, the reasonable construction period and interest rate for the subsidiaries of CHN Energy Wuhai Energy Co., Ltd. were determined by referring to the effective Loan Prime Rate (LPR) on the valuation benchmark date as published by the National Interbank Funding Centre authorised by the People's Bank of China.

No.	Unit	Reasonable Construction Period	Interest rate
1	Luotuoshan Coal Washing Plant	1.5	3.06%
2	Luotuoshan Coal Mine	3	3.25%
3	Laoshidan Coal Mine	3	3.25%
4	Pinggou Coal Mine	2	3.13%
5	Suhaitu Coal Mine	0.5	2.94%
6	Wuhai Energy Headquarters	2	3.13%

d) Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

(2) Determination of composite depreciation rate

a) For important buildings and structures, the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

For mining enterprises, the remaining service life of buildings is closely related to the mine's remaining service life. The remaining service life is determined based on the lower of the mine's remaining service life and the building's remaining economic service life.

b) For low-value buildings and structures, the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

(3) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

Market approach

The market approach refers to comparing the subject asset with similar real estate that has recently been traded on the valuation benchmark date, adjusting the known prices of these comparable properties to estimate the objective and reasonable price or value of the subject asset.

Appraisal using the market approach should proceed as follows:

(1) Collect transaction examples;

(2) Select comparable examples;

(3) Establish a comparable price basis;

(4) Make adjustments for transaction conditions;

(5) Make adjustments for transaction dates;

(6) Conduct regional factor adjustments;

(7) Conduct individual factor adjustments;

(8) Determine the comparable price.

The market method appraisal formula is as follows:

The value of the subject real property = Comparable transaction price × Normal transaction conditions / Comparable transaction conditions × Real estate price index at valuation benchmark date / Price index at comparable real estate transaction date × Real estate regional factor at appraisal date / Comparable real estate regional factor × Real estate individual factors at appraisal date / Comparable real estate individual factors

For properties and buildings (and structures) that were demolished on the valuation benchmark date, idle properties and buildings (and structures) with no use value, or properties and buildings (and structures) pending scrapping or already scrapped, the appraisal amount is zero.

According to the appraisal, the original value of the properties and buildings (structures) recorded an impairment of RMB145,881,900, representing an impairment rate of 8.79%, while the net value recorded an impairment of RMB444,572,300, representing an impairment rate of 96.02%. The main reasons for the impairment arising from the appraisal are as follows:

The main reason for the impairment in the appraised original value of properties and buildings (structures) is that certain properties and buildings (structures) are pending scrapping and have no physical assets in place, and therefore are appraised at zero in this appraisal. The main reason for the impairment in the appraised net value is that the above appraised values include the negative appraised value of the mining right of the Laoshidan Coal Mine, which has, in this appraisal, been allocated separately under properties and buildings (structures), structures and shaft engineering. The appraised value of the mining right of the Laoshidan Coal Mine is RMB-1,257,884,100, of which RMB-498,138,900 is allocated under properties and buildings (structures), and RMB-325,796,600 is allocated under structures.

3. **Fixed assets - shaft engineering**

Based on the characteristics of various shaft engineering projects, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraising shaft engineering projects.

Appraised value = Full replacement value × Composite depreciation rate

(1) Determination of full replacement value

Replacement cost = Engineering cost + Pre-construction and other costs + Capital costs - Deductible input tax

a) Comprehensive cost

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

Engineering cost = Base price of engineering quotas + Measure fees + Company management fees + Profits + Regulatory fees + Other project fees + Regional price differences

Where:

Base price of engineering quotas - The base price is calculated based on the shaft engineering's lifting method, lifting depth, tunnel cross-section, support method, materials, and thickness. *The Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* and *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering (2015, After-tax Base Price)* are applied. This includes wages, material consumption, machine usage fees, etc., with adjustments made according to relevant regulations;

Other fees — determined in accordance with the Notice issued by the China Coal

Construction Association on *Adjustment of Pricing Basis for Coal Construction Projects under the VAT Reform for the Construction Industry* ((ZH.M.J.X.Z. [2016] No. 46) and the Notice on *Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis* (ZH.M.J.X.Z. [2019] No. 37), together with the *Notification on Release of the Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* (ZH.M.J.X.Z. [2016] *No.* 115) and the *Supplementary Provisions on the Implementation of the Valuation Standards for Coal-Construction Projects* (ZH.M.J.X.Z. [2016] No. 116), and calculated in combination with the actual construction conditions of the mine.

Labour, materials, and equipment price differences – *Adjusted according to the Notice on Adjusting Coal Construction Engineering Quotation Standards* (2015 Base Price) for Labour Unit Prices and Related Regulations (ZH.M.J.X.Z. [2021] No. 125), *Urumqi City Construction Engineering Material Information Price List* (Q2 2025), and materials price information provided by the enterprise for the valuation benchmark date.

For general shaft engineering projects, or when final settlement data is incomplete, or when the value is small and the structure is simple, the Analogy Method is used to determine the construction cost.

b) Pre-construction and other costs:

Pre-construction and other costs include construction unit management fees, engineering supervision fees, surveying and design fees, environmental evaluation fees, and soil and water conservation consulting service fees. These costs are calculated based on the engineering construction investment amount, according to industry, national, or local government fee standards. Preliminary and Other Costs Calculation Formula:

Preliminary and other costs = Engineering cost × Fee rate

Schedule of Pre-Construction and Other Costs for the Laoshidan Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Construction and installation fees	2.50%	/
2	Project supervision fees	Construction and installation fees	1.50%	6.00%
3	Engineering quality technical service fees	Construction and installation fees	0.35%	6.00%
4	Feasibility study fees	Construction and installation fees	0.20%	6.00%
5	Environmental impact assessment fees	Construction and installation fees	0.15%	6.00%
6	Surveying and design fees	Construction and installation fees	2.80%	6.00%
7	Bidding agency service fees	Construction and installation fees	0.06%	6.00%

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
8	Occupational safety and hygiene assessment fees	Construction and installation fees	0.20%	6.00%
9	Mine shaft location determination fee	Construction and installation fees	0.01%	6.00%
10	Joint trial operation fees	Construction and installation fees	0.40%	/
11	Soil and water conservation assessment fees	Construction and installation fees	0.08%	6.00%
12	Geological hazard risk assessment fees	Construction and installation fees	0.07%	6.00%
13	Engineering insurance premium	Construction and installation fees	0.30%	6.00%
14	Early entry fees for production personnel	Construction and installation fees	0.19%	/
	Total	/	8.81%	/

Schedule of Pre-Construction and Other Costs for the Pinggou Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Construction and installation fees	2.50%	/
2	Project supervision fees	Construction and installation fees	1.60%	6.00%
3	Engineering quality technical service fees	Construction and installation fees	0.35%	6.00%
4	Feasibility study fees	Construction and installation fees	0.24%	6.00%
5	Environmental impact assessment fees	Construction and installation fees	0.18%	6.00%
6	Surveying and design fees	Construction and installation fees	2.90%	6.00%
7	Bidding agency service fees	Construction and installation fees	0.07%	6.00%
8	Occupational safety and hygiene assessment fees	Construction and installation fees	0.20%	6.00%
9	Mine shaft location determination fee	Construction and	0.02%	6.00%

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
		installation fees		
10	Joint trial operation fees	Construction and installation fees	0.58%	/
11	Soil and water conservation assessment fees	Construction and installation fees	0.09%	6.00%
12	Geological hazard risk assessment fees	Construction and installation fees	0.10%	6.00%
13	Engineering insurance premium	Construction and installation fees	0.30%	6.00%
14	Early entry fees for production personnel	Construction and installation fees	0.27%	/
	Total	/	9.40%	/

c) Capital costs

Financing costs are calculated based on the appraised entity's reasonable construction period, referencing the Loan Prime Rate (LPR) published by the People's Bank of China on the valuation benchmark date, and considering the appraised entity's loan interest rate adjustments. The total sum of engineering costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The reasonable construction period for Pinggou Coal Mine is two years, and the reasonable construction period for Laoshidan Coal Mine is three years. The calculation formula of capital costs is as follows:

Financing cost = (Engineering cost + Preliminary and other fees) × Reasonable construction period × Interest rate / 2

d) Deductible input tax

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

(2) Determination of composite depreciation rate

Shaft engineering in coal mines differs from surface buildings in that it is a special structure attached to coal resources. Its economic lifespan is closely linked to the coal reserves that can be mined. As coal resources are depleted, the economic lifespan shortens, and when coal resources are exhausted, the economic lifespan ends.

Underground engineering has a complex geological structure, many unpredictable factors, and poor construction conditions. The stability of the tunnels depends on their location, rock layer properties, and mining methods. The service life of each type of tunnel is determined by the coal reserves in the service area.

Therefore, before determining the depreciation rate, the appraisers first reviewed geological reports, mine design data, and understood the position, rock properties, support methods, geological structures, and the impact of mining on the tunnels. They then visited representative tunnels underground to inspect the support conditions and

maintenance status and consulted with on-site engineering personnel to verify and review the maintenance records and methods. Finally, based on the coal reserves, remaining reserves, recoverable reserves, and production capacity provided by the geological survey department, the remaining service life of each tunnel was calculated, and the composite depreciation rate was determined. The calculation formula is as follows:

Composite depreciation rate = Remaining service life / (Service life + Remaining service life) × 100%

(3) Appraisal value

Appraised value = Full replacement value × Composite depreciation rate

For shaft engineering pending scraping as of the valuation benchmark date, the appraised value is zero.

According to the appraisal, the original value of shaft engineering recorded an appreciation of RMB304,179,700, representing an appreciation rate of 546.11%, while the net value recorded an impairment of RMB881,400, representing an impairment rate of 100.00%. The main reasons for the appraisal appreciation or impairment are as follows: The primary reason for the appreciation in the appraised original value is that the book value of the shaft engineering pending conversion into fixed assets at the Laoshidan Coal Mine was previously included under structures, and the separate appraisal of the shaft engineering in this appraisal has resulted in the appreciation. The main reason for the impairment in the appraised net value is that the above appraised values include the negative appraised value of the mining right of the Laoshidan Coal Mine, which has, in this appraisal, been allocated separately under properties and buildings (structures) and shaft engineering, with RMB-234,971,800 allocated under the appraised value of shaft engineering.

4. **Fixed assets – equipment**

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the the appraisal scope, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost method is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Depreciation rate

(1) Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

a) Machinery

For equipment that requires installation, the replacement cost generally includes: equipment purchase price, transport and handling fees, installation engineering fees,

pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

A. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

B.Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

C. Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T 51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

D. Pre-construction and other costs

Pre-construction and other costs include project construction management fees, bidding agency fees, environmental impact assessment fees, surveying and design fees, engineering supervision fees, joint trial operation fees, and others. The rates for these expenses are determined by investigating the average cost levels of similar projects and

referring to the *Standards for Other Expenses of Coal Mining Construction Project* (NBT 51064-2016) and other related standards, as well as the specific conditions of this project. The fee rates, fee bases and corresponding calculations are set out in the table below:

a. Wuhai Energy Headquarters

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Preliminary work consultancy fees	Equipment costs	0.15%	6.00%
2	Bidding agency fees	Equipment costs	0.07%	6.00%
3	Environmental impact assessment fees	Equipment costs	0.03%	6.00%
4	Surveying and design fees	Equipment costs	2.84%	6.00%
5	Project supervision fees	Equipment costs	1.48%	6.00%
6	Project construction management fees	Equipment costs	0.89%	/
	Total	/	5.46%	/

b. Laoshidan Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Equipment costs	2.50%	/
2	Project supervision fees	Equipment costs	1.50%	6.00%
3	Engineering quality technical service fees	Equipment costs	0.35%	6.00%
4	Feasibility study fees	Equipment costs	0.20%	6.00%
5	Environmental impact assessment fees	Equipment costs	0.15%	6.00%
6	Surveying and design fees	Equipment costs	2.80%	6.00%
7	Bidding agency service fees	Equipment costs	0.06%	6.00%
8	Occupational safety and hygiene assessment fees	Equipment costs	0.20%	6.00%
9	Joint trial operation fees	Equipment costs	0.40%	/
10	Soil and water conservation assessment fees	Equipment costs	0.08%	6.00%

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
11	Geological hazard risk assessment fees	Equipment costs	0.07%	6.00%
12	Engineering insurance premium	Equipment costs	0.30%	6.00%
13	Early entry fees for production personnel	Equipment costs	0.19%	/
	Total	/	8.80%	/

c. Luotuoshan Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Equipment costs	2.50%	/
2	Project supervision fees	Equipment costs	1.40%	6.00%
3	Engineering quality technical service fees	Equipment costs	0.35%	6.00%
4	Feasibility study fees	Equipment costs	0.12%	6.00%
5	Environmental impact assessment fees	Equipment costs	0.08%	6.00%
6	Surveying and design fees	Equipment costs	2.60%	6.00%
7	Bidding agency service fees	Equipment costs	0.03%	6.00%
8	Occupational safety and hygiene assessment fees	Equipment costs	0.20%	6.00%
9	Joint trial operation fees	Equipment costs	0.19%	/
10	Soil and water conservation assessment fees	Equipment costs	0.08%	6.00%
11	Geological hazard risk assessment fees	Equipment costs	0.03%	6.00%
12	Engineering insurance premium	Equipment costs	0.30%	6.00%
13	Early entry fees for production personnel	Equipment costs	0.09%	/

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
	Total	/	7.97%	/

d. Pinggou Coal Mine

No.	Project	Fee Basis	Fee Rate	Input VAT Rate
1	Construction unit management fees	Equipment costs	2.50%	/
2	Project supervision fees	Equipment costs	1.60%	6.00%
3	Engineering quality technical service fees	Equipment costs	0.35%	6.00%
4	Feasibility study fees	Equipment costs	0.24%	6.00%
5	Environmental impact assessment fees	Equipment costs	0.18%	6.00%
6	Surveying and design fees	Equipment costs	2.90%	6.00%
7	Bidding agency service fees	Equipment costs	0.07%	6.00%
8	Occupational safety and hygiene assessment fees	Equipment costs	0.20%	6.00%
9	Joint trial operation fees	Equipment costs	0.58%	/
10	Soil and water conservation assessment fees	Equipment costs	0.09%	6.00%
11	Geological hazard risk assessment fees	Equipment costs	0.10%	6.00%
12	Engineering insurance premium	Equipment costs	0.30%	6.00%
13	Early entry fees for production personnel	Equipment costs	0.27%	/
	Total	/	9.38%	/

e. Suhaitu Coal Mine

No.	Cost name	Fee Base	Fee Rate	Input VAT Rate
1	Preliminary work consultancy fees	Equipment costs	0.31%	6.00%

No.	Cost name	Fee Base	Fee Rate	Input VAT Rate
2	Bidding agency fees	Equipment costs	0.17%	6.00%
3	Environmental impact assessment fees	Equipment costs	0.07%	6.00%
4	Surveying and design fees	Equipment costs	3.38%	6.00%
5	Project supervision fees	Equipment costs	1.95%	6.00%
6	Project construction management fees	Equipment costs	1.19%	/
Total		/	7.07%	/

E. Capital costs

Capital costs are calculated based on the normal construction period of the project where the equipment is located, using the Loan Prime Rate (LPR) in effect on the valuation benchmark date. The total of the equipment purchase costs, transport and handling fees, installation fees, pre-construction and other costs is used as the base, with the capital costs calculated based on uniform capital investment. The reasonable construction periods and annual loan interest rates for each branch and other entities are set out in the table below.

No.	Unit	Reasonable Construction Period	Interest rate
1	Luotuoshan Coal Washing Plant	1.5	3.06%
2	Luotuoshan Coal Mine	3	3.25%
3	Laoshidan Coal Mine	3	3.25%
4	Pinggou Coal Mine	2	3.13%
5	Suhaitu Coal Mine	0.5	2.94%
6	Wuhai Energy Headquarters	2	3.13%

The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Reasonable construction period × Annual loan interest rate / 2

F. Deductible VAT

According to the regulations in "C.SH [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the input VAT includes VAT on the equipment purchase price (tax rate 13%), VAT on transport and handling fees (tax rate 9%), and VAT on pre-construction and other costs (tax rate 6%).

b) Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase cost / (1 + 13%) × 10%

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

c) Electric equipment

For electronic equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electronic equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

(2) Determination of composite depreciation rate

a) For specialised and general machinery, the depreciation rate is primarily determined based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

b) For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

c) For vehicles, according to the *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection), the theoretical depreciation rate was determined using either vehicle mileage or service life, based on the lower of the two methods. For vehicles without a prescribed service life, the remaining service life method was used. Adjustments were made based on on-site inspection results. The calculation formula is as follows:

Composite depreciation rate = Depreciation rate × Adjustment coefficient

(3) Determination of the appraised value

Appraised value= Replacement cost × Composite depreciation rate

According to the appraisal, the original value of machinery and equipment recorded an appreciation of RMB182,547,200, representing an appreciation rate of 5.22%, while the net value recorded an impairment of RMB549,909,000, representing an impairment

rate of 50.49%. The main reasons for the impairment and appreciation arising from the appraisal are as follows:

The primary reason for the appreciation in the appraised original value of machinery and equipment is that certain machinery and equipment did not include equipment installation costs and preliminary costs in their book values, whereas such installation costs and preliminary costs have been included in this appraisal, resulting in an appreciation in the appraised original value. The main reason for the impairment in the appraised net value is that the above appraised values include the negative appraised values of the mining rights of the Laoshidan Coal Mine and the Luotuoshan Coal Mine, which have, in this appraisal, been allocated under machinery and equipment. The negative appraised value of the mining right of the Luotuoshan Coal Mine is RMB-1,073,945,500, which has been allocated under the appraised value of machinery and equipment; and RMB-198,976,800 of the negative value of the mining right of the Laoshidan Coal Mine has been allocated under the appraised value of machinery and equipment in this appraisal.

5. **Construction in progress**

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost method was adopted for the appraisal.

(1) Completed projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

(2) Unfinished projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period. Where the reasonable construction period is less than six months, capital costs shall not be calculated. If the book value differs significantly from the price level on the valuation benchmark date, the construction costs are adjusted to the valuation benchmark date price level.

(3) Pure expense type ongoing projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

(4) Completed but inactive and unfinished, suspended projects

For projects that have been completed but are inactive, or for unfinished projects that have been suspended, due to their long-term inactivity or suspension with no future construction or use, the appraisal is based on the recoverable realisable value as at the valuation benchmark date. If the expense incurred is a pre-operating cost, the appraisal amount will be zero.

(5) Construction materials

Since the construction materials were purchased to support construction in progress, for materials purchased recently with little change in market prices, the book value has been verified as accurate and reasonable. Therefore, the appraised value is based on the verified book value.

The appraisal appreciation in the value of construction in progress is RMB20,421,900, with an appreciation rate of 1.87%. The appreciation in the appraised value of construction in progress is mainly attributable to the consideration of financing costs for certain construction in progress.

6. **Land use right**

According to the requirements of the *Asset Appraisal Practice Standards - Real Estate*, the main appraisal methods for land use rights include the market approach, income approach, hypothetical development method, cost method, and benchmark land price method. The appropriate appraisal method is selected based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the above basic appraisal methods.

This appraisal uses both the benchmark land price adjustment approach and the market approach to appraise the value of the land use rights entrusted.

For land without certificates, the appraisal and calculation were based on the enterprise's declared rights. Where no actual land assets exist, the appraised value is determined as zero. For land previously subject to government expropriation but currently used by third parties, due to uncertainties relating to such matters and the fact that the appraised entity has not actually managed or used such land, the appraised value is determined as zero. For the land parcels relating to the Maintenance Centre Project and the Gongwusu Small Vehicle Team, which are actually managed by the appraised entity, the appraised value is determined based on the verified book value.

The intangible asset – land use rights recorded an appraisal impairment of RMB5,288,200, representing an impairment rate of 2.59%. The reasons for the impairment are as follows: On the one hand, as at the valuation benchmark date, certain land parcels no longer have any physical assets, and their appraised value has therefore been determined as zero, resulting in impairment of these land use rights. For land used by certain coal mines, the mine closure date was adopted as the end of the utilisation period, which is earlier than the expiry date shown on the land certificates, resulting in further impairment of land use rights. On the other hand, certain land use rights were acquired at an early stage and regional land prices have increased to a certain extent compared with the acquisition dates, resulting in an appreciation of such land use rights. Taking the above factors into consideration, the land use rights recorded a slight overall impairment in the appraisal.

7. **Mining rights**

(1) Mining rights

Based on the appraisal purpose of this project and the specific characteristics of the mining rights, the entrusted mining rights have a certain scale and an independent ability to generate profits that can be measured, and its future benefits and associated

risks can be quantified in monetary terms. In addition, the extent of geological exploration is high, and the relevant information is generally complete and reliable, which means the reports and relevant data essentially meet the requirements for adopting the discounted cash flow appraisal method. According to the *Fundamental Technical Principles for Mining Right Appraisal* and the *Standards for Appraisal Using the Income Approach*, the discounted cash flow method has been determined as the appraisal method for this project.

The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P — Appraised value of the mining rights;

CI — Annual cash inflows;

CO — Annual cash outflows;

i — Discount rate;

t — Year number (t = 1, 2, 3, …, n);

n — Calculation period.

Specific appraisal indicators and parameters

A. Laoshidan Coal Mine

The resource reserves used in this appraisal are based on the *Verification Report on Coal Resources of the Laoshidan Coal Mine in the Zhuozishan Coalfield, Inner Mongolia Autonomous Region* submitted by new Shenhua Wuhai Energy Co., Ltd. in May 2019 (hereinafter referred to as the "Resource Reserve Verification Report") and its review opinion, as well as the *2024 Annual Resource Reserve Report of the Laoshidan Coal Mine of CHN Energy Wuhai Energy Co., Ltd., Inner Mongolia Autonomous Region* and the corresponding review opinion. The technical parameters are primarily determined with reference to the *Preliminary Design (Revised) for the Laoshidan Coal Mine of CHN Energy Wuhai Energy Co., Ltd.*, submitted by Inner Mongolia Coal Mine Design and Research Institute Limited Liability Company in July 2024 (hereinafter referred to as the "Preliminary Design") and the associated approvals, together with the company's projected costs and actual financial information. Other principal technical and economic indicator parameters have been selected with reference to the *Chinese Mineral Rights Appraisal Standards*, other relevant policies and regulations, technical and economic guidelines, and information available to the appraisers.

The explanation for the values of each parameter is as follows:

The resource reserves as of the valuation benchmark date are: according to the "Resource Verification Report" and review opinions, the 2024 annual reserve report, and the explanation of resource use from the mine from the resource verification date to the valuation benchmark date (31 July 2025), the remaining resource reserves are 51,304,700 tonnes (excluding forecasted resources). Among these, the measured resource is 16.93 million tonnes, indicated resources are 11,640,300 tonnes, and inferred resources are 22,734,400 tonnes. Additionally, 720,000 tonnes of oxidized coal

are held.

Mineral resource reserves adopted for appraisal: Mineral resource reserves adopted for appraisal = ∑ (basic reserves included in the appraisal + resources × corresponding reliability coefficient) = 39,591,800 tonnes.

Product Plan: Based on the actual production and sales of the mine, the product plan for Laoshidan Coal Mine is determined to be raw coal.

Recovery rate of the mining area: According to the "Preliminary Design", the designed recovery rate for the mining area is 80%. Given that the coal types at Laoshidan Coal Mine are coking coal and 1/3 coking coal, the recovery rate for the mining area in this appraisal is determined to be 88% for thin coal seams, 83% for medium-thick coal seams, and 78% for thick coal seams.

Appraised recoverable reserves: Appraised recoverable reserves = (Appraised resources - design losses) × Mining recovery rate = 18,773,400 tonnes.

Production capacity and service life: The mining licence for Laoshidan Coal Mine specifies a production scale of 1.50 million tonnes per year. The "Preliminary Design" specifies a production scale of 1.80 million tonnes per year. According to the Reply Regarding the Approval of Production Capacities for Two Coal Mines including Laoshidan Coal Mine of Wuhai Energy (K.A.Z.H. [2022] No. 32) from the National Mine Safety Inspection Bureau, the production capacity of Laoshidan Coal Mine has been approved for an increase from 1.50 million tonnes per year to 1.80 million tonnes per year. Therefore, the production scale for the mine in this appraisal is determined to be 1.80 million tonnes per year during its future production life. As the mine has entered the later stage of resource recovery and the resource reserves are near exhaustion, according to the Raw Coal Production Plan for 2025–2031 provided by Wuhai Energy, the production scale for Laoshidan Coal Mine is planned as follows: 800,000 tonnes per year in 2025–2026, 1.30 million tonnes per year in 2027–2028, and 1.00 million tonnes per year from 2029 onward. The appraisal calculation period is 14.19 years, from August 2025 to October 2039.

Product sales prices and revenue: For this project, the coal sales price from August 2025 to December 2026 is set at RMB228.00 per tonne, RMB302.00 per tonne in 2027, RMB376.00 per tonne in 2028, and RMB449.00 per tonne in 2029 and subsequent years. Assuming that all coal produced in the current period is sold, the normal production annual sales revenue is RMB449 million.

Fixed Asset Investment: For this project, the invested original value of fixed assets (including construction in progress) is RMB879,936,900 (including shaft engineering RMB346,656,800, properties and buildings RMB277,565,600, machinery and equipment RMB255,714,500), and the net value is RMB593,808,900 (including shaft engineering RMB225,326,900, properties and buildings RMB189,138,500, machinery and equipment RMB179,343,000). Subsequent investment in construction in progress is RMB54,811,100, including buildings and structures RMB10,791,100, and machinery and equipment RMB44.02 million.

Intangible Asset Investment: This project estimates an investment of RMB6,425,000 in land use rights in 2026. Other intangible assets (software, patents) are valued at RMB26,689,400.

Total costs and operating costs

Laoshidan Coal Mine is an operating mine with an actual production capacity of

1,892,400 tonnes in 2023, 1,600,700 tonnes in 2024, and 528,700 tonnes from January to July 2025. Since Laoshidan Coal Mine has entered the later stage of resource recovery, the mine's production scale will be approximately 800,000 to 1.30 million tonnes per year from 2025 to 2029, and will remain at 1.00 million tonnes per year from 2030 onwards. Given the instability of the mine's future production scale, the mine has prepared financial budget operating statements based on the current economic level. Therefore, this appraisal uses the production cost of raw coal based on the enterprise's financial budget operating statements. Individual parameters are determined according to the *Guidelines for Determining Mining Rights Appraisal Parameters* and relevant national financial and tax regulations, and used to calculate the mining costs after the valuation benchmark date during the future mining period. This appraisal uses the "Manufacturing Cost Method" to collect costs, consistent with the actual costs at the mine. The explanation for the values of each parameter is as follows:

Purchased Material Costs: According to the Financial Budget Operating Statement for Laoshidan Coal Mine, the raw coal production from August to December 2025 is 271,300 tonnes, with material costs of RMB8,154,600, corresponding to RMB30.06 per tonne of raw coal; in 2026, the raw coal production is 800,000 tonnes, with material costs of RMB21,488,000, corresponding to RMB26.86 per tonne of raw coal; in 2027, the raw coal production is 1.30 million tonnes, with material costs of RMB34,918,000, corresponding to RMB26.86 per tonne of raw coal; in 2028, the raw coal production is 1.30 million tonnes, with material costs of RMB34,918,000, corresponding to RMB26.86 per tonne of raw coal; in 2029, the raw coal production is 1.00 million tonnes, with material costs of RMB26.86 million, corresponding to RMB26.86 per tonne of raw coal; and in 2030, the raw coal production is 1.00 million tonnes, with material costs of RMB26.86 million, corresponding to RMB26.86 per tonne of raw coal.

Purchased fuel and power costs: For this appraisal, the unit cost of purchased material for normal production years is RMB49.01 per tonne of raw coal.

Employee compensation: For this appraisal, the total employee compensation for 2030 is RMB188.83 million, with unit compensation at RMB188.83 per tonne.

Depreciation costs: According to the calculations, the annual depreciation cost for 2030 is RMB32,431,100, with unit depreciation cost at RMB32.43 per tonne.

Maintenance and renovation fees and shaft engineering funds: According to the *Administrative Measures for the Extraction and Use of Coal Production Safety Expenses* and the Notice on *Certain Provisions for Regulating the Administration of Coal Mine Maintenance and Renovation Fees* (C.J. [2004] No. 119), this project has a maintenance and renovation fee of RMB7.00 per tonne of coal, with a shaft engineering fund of RMB2.50 per tonne. The updated maintenance and renovation fee is set at RMB3.50 per tonne, and the depreciation-related maintenance and renovation fee is also RMB3.50 per tonne.

Safety costs: According to the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (C.Z. [2022] No. 136), the safety costs for the appraised entity in this project is set at RMB30.00 per tonne.

Repair costs: The unit repair cost is RMB2.95 per tonne.

Transport costs: The unit transport cost is RMB0.72 per tonne, with annual transport costs of RMB721,100.

Equipment leasing costs: The equipment leasing cost is for the mining equipment leased by the mine from Wuhai Energy. The unit equipment leasing cost is RMB23.83 per tonne.

Public affairs costs: These are mainly used for property service fees at the mine. The unit public affairs cost is RMB4.56 per tonne.

Inspection and testing fees: These are mainly used for coal quality testing fees for raw coal. The unit inspection and testing fee is RMB1.50 per tonne.

Environmental protection and land reclamation costs: According to the *Mine Geological Environmental Protection and Land Reclamation Plan for Laoshidan Coal Mine of CHN Energy Wuhai Energy Co., Ltd.* and the review form compiled in November 2024, the environmental protection and reclamation cost is RMB1.14 per tonne.

Heating and water fees: The unit heating fee is RMB3.23 per tonne, and the water fee is RMB0.48 per tonne.

Specialised service fees: These are mainly for mine rescue services. The unit specialised service fee is RMB7.48 per tonne.

Technical service fees: These are mainly for preparing reports at the mine. The unit technical service fee is RMB1.06 per tonne.

Gangue disposal costs: These are mainly for transporting gangue from continuous mining and backfilling. The unit gangue disposal fee is RMB3.55 per tonne.

Other manufacturing expenses: The unit other expenses are RMB6.09 per tonne.

Management expenses: According to the enterprise financial statement, management expenses include salaries for management personnel, amortisation of intangible assets, soil and water conservation compensation, and other management costs. The unit management cost is RMB51.62 per tonne.

Sales expenses: According to the 2025 Supplementary Agreement to the Agency Sales Contract provided by the enterprise, raw coal from Laoshidan Coal Mine is uniformly sold by the Supply and Marketing Center of CHN Energy Wuhai Energy Co., Ltd.. Wuhai Energy collects an agency fee calculated as 1% of the actual settlement price of the product minus railway freight and miscellaneous charges (excluding tax). Therefore, the appraised sales expenses are calculated as 1% of sales revenue. For 2030, after calculation, the annual sales expense is RMB4.49 million, corresponding to a unit cost of RMB4.49 per tonne.

R&D Expenses: According to the Wuhai Energy Subsequent R&D Expense Forecast, the future R&D expenses of Wuhai Energy Co., Ltd. are estimated at 0.16% of sales revenue. Thus, for 2030, the annual R&D expense for this project is RMB718,400, with a unit R&D cost of RMB0.72 per tonne.

Financial Expenses: According to the *Guidelines on Determining Mining Rights Appraisal Parameters*, the financial expenses for this project are calculated at RMB2.07 per tonne in this appraisal according to the calculation.

Total costs refer to the sum of all cost expenses. Operating costs refer to the total costs excluding depreciation costs, depreciation-related maintenance and renovation fees, shaft engineering fund, amortization fees, and financial costs.

For 2030, the unit total cost is RMB452.12 per tonne, with the unit operating cost at

RMB408.19 per tonne; the annual total cost is RMB452,121,900, and the annual operating cost is RMB408,190,800.

Discount rate: According to the *Guidance on Determining Mining Rights Appraisal Parameters*, the basic composition of the discount rate is: Discount rate = risk-free rate of return + risk premium

The risk-free rate of return is determined as 1.70%, based on the yield to maturity of 10-year government bonds disclosed by the WIND Information System on the valuation benchmark date.

The risk premium is estimated using the "risk build-up method" and includes the following principal components: Exploration and development risk, industry risk, financial and operational risk, and other specific risks. As the mine is a production-stage mine, the exploration and development risk premium is determined as 0.60%, the industry risk premium as 2.00%, and the financial and operational risk premium as 1.50%. Taking into account the mine's specific circumstances, the other specific risk premium is determined as 2.00%.

Having regard to the discount rate range and the mine's development stage, the discount rate adopted for this appraisal is 7.80%.

After estimation, the net cash flow present value of the "CHN Energy Wuhai Energy Co., Ltd. Laoshidan Coal Mine Mining Rights" as of July 31, 2025, is RMB-1,257,884,100. Therefore, the appraised value of the "CHN Energy Wuhai Energy Co., Ltd. Laoshidan Coal Mine Mining Rights" as of July 31, 2025, is RMB0.00, written as RMB zero only.

B. Pinggou Coal Mine

The resource reserves and recoverable reserves used in this appraisal are mainly based on the *Verification Report on Coal Resource Reserves for Pinggou Coal Mine, Zhuozishan Coalfield, Inner Mongolia* compiled by Shenhua Geological Exploration Co., Ltd. in January 2019 (hereinafter referred to as the "Reserve Verification Report") and its mineral resource reserve review opinions (hereinafter referred to as the "Review Opinions") and filing certificates, and the *Feasibility Study Report for the Technical Transformation of Pinggou Coal Mine of CHN Energy Wuhai Energy Co., Ltd.* compiled by Inner Mongolia Coal Mine Design Institute Co., Ltd. in November 2024 (hereinafter referred to as the "Feasibility Report"). Technical and economic parameters are mainly determined based on the Feasibility Report. Other principal technical and economic indicator parameters have been selected with reference to the *Chinese Mineral Rights Appraisal Standards*, other relevant policies and regulations, technical and economic guidelines, and information available to the appraisers.

The explanation for the values of each parameter is as follows:

Resource reserves as of the appraisal date: According to the Reserve Verification Report and its review opinions, as of December 31, 2018, the cumulative identified coal resource reserves within the mining licence boundary of Pinggou Coal Mine are 162.76 million tonnes, with remaining reserves of 129.33 million tonnes. Since Pinggou Coal Mine is a suspended mine, it has remained in a suspended state from the resource verification base date to the current valuation benchmark date. Therefore, as of the current valuation benchmark date, the remaining resource reserves within the Pinggou Coal Mine mining rights boundary are 129.33 million tonnes.

Mineral resource reserves adopted for appraisal: Mineral resource reserves adopted for appraisal = ∑ (Basic reserves included in the appraisal + Resources × Corresponding reliability coefficient) = 126,759,000 tonnes.

Product Plan: According to the Feasibility Report, raw coal from Pinggou Coal Mine is sent to Luotuoshan Coal Washing Plant for washing. However, based on the enterprise's plan, in the future, it may be sent to several other washing plants. As the washing plan for future years is uncertain and the recovery rates for the washing plants cannot be determined, this appraisal confirms the product plan as raw coal.

Mining Area Recovery Rate: According to the Reserve Verification Report, the No. 9 coal seam, the 16-1 and 16-2 coal seams are medium-thick coal seams, while the No. 10 coal seam is a thin coal seam. According to the *Coal Mine Design Code*, the recovery rate for thin coal seams should not be less than 85%, for medium-thick coal seams not less than 80%, and for thick coal seams not less than 75%.

The No. 9 and 16-2 coal seams are 1/3 JM; the No. 10 and 16-1 coal seams are FM. According to the Interim Provisions on the *Development and Utilisation of Special and Rare Coal Types* (State Development and Reform Commission, Order No. 16 [2012]), and based on the Feasibility Report, the recovery rates for the mining areas in this appraisal are determined as follows: No. 9 coal seam recovery rate is 86.00%, No. 10 coal seam recovery rate is 90.00%, and the recovery rate for 16-1 and 16-2 coal seams is 85.00%.

Recoverable reserves adopted for appraisal: Recoverable reserves adopted for appraisal = (Resource reserves adopted for appraisal - Design losses) × Mining recovery rate = 89,034,100 tonnes.

Production Capacity and Service Life: The licensed production capacity for Pinggou Coal Mine is 1.80 million tonnes per year, and the Feasibility Report design production capacity is also 1.80 million tonnes per year. Therefore, this appraisal confirms that the future normal production capacity for Pinggou Coal Mine will be 1.80 million tonnes per year. The appraisal calculation period for this mine is 35.33 years. Considering that Pinggou Coal Mine is undergoing technical transformation, this appraisal assumes that from August 2025 to the end of 2026 will be the preparation period, from early 2027 to the end of 2029 will be the construction period, and production will commence in 2030, reaching full capacity of 1.80 million tonnes. Therefore, the appraisal confirms the service life for appraisal purposes as 39.75 years.

Product Sales Price and Sales Revenue: After calculation, considering the recoverable reserves of each coal seam, the weighted average coal price is RMB419.00 per tonne (rounded). Assuming all coal produced is sold in the period, the annual sales revenue for normal production is RMB754.2 million.

Fixed Asset Investment as of the appraisal date: As of the current valuation benchmark date, after excluding idle and scrapped assets, the fixed asset investment in the mine is RMB133,030,400, including shaft engineering RMB13,222,000, properties and buildings RMB78,581,300, and machinery and equipment RMB41,227,100. The net value of fixed asset investment is RMB77,426,400, including shaft engineering RMB9,644,900, properties and buildings RMB41,205,300, and machinery and equipment RMB26,576,100.

Subsequent Investment: According to the Feasibility Report, the additional investment for Pinggou Coal Mine is RMB1,287,565,900 (including tax). This includes shaft engineering investment of RMB542,600,100, buildings RMB107,589,400, machinery

and equipment RMB391,575,100, and other engineering construction costs RMB245,801,300 (including land use rights investment of RMB22,866,000). After excluding land use rights investment and apportioning other engineering construction costs across the three projects (shaft engineering, buildings, and machinery and equipment), the new investment totals RMB1,264,699,900, including shaft engineering RMB658,715,300, buildings RMB130,613,300, and machinery and equipment RMB475,371,300.

Intangible Asset Investment: According to the Feasibility Report, the subsequent investment for land use rights is RMB22,866,000, to be invested in 2026.

Total costs and operating costs

Since Pinggou Coal Mine is a suspended mine and has no recent financial data, the cost expenses for this appraisal mainly refer to the Feasibility Report, with individual parameters determined according to the *Guidelines on Determining Mining Rights Appraisal Parameters* and relevant national financial and tax regulations. These are used to estimate the mining and selection costs for the future production period after the valuation benchmark date. The cost accumulation for this appraisal uses the "Cost Element Method". The explanation for the values of each parameter is as follows:

Purchased Material Costs: According to the Feasibility Report, the design mining unit's purchased material cost is RMB13.17 per tonne (excluding tax). Therefore, this appraisal determines that the unit purchased material cost for future years will be RMB13.17 per tonne.

Purchased Fuel and Power Costs: According to the Feasibility Report, the unit purchased fuel and power cost for normal production years is RMB39.44 per tonne.

Employee Compensation: According to the Feasibility Report, the design staff quota is 373 persons, including 292 production staff and 81 management staff. According to the enterprise's forecast data, the average employee compensation for production staff in 2035 is RMB403,300 per year per person, and for management staff, it is RMB610,400 per year per person. Based on these figures, the annual employee compensation for normal production years is RMB167,192,700, with unit compensation at RMB92.88 per tonne.

Depreciation Costs: After calculations, the annual depreciation cost for 2035 is RMB42,850,800, with unit depreciation at RMB23.81 per tonne.

Maintenance and renovation fees and shaft engineering funds: According to the *Administrative Measures for the Extraction and Use of Coal Production Safety Expenses* and the Notice on *Certain Provisions for Regulating the Administration of Coal Mine Maintenance and Renovation Fees* (C.J. [2004] No. 119), this project has a maintenance and renovation fee of RMB7.00 per tonne of coal, with a shaft engineering fund of RMB2.50 per tonne. The updated maintenance and renovation fee is set at RMB3.50 per tonne, and the depreciation-related maintenance and renovation fee is also RMB3.50 per tonne.

Safety fees: According to the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (C.Z. [2022] No. 136), the safety fee for the appraised entity in this project is set at RMB50.00 per tonne.

Repair Costs: This appraisal estimates repair costs based on 3.00% of the original value of machinery and equipment. Thus, the normal year's repair cost is RMB13,857,300, with unit repair cost at RMB7.70 per tonne.

Equipment Leasing Fees: The Pinggou Coal Mine uses leased equipment for comprehensive mining faces, mining faces, and underground transport vehicles. According to the Feasibility Report, the design unit's leasing fee is RMB27.66 per tonne. Based on this, the unit leasing fee for future years is also determined to be RMB27.66 per tonne.

Environmental Management and Land Reclamation Fees: According to the *Geological Environmental Protection and Land Reclamation Plan for Pinggou Coal Mine of Shenhua Group Haibowan Mining Co., Ltd.* compiled by the China Coal Science and Technology Research Institute in January 2019, the design static investment for environmental restoration and management is RMB66,058,300, and the land reclamation static investment is RMB50,132,800, totaling RMB116,191,100. This investment corresponds to a recoverable coal amount of 12.60 million tonnes, with a unit cost for environmental restoration and land reclamation of RMB9.22 per tonne.

Amortization Costs: Amortization costs account for the amortization of land use rights. As mentioned above, the land use rights investment as of the valuation benchmark date is RMB1,424,000. Given that the remaining life is 8.57 years, which is shorter than the appraisal service life, the amortization is calculated over 8.57 years. Additionally, the future land use rights investment is RMB22,866,000, and the amortization will be calculated over the mine's remaining service life. The annual amortization cost is RMB813,300 (= RMB1,424,000 ÷ 8.57 + RMB22,866,000 ÷ 35.33), corresponding to a unit amortization cost of RMB0.45 per tonne.

Other Expenses: The unit other manufacturing expenses are determined to be RMB10.00 per tonne in this appraisal.

Financial Expenses: According to the *Guidance on Determining Mining Rights Appraisal Parameters*, the financial expenses for this project are calculated to be RMB1.94 per tonne in this appraisal according to the calculation.

Total costs refer to the sum of all cost expenses. Operating costs refer to the total costs excluding depreciation costs, depreciation-related maintenance and renovation fees, shaft engineering fund, amortization fees, and financial costs.

For 2035, the unit total cost is RMB285.77 per tonne, with the unit operating cost at RMB253.57 per tonne; the annual total cost is RMB514,380,500, and the annual operating cost is RMB456,432,000.

Discount rate: According to the *Guidance on Determining Mining Rights Appraisal Parameters*, the basic composition of the discount rate is: Discount rate = risk-free rate of return + risk premium

The risk-free rate of return is determined as 1.70%, based on the yield to maturity of 10-year government bonds disclosed by the WIND Information System on the valuation benchmark date.

According to the *Guidance on Determining Mining Rights Appraisal Parameters*, the risk premium rate is the sum of the exploration and development stage risk premium rate, industry risk premium rate, and financial and operational risk premium rate.

Pinggou is a technically transformed and suspended mine, with only part of the original assets in use, most of which are new constructions. Considering these factors, the risk premium rate for the exploration and development stage is set at 1.00%. The range for the industry risk premium rate is between 1.00% and 2.00%, and in this appraisal, the industry risk premium rate is set at 2.00%. The range for the financial and operational

risk premium rate is 1.00% to 1.50%. In this appraisal, the financial and operational risk premium rate is set at 1.50%, and the other risk premium rate is set at 2.00%.

Having regard to the discount rate range and the mine's development stage, the discount rate adopted for this appraisal is 8.20%.

After due diligence and an analysis of the local coal market, the appraisers selected appropriate appraisal methods and parameters based on the principles and procedures for mining rights appraisal. The appraised value of the "Shenhua Group Haibowan Mining Co., Ltd. Pinggou Coal Mine Mining Rights" as of July 31, 2025, is estimated to be RMB152,008,800.

(2) Exploration rights

Due to the inability to obtain the necessary geological survey, preliminary design, mine area general plan, formal feasibility report, and other documents required for mining rights appraisal, it is not possible to model and calculate the market value of the exploration rights as of the valuation benchmark date according to mining rights appraisal standards and theories. Therefore, the related costs for exploration rights are retained based on the audited book value. The book value of the exploration rights is RMB0.00, and the appraised value is RMB0.00.

(3) Mining rights usage fees

Some mining rights holders collect "mining rights usage fees" by granting mining rights to subsidiaries for extraction and operation. This appraisal does not consider projected future cash flows from mining rights at the rights holders' level, assigning a valuation of zero. Instead, it calculates the mining rights usage fee income solely based on the unit tonnage fee charged and expected production volume. After deducting applicable income tax expenses, the appraisal value of the "mining rights usage fees" is calculated by discounting using the discount rate adopted for the mining rights appraisal. The appraised value of the mining rights usage fee is RMB1,957,695,200.

(4) Hazardous area treatment projects

The environmental hazard management projects included in this appraisal scope include the Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine and the Hazard Management Project of Eastern Part of Pingou Coal Mine Section III. According to the *Preliminary Design Optimization of Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine* and the *Implementation Plan for Hazard Management Project of Eastern Part of Pingou Coal Mine Section III of CHN Energy Wuhai Energy Co., Ltd.*, the future benefits and risks of the hazard management projects can be quantified in monetary terms, meeting the technical and economic parameters required for the income approach appraisal method—discounted cash flow method. Thus, this appraisal adopts the discounted cash flow method. The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P — Hazard management project appraisal;

CI — Annual cash inflows;

CO — Annual cash outflows;

i — Discount rate;

t — Year number (t = 1, 2, 3, …, n);

n — Appraisal calculation period.

Specific appraisal indicators and parameters

Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine

Appraisal indicators and parameters

The recoverable coal volume and technical parameters for the treatment area used in this appraisal are based on the *Preliminary Design Optimization of Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine of Shenhua Wuhai Energy* (hereinafter referred to as the "Preliminary Design Optimization") issued by Inner Mongolia Coal Mine Design Institute Co., Ltd., among others. Financial data are mainly based on the cost forecasts and actual financial data provided by Suhaitu Coal Mine.

Treatment plan and forecast period

According to the *Notice on Issuing the Implementation Plan for Delayed and Proposed Open-pit Coal Mine Goaf Area Disaster Treatment Projects in Inner Mongolia* (N.N.Y.M.K.Z.[2025] No. 617), the Suhaitu Coal Mine goaf area project cannot be completed on schedule due to the late start, suspension for fossil protection, and other reasons. The project has been appropriately extended until the end of 2026 to complete backfilling, reclamation, and acceptance. The project forecast period extends until the end of 2026.

Recoverable Coal Volume and Raw Coal Production

According to the optimised preliminary design, the estimated stripping volume in the treatment area for 2025 is 94.8 million cubic meters, with an estimated recovery of 7.50 million tonnes of residual coal. According to Suhaitu Coal Mine's 2026 production schedule, the estimated stripping volume for 2026 is 47 million cubic meters, with an estimated recovery of 4.70 million tonnes of residual coal. Thus, the estimated raw coal production from August to December 2025 is 2,826,400 tonnes, and the estimated raw coal production for 2026 is 4.70 million tonnes.

Raw coal sales price

Considering national policy requirements, the scarcity of coking coal, coal price trends, and the estimated service life of the coal mine in Wuhai, the long-term coal price for future years in this appraisal is forecasted using the average historical price for the first three years prior to the valuation benchmark date. Given the differences in long-term coal price forecasts and current market performance, this appraisal uses a transitional price to smooth the coal price to a long-term stable price, with the forecasted price for August–December 2025 and 2026 set at the average achieved price of RMB441 per tonne from January to July of the same years.

Existing Fixed Assets

According to the *Guidance on Determining Mining Rights Appraisal Parameters*, fixed asset investment for this project is mainly based on the "Non-Current Asset Appraisal Summary," "Fixed Asset Appraisal Summary," and "Construction in Progress Appraisal Summary" in the Assets Appraisal Detail Sheet for Suhaitu Coal Mine.

Fixed Asset Investment: The fixed asset investment (including construction in progress)

for this project is RMB144,695,300 (including buildings RMB100,902,900, machinery and equipment RMB43,792,500), with a net value of RMB91,396,900 (including buildings RMB65,817,400, machinery and equipment RMB25,579,500). The subsequent investment in construction in progress is RMB71,728,900, including buildings and structures of RMB40,486,400, and machinery and equipment of RMB31,242,500.

Intangible Asset Investment: The land use rights for Suhaitu Coal Mine are valued at RMB1,232,700.

Total costs and operating costs

For employee compensation, analysis and forecasts are mainly based on the future number of employees and average compensation levels provided by the appraised entity.

For materials, repair costs, transport, water, utilities, site rental, specialised services, and environmental management costs, the analysis and forecast are mainly based on historical annual levels, combined with expected future production changes.

Safety fees, maintenance and renovation fees, and shaft engineering funds are forecasted according to document standards.

Mining engineering fees, outsourced business fees, open-pit engineering fees, and stripping costs are mainly blasting and stripping fees, which will be forecasted based on the expected raw coal output and historical unit costs.

Depreciation and amortisation fees, based on the *Guidance on Determining Mining Rights Appraisal Parameters*, suggest using the straight-line depreciation method over the estimated asset life. The depreciation period should not be shorter than the minimum depreciation period stated, and it can be determined based on properties and buildings and machinery and equipment.

Management expenses

Management expenses mainly include employee compensation, amortisation of intangible assets, soil and water conservation compensation, and other costs.

Employee compensation is forecasted based on the future number of management personnel and their average compensation levels.

Amortisation of intangible assets is mainly for land use rights, with reference to the *Guidelines for Appraisal Methods Based on Income Approach* and the *Guidance on Determining Mining Rights Appraisal Parameters*, and the amortisation period should be based on the remaining life of the land use rights. If the remaining life of the land use rights is greater than the appraisal period, the appraisal period will be used as the amortisation period. Other intangible assets can be amortised over 10 years or the mine's service life (the appraised service life). Therefore, land use rights are amortised based on the appraisal period.

Soil and water conservation compensation is calculated according to the Notice on *Implementation Measures for the Collection and Use of Soil and Water Conservation Compensation Fees in Inner Mongolia* (N.C.F.S.G. [2015] No. 18), with a fee of RMB2.00 per tonne of non-petroleum and non-natural gas mineral resources extracted.

Selling expenses

According to the supplementary agreement of the "2025 Agency Sales Contract," raw

coal from Suhaitu Coal Mine will be sold by the CHN Energy Wuhai Energy Co., Ltd. sales centre, and the sales agency fee is 1% of the actual settlement price, excluding railway handling charges (excluding tax). Therefore, the sales expenses in this appraisal are calculated at 1% of the sales revenue.

R&D expense

According to the "Expected Subsequent R&D Expenses for Wuhai Energy Co., Ltd.," future R&D expenses are estimated to be 0.16% of sales revenue.

Financial expenses

Based on the *Chinese Mineral Rights Appraisal Standards*, financial expenses are recalculated according to relevant regulations. According to the *Guidance on Determining Mining Rights Appraisal Parameters*, financial expenses are calculated based on the interest on working capital loans. Assuming that 70% of the working capital in future production years is bank loans, the loan interest rate is based on the one-year loan market quoted rate (LPR) of 3.00%, with simple interest applied.

Discount rate

According to the *Guidance on Determining Mining Rights Appraisal Parameters*, the basic composition of the discount rate is: Discount rate = risk-free rate of return + risk premium

The risk-free rate of return is determined as 1.70%, based on the yield to maturity of 10-year government bonds disclosed by the WIND Information System on the valuation benchmark date.

The risk premium rate is estimated using the "Risk Accumulation Method" as outlined in the *Guidance on Determining Mining Rights Appraisal Parameters*. The "Risk Accumulation Method" quantifies and accumulates the risk premium rate requirements for various risks. The main risks faced in mineral exploration and development include exploration and development stage risks, industry risks, financial and operational risks, and social risks. This mine is an operating mine, and the exploration and development stage risk premium rate is between 0.15% and 0.65%. In this appraisal, the risk premium rate for the exploration and development stage is set at 0.60%. The industry risk premium rate is between 1.00% and 2.00%. In this appraisal, the industry risk premium rate is set at 2.00%. The financial and operational risk premium rate ranges from 1.00% to 1.50%, and in this appraisal, it is set at 1.50%. This appraisal considers other individual risks, and based on the actual situation of the mine, the individual risk premium rate is set at 2.00%.

Having regard to the discount rate range and the mine's development stage, the discount rate adopted for this appraisal is 7.80%.

It is estimated that the present value of the net cash flow for the Suhaitu Coal Mine Goaf Area Disaster Comprehensive Treatment Project as of July 31, 2025, is RMB1,472,325,200. Therefore, the appraised value of the Suhaitu Coal Mine Goaf Area Disaster Comprehensive Treatment Project as of July 31, 2025, is RMB1,472,325,200.

As of the valuation benchmark date, the mining rights appraisal results are RMB4,270,470,100, of which the mining rights amount to RMB185,920,800, exploration rights are RMB0.00 million, the mining rights usage fee is RMB1,957,695,200, and the hazard management project is RMB2,126,854,000. The

appraisal increment is RMB2,171,744,400. Reason for the appraisal increment: The book value primarily reflects the amortised value of the mining rights and includes provisions for impairment. In this appraisal, the appraised value of the mining rights held by the property owner is zero. Additionally, the coal resource usage fee is calculated based on the unit fee per tonne and the expected production volume, with income tax expenses deducted. The "coal resource usage fee" appraisal value is then discounted using the discount rate applied in the mining rights appraisal, resulting in an appraisal increment.

8. **Other assets and liabilities**

The asset appraisal personnel verified the detailed lists and relevant materials provided by the appraised entity, cross-checking the book values. The appraisal values were determined based on the audited book values or the actual liabilities or equity that the appraised entity is responsible for or entitled to.

Of which: The book value of current assets is RMB15,647,209,700, with an appraised value of RMB15,646,138,400, reflecting an impairment rate of 0.01%; the book value of other non-current assets is RMB178,720,500, with an appraised value of RMB193,011,900, reflecting an appreciation rate of 8.00%. The appreciation is due to patent assets being off-balance-sheet assets with no book value, and the book value of software being amortised value, with no amortisation considered in the appraisal; the book value of current liabilities is RMB6,962,592,200, with an appraised value of RMB6,962,592,200; the book value of non-current liabilities is RMB4,833,919,900, with an appraised value of RMB4,762,021,000, reflecting an impairment rate of 1.49%. The impairment is due to the appraisal of liabilities based on actual obligations of the enterprise.

After calculation, as of the valuation benchmark date:

(A) The total equity appraisal value of Wuhai Energy shareholders = current assets (RMB15,646,138,400) + non-current assets (including long-term equity investments + other equity instrument investments + buildings and structures as fixed assets + shaft engineering + equipment as fixed assets + construction in progress + usage rights assets + land use rights + mining rights + long-term prepaid expenses + other non-current assets) = (RMB3,960,458,900 + RMB1,474,600 + RMB18,448,500 + RMB0.00 + RMB539,277,400 + RMB1,111,896,200 + RMB18,728,500 + RMB199,205,300 + RMB4,270,470,100 + RMB30,000 + RMB172,778,800) - current liabilities (RMB6,962,592,200) - non-current liabilities (RMB4,762,021,000) = RMB14,214,293,300.

(B) The book value of Wuhai Energy shareholders' total equity = current assets (RMB15,647,209,700) + non-current assets (including long-term equity investments + other equity instrument investments + buildings and structures as fixed assets + shaft engineering + equipment as fixed assets + construction in progress + usage rights assets + land use rights + mining rights + long-term prepaid expenses + other non-current assets) = (RMB1,259,903,600 + RMB871,700 + RMB463,020,800 + RMB881,400 + RMB1,089,186,300 + RMB1,091,474,300 + RMB18,728,500 + RMB204,493,400 + RMB2,098,725,600 + RMB511,800 + RMB158,608,600) - current liabilities (RMB6,962,592,200) - non-current liabilities (RMB4,833,919,900) = RMB10,237,103,600.

IV. Income Approach

i. Key assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations;

6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

14. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

15. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts.

16. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

17. As of the valuation benchmark date, the appraised entity enjoys the preferential enterprise income tax policy for the Western Development, with enterprise income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;

18. It is assumed that CHN Energy Wuhai Energy Co., Ltd. will continue to charge coal resource usage fees to Wuhai Lutian Mining Co., Ltd., Guoneng Wuhai Energy Wuhushan Mining Co., Ltd., Guoneng Wuhai Energy Huangbaici Mining Co., Ltd., and Wuhai Gongwusu Coal Industry Co., Ltd. at the current level;

19. It is assumed that Shenhua Group Haibowan Mining Co., Ltd. Pinggou Coal Mine will complete the technological transformation and reach production capacity by 2030, and Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3 will complete the technological transformation and reach production capacity by 2029.

ii. Appraisal model

1. Basic model

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by appraising the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

RMB12,557,566,000 = RMB12,557,566,000 - RMB0.00 million

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

The total enterprise value of Wuhai Energy is RMB-2,095,443,100 + RMB2,810,742,600 + RMB11,222,387,100 - RMB3,067,661,100 + RMB3,961,933,500

= RMB12,557,566,000

a) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date.

b) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

c) Value of non-operating asset and liabilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operational assets and liabilities of the appraised entity include accounts receivable, other receivables, inventories and fixed assets in abnormal condition, accounts payable, and other payables. The cost method was adopted for this appraisal.

d) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date . As of the valuation benchmark date, the appraised entity has no interest-bearing debt.

2. Income indicators

In this appraisal, the formula for calculating the value of operating assets is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC) is 8.49%;

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

The free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - capital expenditures - Increase in working capital

3. Discount rate

Among them, the discount rate (weighted average cost of capital, WACC)

The calculation formula is as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Where: ke: Cost of equity capital is 11.87%;

kd: The cost of debt capital (interest-bearing debt) is 3.50%.

E: Market value of equity;

D: Market value of debt;

t: Corporate income tax rate is 25%.

The cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: rf: As the possibility of not being redeemable upon maturity is minimal and can be omitted, yield of state bond is usually considered as risk-free. According to information disclosed by the WIND Information System, the yield of to maturity of 10-year government bonds as at the valuation benchmark date is 1.7044%, this valuation report adopted 1.7044% as the risk-free yield;

MRP: Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment is determined by comprehensively analysing the weighted average of the annualised weekly returns from 1992 to the valuation benchmark date selected on the basis of the stock trading price indices of the Shanghai Stock Exchange and Shenzhen Stock Exchange. As calculated, the market rate of return on investment is 8.36%. The yield to maturity on 10-year treasury bonds of 1.70% on the valuation benchmark date has been taken as the risk-free rate of return. The market risk premium is 6.66%;

β_L: The system risk coefficient of equity is 1.1199;

r_c: Company-specific risk adjustment coefficient is 3.00%.

A.5 Main Evaluation Materials of Pingzhuang Coal

I. Selection of Appraisal Methods

The methods selected for this appraisal are the income approach and the asset-based approach.

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

After applying the income approach, the value of the entire shareholders' equity was RMB 5,088,077,400, and after applying the asset-based approach, the value of the entire shareholders' equity was RMB5,583,809,300.

Unless otherwise stated, all amounts in this summary are expressed in Renminbi (RMB).

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The income approach is an appraisal methodology that determines the value of the subject by discounting the anticipated future earnings of the entity being appraised, thereby evaluating it from the prospective of future profitability. Conversely, the asset-based approach is an appraisal methodology that determines the value of the subject by reasonably appraising the company's various assets and liabilities, thus considering it from the perspective of asset replacement or reacquisition. The appraised entity's core business is coal mining and sales, and its key assets are mining rights. In this appraisal, the asset-based approach uses the discounted cash flow method to assess the mining rights, which aligns closely with the approach used in the income approach. Moreover, the appraisal of the mining rights is based on the coal market conditions, using objective market benchmarks. The results from the asset-based approach reflect the contribution

of the mining rights to the company's future earnings, therefore the asset-based approach can more objectively reflect the market value of the appraised entity.

II. Key Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;
2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner during the service lives of the mines;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations during the service lives of the mines;
6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;
7. It is assumed that the management of the appraised entity after the Valuation benchmark date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;
10. It is assumed that after the valuation benchmark date , the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;
11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;
14. It is assumed that the production and sales of commercial coal in future years would

achieve a balance between production and sales;

15. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;

16. As of the valuation benchmark date, Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. enjoys the preferential enterprise income tax policy for the Western Development, with enterprise income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;

17. It is assumed that starting from 2067, Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. will begin to pay mining rights transfer income annually in accordance with the provisions of the Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method (C.Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

18. The mining right for Baiyinhua No. 1 Coal Mine within this appraisal scope currently has a production capacity indicator gap of five million tonnes per year. It is assumed in this appraisal that the enterprise will acquire the corresponding production capacity indicators on a compensatory basis, with a cash outflow of RMB140 per tonne (inclusive of tax) considered in Phase I.

III. Asset-based Approach

1. Long-term equity investments

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity.

No.	Name of investee	Appraisal methods	Methods for determining conclusions
1	Inner Mongolia Pingxi Baiyinhu Coal Industry Co., Ltd.	Asset-based approach, income approach	Asset-based approach
2	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	Asset-based approach	Asset-based approach
3	Guoneng Mengxi Mining Co., Ltd.	Asset-based approach, income approach	Asset-based approach
4	Pingneng (Xilin Gol) Coal Sales Co., Ltd.	Asset-based approach, income approach	Asset-based approach
5	Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	Asset-based approach, income approach	Asset-based approach
6	Chifeng Mine Safety Inspection and Testing Co., Ltd.	Asset-based approach, income approach	Asset-based approach

After appraisal, the appraisal results and changes in value for long-term equity investments are as follows:

No.	Name of investee	Book value	Appraisal value	Appreciation rate (%)
1	Inner Mongolia Pingxi Baiyinhu Coal Industry Co., Ltd.	57,990.41	395,505.15	582.02
2	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	19,687.64	19,687.65	0.00
3	Guoneng Mengxi Mining Co., Ltd.	23,064.95	23,417.40	1.53
4	Pingneng (Xilin Gol) Coal Sales Co., Ltd.	1,300.00	1,290.71	-0.71

No.	Name of investee	Book value	Appraisal value	Appreciation rate (%)
5	Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	178,092.00	364,977.95	104.94
6	Chifeng Mine Safety Inspection and Testing Co., Ltd.	150.00	320.58	113.72
Total		**280,285.01**	**805,199.44**	**187.28.44**

(1) Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. operates a mining right. The mining right asset group has appreciated in value, and the company's historical accumulated operating profits have increased the book value of the long-term equity investment by RMB 337,514,740.

(2) Guodian Pingmei Nieleke Energy and Chemical Co., Ltd. did not record an appraised appreciation or depreciation.

(3) Guoneng Mengxi Mining Co., Ltd. recorded an appraised appreciation of RMB3,524,500, which was due to the appreciation resulting from the reassessment of capital costs for construction in progress in the course of target company being under construction.

(4) Pingneng (Xilin Gol) Coal Sales Co., Ltd. recorded an appraised depreciation of RMB92,900, which was primarily due to the accumulated operating losses in historical years.

(5) Inner Mongolia Xilinhe Coal Chemical Co., Ltd. operates a mining right, which, after being appraised using the income approach, has an appreciation of RMB 1,868,859,500.

(6) Chifeng Mine Safety Inspection and Testing Co., Ltd. recorded an assessed appreciation of RMB1,705,800, which was primarily due to the book value of long-term equity investments being the historical investment cost, coupled with the company's accumulated historical operation as of the base date.

2. Fixed assets – buildings and structures

Based on the characteristics of the various types of building and structure assets, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraisal.

The cost method calculation formula is as follows:

Appraised value = Replacement cost × Composite depreciation rate

(1) Determination of replacement cost

Based on the characteristics, nature, and situation of the building and structure assets within the appraisal scope, the calculation formula for replacement cost in this appraisal is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

① Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

② Pre-construction and other costs

Pre-construction and other costs are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations. The rates and billing bases for various fees are as follows.

Calculation Table of Pre-construction and Other Costs for a Coal Preparation Plant (Exemplified by Yuanbaoshan Open-Pit Coal Mine)

No.	Cost name	Calculation basis	Rate%	VAT Input tax rate
1	Construction unit management fee	Construction and installation engineering costs	0.41%	/
2	Construction supervision fee	Construction and installation engineering costs	1.70%	6.00%
3	Engineering quality technical service fee	Construction and installation engineering costs	0.35%	6.00%
4	Feasibility study fee	Construction and installation engineering costs	0.25%	6.00%
5	Environmental impact assessment fee	Construction and installation engineering costs	0.18%	6.00%
6	Survey and design fee	Construction and installation engineering costs	2.90%	6.00%
7	Bidding agency service fee	Construction and installation engineering costs	0.07%	6.00%
8	Occupational health and safety assessment fee	Construction and installation engineering costs	0.20%	6.00%
9	Project insurance fee	Construction and installation engineering costs	0.30%	6.00%
10	Mine shaft location determination fee	Construction and installation engineering costs	/	6.00%
11	Joint trial operation fee	Construction and installation engineering costs	0.33%	/
12	Soil and water conservation evaluation fee	Construction and installation engineering costs	0.09%	6.00%
13	Geological disaster risk assessment fee	Construction and installation engineering costs	0.02%	6.00%
14	Pre-entry fee for production personnel	Construction and installation engineering costs	0.16%	/
Total		/	6.96%	/

Note: The total rate of the above-mentioned fees including VAT input tax amounts to 6.06%; for properties situated within the urban administrative planning zone, urban infrastructure supporting fees shall be calculated accordingly.

Calculation Table of Pre-construction and Other Costs for a Mining Enterprise (Exemplified by Yuanbaoshan Open-Pit Coal Mine)

No.	Cost name	Calculation basis	Rate%	VAT Input tax rate
1	Construction unit management fee	Construction and installation engineering costs	1.37%	/
2	Construction supervision fee	Construction and installation engineering costs	1.20%	6.00%
3	Engineering quality technical service fee	Construction and installation engineering costs	0.35%	6.00%
4	Feasibility study fee	Construction and installation engineering costs	0.07%	6.00%
5	Environmental impact assessment fee	Construction and installation engineering costs	0.05%	6.00%
6	Survey and design fee	Construction and installation engineering costs	2.40%	6.00%
7	Bidding agency service fee	Construction and installation engineering costs	0.02%	6.00%
8	Occupational health and safety assessment fee	Construction and installation engineering costs	0.20%	6.00%
9	Project insurance fee	Construction and installation engineering costs	0.30%	6.00%
10	Mine shaft location determination fee	Construction and installation engineering costs	0.00%	6.00%
11	Joint trial operation fee	Construction and installation engineering costs	0.21%	/
12	Soil and water conservation evaluation fee	Construction and installation engineering costs	0.08%	6.00%
13	Geological disaster risk assessment fee	Construction and installation engineering costs	0.01%	6.00%
14	Pre-entry fee for production personnel	Construction and installation engineering costs	0.18%	/
Total		/	6.44%	/

Note: The total rate of the above-mentioned fees including VAT input tax amounts to 4.68%; for properties situated within the urban administrative planning zone, urban infrastructure supporting fees shall be calculated accordingly.

Calculation Table of Pre-construction and Other Costs for a Non-mining Enterprise (Exemplified by Financial Department)

No.	Cost name	Calculation basis	Rate%	VAT Input tax rate
1	Consulting fee for early work	Construction and Installation Engineering Costs	0.18%	6.00%
2	Bidding agency service fee	Construction and installation engineering costs	0.08%	6.00%
3	Environmental impact assessment fee	Construction and installation engineering costs	0.04%	6.00%
4	Survey and design fee	Construction and Installation Engineering Costs	2.46%	6.00%
5	Project supervision fee	Construction and installation engineering costs	1.36%	6.00%
6	Project construction management fee	Construction and installation engineering costs	1.08%	/
Total		/	5.20%	/

Note: The total rate of the above-mentioned fees including VAT input tax amounts to 4.12%; for properties situated within the urban administrative planning zone, urban infrastructure supporting fees shall be calculated accordingly.

③ Capital costs

Capital costs are calculated based on the sum of construction and installation engineering costs, pre-construction and other costs, using uniform capital investment over the reasonable construction period. The calculation formula of capital costs is as follows:

Capital costs = (Construction and installation engineering costs + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1/ 2

Based on the scale and nature of the construction project in which the appraised buildings and structures are located and the relevant construction period quotas, the reasonable construction period and interest rate for the subsidiaries of Inner Mongolia Pingzhuang Coal Group Co., Ltd. were determined by referring to the effective Loan Prime Rate (LPR) on the valuation benchmark date as published by the National Interbank Funding Centre authorised by the People's Bank of China, as detailed below:

No.	Company name	Reasonable construction period (year)	Interest rate
1	Railway Transport Branch of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	2.5	3.19%
2	Hongmiao Coal Mine of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	0.5	2.94%
3	Yuanbaoshan Open-cut Coal Mine of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	2.0	3.13%
4	Gushan Coal Mine of Inner Mongolia Pingzhuang Coal Group Co., Ltd.	1.0	3.00%
5	Material Supply Branch of Inner Mongolia Pingzhuang Coal Group Co., Ltd.	0.5	2.94%
6	Hydro-power and Heat Supply Branch of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1.5	3.06%
7	Mining Engineering Branch of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1.5	3.06%
8	Financial Department of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	2.0	3.13%
9	Senior Technical School of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1.0	3.00%
10	Rescue Team of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1.0	3.00%
11	Information Centre of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	0.5	2.94%

④ Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

(2) Determination of composite depreciation rate

① For important buildings (and structures), the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

For mining enterprises, the remaining service life of buildings is closely related to the mine's remaining service life. The remaining service life is determined based on the lower of the mine's remaining service life and the building's remaining economic service life.

② For low-value buildings (and structures), the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

(3) Determination of appraised value

Appraised value = Replacement cost × Composite depreciation rate

Through appraisal, the appraised value for buildings and structures was RMB1,290,907,200, reflecting an appreciation of RMB60,434,200 compared to the book value of RMB230,473,000, resulting in an appreciation rate of 4.91%. The primary reasons for this appreciation are as follows:

The appreciation stems from the earlier construction period of buildings and structures, during which continuous increases in labor, material, and machinery costs contributed to the appreciation of the original appraised value.

The abovementioned appraised value includes the negative value of the mining rights for the Yuanbaoshan open-pit coal mine (specifically RMB-380,341,600), which has been listed under buildings and structures.

3. Fixed assets – equipment

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the appraisal scope, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost method is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Depreciation rate

(1) Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as

well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

① Machinery and equipment

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

A. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

B. Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

C. Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T 51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

D. Pre-construction and other costs

Pre-construction and other expenses shall be calculated based on the construction investment amount of the appraised entity, in accordance with the fee standards stipulated by the industry, national, or local government. The names, calculation bases, fee standards, and calculation grounds for pre-construction and other expenses are as follows:

Calculation Table of Pre-construction and Other Costs for a Coal Preparation Plant (Exemplified by Yuanbaoshan Open-Pit Coal Mine)

No.	Cost name	Calculation basis	Rate%
1	Construction unit management fee	Equipment Fee	0.41%
2	Construction supervision fee	Equipment Fee	1.70%
3	Engineering quality technical service fee	Equipment Fee	0.35%
4	Feasibility study fee	Equipment Fee	0.25%
5	Environmental impact assessment fee	Equipment Fee	0.18%
6	Survey and design fee	Equipment Fee	2.90%
7	Bidding agency service fee	Equipment Fee	0.07%
8	Occupational health and safety assessment fee	Equipment Fee	0.20%
9	Project insurance fee	Equipment Fee	0.30%
10	Mine shaft location determination fee	Equipment Fee	/
11	Joint trial operation fee	Equipment Fee	0.33%
12	Soil and water conservation evaluation fee	Equipment Fee	0.09%
13	Geological disaster risk assessment fee	Equipment Fee	0.02%
14	Pre-entry fee for production personnel	Equipment Fee	0.16%
Total			6.96%

(Pre-construction and other costs include VAT Input at a rate of 6.06%)

Calculation Table of Pre-construction and Other Costs for for a Mining Enterprise (Exemplified by Yuanbaoshan Open-Pit Coal Mine)

No.	Cost name	Calculation basis	Rate%
1	Construction unit management fee	Equipment Fee	1.37%
2	Construction supervision fee	Equipment Fee	1.20%
3	Engineering quality technical service fee	Equipment Fee	0.35%
4	Feasibility study fee	Equipment Fee	0.07%
5	Environmental impact assessment fee	Equipment Fee	0.05%
6	Survey and design fee	Equipment Fee	2.40%
7	Bidding agency service fee	Equipment Fee	0.02%
8	Occupational health and safety assessment fee	Equipment Fee	0.20%
9	Project insurance fee	Equipment Fee	0.30%
10	Mine shaft location determination fee	Equipment Fee	0.00%
11	Joint trial operation fee	Equipment Fee	0.21%
12	Soil and water conservation evaluation fee	Equipment Fee	0.08%
13	Geological disaster risk assessment fee	Equipment Fee	0.01%
14	Pre-entry fee for production personnel	Equipment Fee	0.18%
Total		/	6.44%

(Pre-construction and other costs include VAT Input at a rate of 4.68%)

Calculation Table of Pre-construction and Other Costs for a Non-mining Enterprise (Exemplified by Financial Department)

No.	Cost name	Calculation basis	Rate%
1	Consulting fee for early work	Equipment fee	0.18%
2	Bidding agency service fee	Equipment fee	0.08%
3	Environmental impact assessment fee	Equipment fee	0.04%
4	Survey and design fee	Equipment fee	2.46%
5	Project supervision fee	Equipment fee	1.36%
6	Project construction management fee	Equipment fee	1.08%
7	Joint trial operation fee	Equipment fee	0.50%
Total		/	5.70%

(Pre-construction and other costs include VAT Input at a rate of 4.12%)

E. Capital costs

The capital costs are calculated based on the reasonable construction period of the engineering projects of the unit being appraised, using the Loan Prime Rate (LPR) for the corresponding period published by the National Interbank Funding Center on the valuation benchmark date. The total of the equipment purchase costs, transport and handling fees, installation fees, pre-construction and other costs is used as the base, with assumption that the capital costs calculated based on uniform capital investment. The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Reasonable construction period × Annual loan interest rate / 2

The capital costs for each branch are as follows:

No.	Company name	Reasonable construction period (year)	Interest rate
1	Railway Transport Branch of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	2.5	3.19%
2	Yuanbaoshan Open-cut Coal Mine of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	2	3.13%
3	Hydro-power and Heat Supply Branch of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1.5	3.06%
4	Mining Engineering Branch of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1.5	3.06%
5	Financial Department of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	2	3.13%
6	Senior Technical School of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1	3.00%
7	Rescue Team of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	1	3.00%

F. Deductible VAT

According to the regulations in "C.SH [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the input VAT includes VAT on the equipment purchase price (tax rate 13%), VAT on transport and handling fees (tax rate 9%), and VAT on pre-construction and other costs (tax rate of 6%).

② Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = vehicle purchase cost / (1 + 13%) × 10%

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are

determined based on local administrative fee standards and actual vehicle expenses.

③ Electronic equipment

For electronic equipment, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

Replacement cost = Electronic equipment purchase price/1.13

(2) Determination of composite depreciation rate

① For specialised and general machinery, the depreciation rate is primarily determined based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

② For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based newness rate = (Economic lifespan - Years of use) / Economic lifespan × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

③ For vehicles, according to the *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection), the theoretical depreciation rate was determined using either vehicle mileage or service life, based on the lower of the two methods. For vehicles without a prescribed service life, the remaining service life method was used. Adjustments were made based on on-site inspection results. The calculation formula is as follows:

Composite depreciation rate = Depreciation rate × Adjustment coefficient

(3) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

The appraised value of equipment-type assets was RMB984,789,600, representing an appreciation of RMB345,359,200 (or 54.01%) compared to its book value of RMB639,430,400. The primary reason for the appreciation is that the mines of the unit being appraised was established earlier, and the depreciation period recognized for the purchased equipment on the books is shorter than the economic useful life of the machinery and equipment.

4. Construction in progress

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost method was adopted for the appraisal.

(1) Completed projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

(2) Incomplete projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period. If the book value differs significantly from the price level on the valuation benchmark date, the construction costs are adjusted to the valuation benchmark date price level.

(3) Pure expense-based construction projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

The appraised value of construction in progress was RMB271,283,100, representing an impairment of RMB542,100 compared to its book value of RMB271,825,300, with an impairment rate of 0.20%. The primary reason for the impairment is attributed to the relocation and dismantling project of the diversion station, specifically, the demolition cost for the diversion station removal project was assessed as 0 in this appraisal.

5. Land use rights

According to the requirements of the *Asset Appraisal Practice Standards - Real Estate*, the main appraisal methods for land use rights include the market approach, income approach, hypothetical development method, cost method, and benchmark land price method. The appropriate appraisal method is selected based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the above basic appraisal methods.

In accordance with the characteristics of the land under valuation, the cost approaching method is adopted for the allocated land, while the benchmark land price coefficient correction method is adopted for the land transfer. The appraised value of intangible assets—land use rights—was RMB1,288,031,200, representing an appreciation of RMB1,226,662,000 compared to its book value of RMB61,369,200, resulting in an appreciation rate of 1,998.82%. The reason for the appreciation is primarily that the land use rights within the scope of this appraisal are predominantly allocated land, which carries no book value, thereby leading to the appreciation in land appraisal.

6. Mining rights

(1) Mining rights

Based on the appraisal objective of this project and the specific characteristics of the mining rights, the entrusted mining rights for appraisal exhibit a certain scale and independent profitability that can be quantified. Its future earnings and associated risks are measurable in monetary terms, and the geological research is highly advanced, with largely complete and reliable data. These reports and relevant data generally satisfy the requirements for applying the discounted cash flow method. In accordance with the

Basic Guidelines for Mining Rights Appraisal and the *Standards for Income Approach Appraisal Methods*, the discounted cash flow method is adopted for this appraisal project.

The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P —Appraised value of mining rights;

CI—Annual cash inflow;
CO—Annual cash outflow;
i—Discount rate;

t—Year serial number (t=1, 2, 3, …, n);

n—Calculation period (in years).

Specific Appraisal Indicators and Parameters

A. Yuanbaoshan Open-Pit Coal Mine

Yuanbaoshan Open-Pit Coal Mine is currently in normal production. The resource reserves utilized in this appraisal are based on the *Verification Report on Coal Resource Reserves of Yuanbaoshan Open-Pit Coal Mine in Yuanbaoshan Coalfield, Chifeng City, Inner Mongolia Autonomous Region* (hereinafter referred to as the "Resource Reserve Verification Report") prepared by Exploration Team 104 of the Inner Mongolia Autonomous Region Coalfield Geological Bureau in February 2014, along with its *Mineral Resource Reserve Review Opinion* (hereinafter referred to as the "Review Opinion"), as well as the *2024 Annual Reserve Report of the Yuanbaoshan Open-Pit Coal Mine in Yuanbaoshan District, Chifeng City, Inner Mongolia Autonomous Region*, prepared by Exploration Team 129 of the China Coal Geology Bureau in January 2025 (hereinafter referred to as the "2024 Annual Reserve Report"). Other technical parameters are primarily based on the *Revised Preliminary Design Specification for Yuanbaoshan Open-Pit Coal Mine of Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd.*, prepared by Shenyang Design and Research Institute Co., Ltd. of China Coal Technology and Engineering Group in June 2023 (hereinafter referred to as the "Preliminary Design"), and determined based on the company's actual data. The selection of other key technical and economic indicators and parameters is determined based on the *China Mining Rights Appraisal Standards*, other pertinent policies and regulations, technical and economic norms, and data available to the appraisers.

Explanations for the selection of each parameter:

Retained resource reserves as of the valuation benchmark date: Based on the Resource Reserves Verification Report and corresponding review opinions, as of December 31, 2013, the cumulative identified resource reserve of Yuanbaoshan Open-pit Coal Mine was 486.90 million tons, with the retained resource reserve totaling 415.60 million tons. Among the retained resource reserve, 410.07 million tons are for open-pit mining, and

5.53 million tons are for underground mining.

Based on the Resource Reserves Verification Report, annual mineral reserve reports have been developed for years. According to the 2024 Annual Mineral Reserve Report, as of December 31, 2024, the cumulative identified resource reserve of the mine was 486.90 million tons, and the retained resource reserve was 312.524 million tons. Specifically, the proven resource reserve (TM) is 139.5890 million tons, the controlled resource reserve (KZ) is 60.663 million tons, and the inferred resource reserve (TD) is 112.272 million tons.

In addition, according to the "Dynamic Basic Table of Reserves for Operating Mines (January-July 2025)" provided by the mining right holder, the mined resource quantity from open-pit mining during January-July 2025 was 7.4264 million tons. Therefore, as of the valuation benchmark date, the retained resource reserve was 305.0976 million tons, including 299.5676 million tons for open-pit mining and 5.53 million tons for underground mining.

Mineable reserves utilized in the appraisal: Based on the Preliminary Design, a geological model of the deposit was established using computer technology, and the coal quantity and stripping volume were calculated based on the designed open-pit mining boundary and the final slope angle of each slope. As calculated, as of the end of 2021, the geological coal resource reserve within the open-pit mining boundary was 212.7981 million tons, the mineable raw coal reserve was 208.3639 million tons, and the stripping volume was 985.40 million cubic meters. Specifically, 13.02 million tons of coal and 70.05 million cubic meters of stripping volume were affected by the villages on the west slope. The designed mineable raw coal reserve is 195.34 million tons, with a stripping volume of 915.35 million cubic meters.

According to the production and stripping statistics provided by the mining enterprise, the cumulative raw coal output from 2022 to July 2025 was 34.3874 million tons, and the cumulative stripping volume was 130.9771 million cubic meters. So, as of the valuation benchmark date, the remaining mineable raw coal reserve was 160.9565 million tons, and the remaining stripping volume was 774.5336 million cubic meters.

The Development Plan offers an estimation of the mineable reserves in Nos. 9, 10, and 11 coal seams intended for underground mining, as well as development and mining schemes, but provides no economic evaluation. Additionally, the mining enterprise has no specific mining plans for these seams. Therefore, the deep resource reserve is not included in this appraisal.

Product plan: The coal mined from this mine meets customer requirements after simple crushing and screening. So, the product plan for this appraisal is about raw coal.

Production capacity and service life: In accordance with the mine's mining succession plan, the stable production capacity adopted for the appraisal is 12.00 million tons per year. The appraisal period is 12.21 years, lasting from August 2025 to October 2037.

Product sales price and sales revenue: The price in August-December 2025 will be selected with reference to that of January-July 2025, the price in 2026 will be selected with reference to that of mining enterprises' forecasts, and the prices in 2027, 2028 and 2029 will gradually adjust to the long-term stable level: RMB270.00 per ton in August-December 2025, RMB255 per ton in 2026, RMB258.00 per ton in 2027, RMB262.00

per ton in 2028, and will remain at RMB265 per ton starting from 2029.

Fixed asset investment: For this appraisal, the original value of fixed asset investment is determined at RMB4,888.7537 million (including: RMB1,284.1359 million for stripping engineering, RMB980.2093 million for buildings and structures, and RMB2,624.4085 million for machinery and equipment), with a net value of RMB1,871.4639 million (including: RMB385.2408 million for stripping engineering, RMB639.6658 million for buildings and structures, and RMB846.5573 million for machinery and equipment). The construction in process is RMB9.4324 million, with subsequent investment estimated at RMB92.3605 million.

Total Cost and Operating Cost

Purchased materials cost: Based on the mine's financial statements, the unit cost of purchased materials is set at RMB19.21 per ton.

Purchased power cost: Based on the mine's financial statements, the unit cost of purchased power is set at RMB6.24 per ton.

Employee remuneration: Based on the financial statements, the unit employee remuneration is set at RMB39.97 per ton.

Depreciation expense: As calculated, the annual depreciation expense is RMB241.7876 million, with a unit depreciation expense of RMB20.15 per ton.

Mine maintenance fee and mine shaft engineering fund: In accordance with the circular on the *Management Measures for the Provision and Use of Coal Production Safety Expenses* and *Several Provisions for Regulating the Management of Coal Mine Maintenance Fees* (CAIJIAN [2004] No. 119), the unit mine maintenance fee for this project is RMB7.00 per ton, and the unit mine shaft engineering fund is RMB2.50 per ton. Among the mine maintenance fee, RMB3.50 per ton is allocated for renewal-oriented maintenance, and RMB3.50 per ton for depreciation-oriented maintenance.

Safety expense: According to the circular on the *Management Measures for the Provision and Use of Enterprise Work Safety Expenses* (CAIZI [2022] No. 136), the unit safety expense for this project is set at RMB5.00 per ton.

River course operation fee: Based on the *Preliminary Design Report for the Yingjin River Diversion Project of Yuanbaoshan Open-pit Coal Mine*, after the river course is built, daily maintenance and management will be needed, estimated at 1.7% of the original value of the project investment per year.

Subsidence compensation fee: Based on the enterprise's financial statements, the unit subsidence compensation fee is RMB2.67 per ton.

Outsourcing fee: Based on the enterprise's financial statements, the unit outsourcing fee is RMB49.0749.07 per ton.

Other manufacturing expenses: Based on the enterprise's financial statements, the unit other manufacturing expenses are set at RMB4.03 per ton.

Administrative expenses: Based on the enterprise's financial statements, the unit administrative expenses are RMB31.06 per ton.

Selling expenses: Based on the enterprise's financial statements, the unit selling expenses are RMB1.01 per ton.

R&D expenses: Based on the enterprise's financial data, the unit R&D expenses for this appraisal are set at RMB0.28 per ton.

Financial Expenses: In accordance with the provisions of the *Guiding Opinions on the Determination of Mining Rights Appraisal Parameters*, as calculated, the unit financial expenses for this appraisal are RMB1.28 per ton.

Total cost refers to the sum of all the aforementioned cost items. Operating cost refers to the total cost minus depreciation expenses, depreciation-oriented mine maintenance fees, mine shaft engineering fund, amortization expenses, and financial expenses.

In 2028, for example, the unit total cost of the appraised project is RMB190.30 per ton, and the unit operating cost is RMB145.26 per ton; the annual total cost is RMB2,283.5346 million, and the annual operating cost is RMB1,743.1249 million.

Discount rate: In accordance with the *Guiding Opinions on the Determination of Mining Right Appraisal Parameters*, the basic composition of the discount rate is: discount rate = risk-free rate of return + risk premium rate

Specifically, the risk-free rate of return is set at 1.70%, with reference to the 10-year government bond yield to maturity disclosed by the WIND Information System as of the valuation benchmark date.

The risk premium rate is estimated using the "risk accumulation method", with the main risks including exploration and development stage risk, industry risk, financial and operational risk, and other specific risks. As the mine is in operation, the risk premium rate at the exploration and development stage is set at 0.60%, the industry risk premium rate at 2.00%, and the financial and operational risk premium rate at 1.50%. With consideration of the actual conditions of the mine, other specific risk premium rate is set at 2.00%. Therefore, the total risk premium rate for this appraisal is set at 6.10%.

With consideration of the value range of the comprehensive discount rate and the development stage of the mine, the discount rate for this appraisal is set at 7.80%.

As estimated, as of July 31, 2025, the cumulative present value of net cash flows of the "mining rights of Yuanbaoshan Open-pit Coal Mine of Pingzhuang Coal Group Co., Ltd." was RMB-380.3416 million. So, the appraised value of mining rights was RMB0.

B. **Boligou Coal Mine in Jungar Coalfield, Inner Mongolia Autonomous Region**

Boligou Coal Mine in Jungar Coalfield, Inner Mongolia Autonomous Region is currently in the infrastructure construction period. The resource reserves used for this appraisal are based on the *Supplementary Exploration Geological Report of Coal Resources in Boligou Mine of Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (hereinafter referred to as the "Supplementary Exploration Report"), developed by Shaanxi No.185 Coalfield Geology Co., Ltd. in April 2024.

The main technical and economic parameters for this assessment are primarily referenced from the *Revised Specifications for Preliminary Design of Boligou Coal Mine in Jungar Coalfield, Inner Mongolia Autonomous Region* (hereinafter referred to as the "Preliminary Mine Design") developed by Dadi Engineering Development (Group) Co., Ltd. in February 2025, the *Specifications for Preliminary Design of Coal Preparation Plant of Boligou Mine of Inner Mongolia Pingzhuang Coal Group Co., Ltd.*(hereinafter referred to as the "Preliminary Design of Coal Preparation Plant") developed in August 2023, and its approval document (ENENGJU SHENPIFA [2025] No.10). Since the Preliminary Design does not include cost parameters, the *Feasibility*

Study Report (Revised Edition) of Boligou Mine and Coal Preparation Plant of Inner Mongolia Pingzhuang Coal Group Co., Ltd. (hereinafter referred to as the "Feasibility Study Report") developed by Dadi Engineering Development (Group) Co., Ltd. in July 2020 is adopted. As the development plan and mining-preparation methods in this report are basically consistent with those in the Preliminary Design, the cost parameters for this appraisal are determined with reference to the Feasibility Study Report. The selection of other major technical and economic indicators is based on the *China Mining Rights Appraisal Standards*, other relevant policies and regulations, technical and economic specifications, and data available to the appraisal team.

The explanations for the selection of each parameter are as follows:

Proven resource reserves as of the valuation benchmark date: According to the Supplementary Exploration Report, as of December 31, 2023, the total identified resource reserve of the entire mining area was 469.086 million tons. Specifically, proven resource reserve (TM) was 245.763 million tons, controlled resource reserve (KZ) was 82.697 million tons, and inferred resource quantity (TD) was 140.626 million tons.

As of the valuation benchmark date, as the mine was still under construction and no ore was mined, the aforementioned 469.086 million tons of resource reserves were the retained resource reserves within the appraisal scope.

Mineral resource reserves utilized in the appraisal: mineral resource reserves utilized in the appraisal = Σ (basic reserves included in the appraisal + resource quantity × corresponding type credibility coefficient) = 436.0301 million tons.

Product plan: According to the product balance sheet of the coal preparation plant, the product plan covers clean coal and blended coal. Therefore, the product plan for this appraisal covers clean coal and blended coal with reference to the Preliminary Design of Coal Preparation Plant.

Mining area recovery rate: In accordance with the *Guiding Opinions on the Determination of Mining Rights Appraisal Parameters* and the *Code for Design of Mine of Coal Industry* (GB 50215-2015), the recovery rate shall be no less than 85% for thin coal seams, no less than 80% for medium-thick coal seams, and no less than 75% for thick coal seams. However, for thick coal seams mined using the single-pass full-height method, the recovery rate should not be less than 80%.

Among the coal seams designed for mining in the mine, No. 6 coal seam is a thick coal seam, and the rest are medium-thick coal seams. Therefore, in this appraisal, the mining area recovery rate is set at 75% for No. 6 coal seam, and 75% for other coal seams.

Mineable reserves utilized in the appraisal: mineable reserves utilized in the appraisal = (resource reserves utilized in the appraisal - designed losses) × mining recovery rate = 231.1164 million tons.

Production capacity and service life: Both the designed production capacity specified in the Preliminary Design and the registered production capacity stated in the mining license are 4 million tons per year. Therefore, the production capacity of the mine during the future service life is set be 4.00 million tons per year in this appraisal. The appraisal period is 45.22 years, with the infrastructure construction period lasting from August 2025 to December 2027, and the normal production period from January 2028 to

October 2070.

Product sales price and sales revenue: As mining and sales haven't been started, there are no actual sales prices available. Therefore, for this appraisal, the sales prices of commercial coal are determined by referring to the 5-year Phase I sales prices of Jungar Banner thermal coal (sourced from www.10jqka.com.cn) and adjusting for calorific value: Thermal Coal 5# (Q4200) at RMB415.86 per ton, Thermal Coal 4# (Q4500) at RMB448.06 per ton, and Thermal Coal 3# (Q5000) at RMB516.08 per ton. The sales prices for future years are set as follows: for the No. 5 coal seam of Boligou Coal Mine, clean coal is set at RMB459.00 per ton (rounded) and blended coal at RMB378.00 per ton (rounded); for the No. 6 coal seam, clean coal is RMB482.00 per ton (rounded) and blended coal at RMB403.00 per ton (rounded); for other coal seams, clean coal is RMB471.00 per ton (rounded) and blended coal at RMB391.00 per ton (rounded).

Fixed asset investment: The original value of the mine's existing fixed assets as of the valuation benchmark date is RMB249.3811 million, with a net value of RMB248.8488 million. Specifically, the original value of mine shaft engineering is RMB183.4529 million (net value: RMB183.4529 million), building and structure assets are RMB56.6844 million (net value: RMB56.6844 million), and machinery and equipment are RMB9.2438 million (net value: RMB8.7115 million). The additional fixed asset investment after the valuation benchmark date is RMB2,463.6147 million (including tax), consisting of RMB542.3492 million for mine shaft engineering, RMB718.5147 million for buildings and structures, and RMB1,202.7508 million for machinery and equipment.

Total Cost and Operating Cost

Purchased materials cost: Based on the Feasibility Study Report and adjusted by price indices, the unit cost of purchased materials is set at RMB7.11 per ton.

Purchased fuel and power cost: Based on the Feasibility Study Report and adjusted by price indices, the unit cost of purchased fuel and power is set at RMB11.25 per ton.

Employee remuneration: According to the Preliminary Mine Design and the actual unit costs of surrounding mines, the unit employee remuneration is set at RMB56.95 per ton.

Depreciation expense: As calculated, the annual depreciation expense is RMB107.6646 million, with a unit depreciation expense of RMB 26.92 per ton.

Mine maintenance fee and mine shaft engineering fund: In accordance with the circular on the *Management Measures for the Provision and Use of Coal Production Safety Expenses* and *Several Provisions for Regulating the Management of Coal Mine Maintenance Fees* (CAIJIAN [2004] No. 119), the unit mine maintenance fee for this project is RMB7.00 per ton, and the unit mine shaft engineering fund is RMB2.50 per ton. Among the mine maintenance fee, RMB3.50 per ton is allocated for renewal-oriented maintenance, and RMB3.50 per ton for depreciation-oriented maintenance.

Safety expense: According to the circular on the *Management Measures for the Provision and Use of Enterprise Work Safety Expenses* (CAIZI [2022] No. 136), the unit safety expense for this project is set at RMB15.00 per ton.

Repair fee: Based on the Feasibility Study Report, the unit repair fee is RMB8.05 per ton.

Environmental governance and land reclamation fee: In accordance with the *Mine*

Geological Environment Protection and Land Reclamation Plan for Boligou Coal Mine in Jungar Coalfield, Inner Mongolia Autonomous Region and its review opinions, the unit environmental governance and land reclamation fee is set at RMB0.18 per ton.

Surface subsidence compensation fee: Based on the Feasibility Study Report, the unit surface subsidence compensation fee is RMB1.50 per ton.

Soil and water conservation compensation fee: In accordance with the Circular on the *Implementation Measures for the Collection and Use of Soil and Water Conservation Compensation Fees in Inner Mongolia* jointly issued by the Department of Finance, Development and Reform Commission and Department of Water Resources of Inner Mongolia Autonomous Region, and Hohhot Central Sub-branch of the People's Bank of China (NEICAIFEISHUIGUI [2015] No. 18), the unit soil and water conservation compensation fee is RMB2.00 per ton.

Other manufacturing expenses: Based on the Feasibility Study Report, the unit other manufacturing expenses are set at RMB3.65 per ton.

Financial expenses: In accordance with the provisions of the *Guiding Opinions on the Determination of Mining Rights Appraisal Parameters*, the unit financial expenses for this appraisal are set at RMB1.63 per ton.

Total cost refers to the sum of all the aforementioned cost items. Operating cost refers to the total cost minus depreciation expenses, depreciation-oriented mine maintenance fees, mine shaft engineering fund, amortization expenses, and financial expenses.

In 2035, for example, the unit total cost of the appraised project is RMB145.79 per ton, and the unit operating cost is RMB109.20 per ton; the annual total cost is RMB583.1570 million, and the annual operating cost is RMB436.7626 million.

Discount rate: In accordance with the *Guiding Opinions on the Determination of Mining Right Appraisal Parameters*, the basic composition of the discount rate is: discount rate = risk-free rate of return + risk premium rate

Specifically, the risk-free rate of return is set at 1.70%, with reference to the 10-year government bond yield to maturity disclosed by the WIND Information System as of the valuation benchmark date.

The risk premium rate is estimated using the "risk accumulation method", with the main risks including exploration and development stage risk, industry risk, financial and operational risk, and other specific risks. As Boligou Coal Mine is currently under construction and is expected to be completed and put into production in early 2028, the exploration and development stage risk is set at 1.00%. As the coal mining industry is generally classified as a high-risk industry, the industry risk is set at 2.00%. Boligou Coal Mine covers a large mining area, and subsequent village relocation expenses will be required, resulting in certain financial and operational risk, which is thus set at 1.50%. The specific risk is set at 2.00%. Therefore, the total risk premium rate for this appraisal is set at 6.50%.

With consideration of the value range of the comprehensive discount rate and the development stage of the mine, the discount rate for this appraisal is set at 8.20%.

As estimated, as of July 31, 2025, the cumulative present value of net cash flows of the "mining rights of Boligou Coal Mine in Jungar Coalfield, Inner Mongolia Autonomous Region" was RMB2,578,282,000. So, the appraised value was RMB 2,578,282,000.

(2) For the exploration rights, due to the unavailability of geological survey data, preliminary design documents, overall mining area plan, and formal feasibility study report required for mineral rights valuation, it was impossible to model and calculate the market value of the exploration rights as of the valuation benchmark date according to the mineral rights appraisal criteria and theories. Therefore, the relevant costs of the exploration rights are retained at their audited book value in this valuation.The book value of the exploration rights is RMB2,500,721,300, and the appraised value was also RMB2,500,721,300.

As of the valuation benchmark date, the appraised value of the mining rights was RMB5,079,003,300, representing a decrease of RMB285,412,900 from the book value of RMB5,364,416,200. Reasons for the impairment: For Yuanbaoshan Open-pit Coal Mine, the investment as of the valuation benchmark date increased from that on the initial recording date, leading to a rise in fixed asset investment per ton of coal. Meanwhile, the intangible asset investment (mainly land use rights) appreciated significantly as of the base date. With the advancement of production, substantial additional land acquisition is required, resulting in large subsequent land acquisition compensation expenses. Consequently, the mining right of Yuanbaoshan Open-pit Coal Mine was impaired. The mining rights were aggregated at a zero value in this appraisal, with the corresponding negative value included in the valuation of the stripping pit.

7. Other assets and liabilities

The asset appraisers verified the book values by examining the detailed item statements and relevant materials provided by the appraised entity. The appraised values are determined based on the audited book values, or the actual liabilities to be borne or equity to be entitled by the appraised entity.

Specifically, the book value of current assets was RMB1,607,224,500, and appraised value RMB1,607,591,900, with an appreciation rate of 0.02%; the book value of other non-current assets was RMB16,564,009,400, and appraised value RMB23,048,530,900, with an appreciation rate of 39.15%; the book value of current liabilities was RMB 14,942,313,000, and appraised value RMB149,423,130,000, with no change; the book value of non-current liabilities was RMB 4,182,701,300, and appraised value RMB 4,130,000,500, with a depreciation rate of 1.26%.

After calculation, as of the valuation benchmark date:

(A) For Pingzhuang Coal, the value of the entire shareholders' equity = current assets (RMB1,607,591,900) + Non-current assets [including long-term equity investments (RMB8,051,994,400) + fixed assets (buildings) (RMB1,290,907,200) + fixed assets (equipment) (RMB979,133,600) + construction in progress (RMB271,283,100) + land use rights (RMB1,288,031,200) + mining rights (RMB5,079,003,300) + other non-current assets (RMB6,088,178,100)] - current liabilities (RMB14,942,313,000) - non-current liabilities (RMB4,130,000,500) = RMB5,583,809,300 (minor rounding

differences may occur due to decimal retention).

(B) For Pingzhuang Coal, the value of all shareholders' equity= Current assets (RMB1,607,224,500) + Non-current assets (including long-term equity investments + fixed assets such as buildings and structures + fixed assets such as equipment + construction in progress + land use rights + mining rights + other non-current assets) (RMB2,802,850,100 + RMB1,230,473,000 + RMB643,347,300 + RMB271,825,300 + RMB61,369,200 + RMB5,364,416,200 + RMB6,189,728,300) - Current liabilities (RMB14,942,313,000)-Non-current liabilities (RMB4,182,701,300)= RMB953,780,400 (minor rounding differences may occur due to decimal retention).

IX. Income Approach

i. Main assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3.It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner during the service lives of the mines;

4.It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5.Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations during the service lives of the mines;

6.It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7.It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8.Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9.It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10.It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11.It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12.It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13.The validity period of the mining right license for Yuanbaoshan Open-cut Coal Mine expires in July 2031. Since the evaluation period exceeds the validity term of the mining right license, in this appraisal, it is assumed that the mining right holder will, in accordance with the Measures for the Administration of Registration of Mineral Resources Exploitation (Decree No. 241 of the State Council of the People's Republic of China, 1998), apply to the registration authority for renewal registration 30 days prior to the expiration of the existing mining right license and successfully obtain a renewed mining right license;
14.It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts.

ii. Appraisal model

1. Basic model

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:
Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value
= RMB5,088,077,400

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:
Enterprise overall value = Operating asset value + Non-operating asset value - Non-operating liability value + Surplus asset value + Long-term equity investment value
The enterprise overall value of Pingzhuang Coal: RMB3,651,859,900+ RMB4,617,570,100-RMB8,793,086,600+RMB246,655,600+ RMB14,164,707,100
=RMB13,887,706,100

① Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date.

②Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

③Value of non-operating asset and labilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operating assets and liabilities of the appraised entity include other receivables, inventories and fixed assets in abnormal condition, accounts payable, other payables, and similar items. The cost approach was adopted for this appraisal.

④Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date, including short-term borrowings, long-term borrowings due within one year, and long-term borrowings, with the verified book value amounting to RMB8,799,628,700.

2. Income indicators

The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC), which is 8.12%;

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

The free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - capital expenditures - Increase in working capital

3. Discount rate

The discount rate (WACC) is calculated as follows:

$$\mathrm{WACC} = \mathrm{K_e} \times \frac{\mathrm{E}}{\mathrm{E}+\mathrm{D}} + \mathrm{K_d} \times (1-\mathrm{t}) \times \frac{\mathrm{D}}{\mathrm{E}+\mathrm{D}}$$

Wherein: k_e: Cost of equity capital, which is 11.87%;

k_d: Cost of debt capital, which is 2.17%;

E: Market value of equity;

D: Market value of debt;

t: Tax rate, which is 25%.

The cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: r_f: Government bond yields are generally considered risk-free because the risk of default on the bond at maturity is negligible and can be ignored. According to information disclosed by the WIND Information System, the yield to maturity of the 10-year government bond as of the valuation benchmark date was 1.7044%, which is selected as the risk-free rate of return for the asset valuation report;

MRP: Market risk premium refers to the difference between the market investment return yield and the risk-free return yield. In particular, the market investment return yield is calculated based on the price indices of the Shanghai and Shenzhen Stock Exchange, using the weighted average of annualised weekly returns from 1992 to the valuation benchmark date. Upon calculation, the market investment return yield is 8.36%, the risk-free return yield is selected as the yield to maturity of the 10-year government bond on the valuation benchmark date, amounting to 1.70% , being MRP of 6.66%;

β_L: Systematic risk coefficient of equity, which is 1.0766;

r_c: Company-specific risk adjustment coefficient, which is 3.00%.

A.6 Main Evaluation Materials of Inner Mongolia Construction Investment

I. Selection of Appraisal Methods

The methods selected for this appraisal are the income approach and the asset-based approach.

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

The total shareholders' equity value appraised using the income approach is RMB7,861,498,800.00, while the total shareholders' equity value appraised using the asset-based approach is RMB7,727,627,800.00.

Unless otherwise stated, all amounts in this summary are expressed in Renminbi (RMB).

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The asset-based approach, on the other hand, estimates the value of the subject asset based on a reasonable assessment of the enterprise's assets and liabilities, considering the method of asset replacement. The income approach determines the value of the subject asset by discounting the anticipated earnings of the entity, focusing on the company's future earning capacity, and reflecting the comprehensive profitability of the company's assets.

The appraised entity is a coal-power integrated enterprise, with a high proportion of coal sales, and coal prices are significantly affected by national economic policies, coal supply and demand relations, and other factors. Moreover, with the progress of the "carbon peak and carbon neutrality" goals, the thermal power industry faces pressure to reduce energy consumption, cut emissions, and undergo transformation and upgrading. The energy transition strategy sets new positioning requirements for the

thermal power sector, pushing thermal power companies to shift from being mere electricity producers to becoming "stabilisers" and "regulators" in the power system. While ensuring the safety of power supply, they also provide support for the large-scale development of renewable energy. These factors introduce considerable uncertainty in predicting future earnings. The coal mining industry is a capital-intensive sector, and the main operating assets of the enterprise are largely dependent on the mineable reserves. The initial investment in fixed assets is significant, and the value of the mining rights has already been appraised by a professional appraisal agency. Therefore, the Asset-based Approach better reflects the value of the enterprise. The conclusion of this appraisal adopts the results from the asset-based approach.

II. Major Appraisal Assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations;

6. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. It is assumed that the market competition conditions for the products or services of the appraised entity will remain the same as at present after the valuation benchmark date;

14. It is assumed that the mineral resource reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

15. It is assumed that there will be no significant changes in the mining technology used by the appraised entity in the future;

16. It is assumed that in the future, the production and sales of commodity coal will achieve a balance between output and sales;

17. It is assumed that the construction projects under development will be completed and connected to the grid on time, and that they will be eligible for relevant tax incentives after the valuation benchmark date;

18. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation will be equal to the extracted and spent amounts;

19. As at the valuation benchmark date, the appraised entity enjoys preferential enterprise income tax policies under the Western Development Programme, with corporate income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030.

III. Asset-based Approach

1. Equity investments (long-term equity investments and investments in other equity instruments)

(1) Long-term equity investments

An overall appraisal was conducted for long-term equity investments. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity.

No.	Name of Investee	Appraisal Method	Final Appraisal Method Adopted
1	Ordos Southern Railway Co., Ltd.	Asset-based Approach	Asset-based Approach
2	Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd.	Asset-based Approach	Asset-based Approach

Following the appraisal, the appraisal results and appreciation/depreciation for the long-term equity investment units are presented as follows:

Unit: RMB'0,000

No.	Name of investee	Book Value	Appraised Value	Appreciation Rate (%)
1	Ordos Southern Railway Co., Ltd.	27,615.32	27,615.32	0.00
2	Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd.	3,430.00	4,087.60	19.17

No.	Name of investee	Book Value	Appraised Value	Appreciation Rate (%)
Total		31,045.32	31,702.92	2.12

The primary reason for the valuation appreciation is that the civil engineering projects under construction, invested by Huaxin Logistics, commenced earlier. Following the recalculation of the construction and installation costs, preliminary and other expenses, and capital cost based on the construction and installation cost index in the related region as the appraised value, the valuation of the long-term equity investment is higher than its book value.

(2) Investments in other equity instruments

The other equity instrument investments of the appraised entity are measured at fair value, and the book value reflects this fair value. For this appraised value, the book value is used to determine the appraised value.

Unit: RMB'0,000

No.	Name of Invested Entity	Book Value	Appraised Value	Appreciation/Depreciation	Appreciation Rate %
1	Ordos Southern Railway Co., Ltd.	29,484.34	29,484.34	0.00	0.00
Total		29,484.34	29,484.34	0.00	0.00

The total book value for equity investments is RMB605,296,600.00, and the appraised value is RMB611,872,600.00, resulting in an appreciation rate of 1.09%.

2. Fixed assets like buildings and structures

Based on the characteristics of the various types of building and structure assets, the appraised value type, data collection conditions, and other related factors, the cost method is used for appraisal.

The calculation formula of cost method is expressed as:

Appraised value = Replacement cost × Composite depreciation rate

(1) Determination of replacement cost

The replacement cost of the buildings and structures usually includes the construction and installation engineering cost, pre-construction and other costs and capital costs. The calculation formula for replacement cost of buildings and structures is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

① Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the engineering-specific preliminary and final budget adjustment method, which uses or refer to the quantities in the building's preliminary and final budget as a basis and calculates the construction and installation costs on the basis of the construction engineering costs, decoration costs and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is

small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

② Pre-construction and other costs

Pre-construction and other costs are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations. The names, billing bases, billing standards, and billing justifications are presented below.

Pre-construction and Other Costs (Bulian Power Plant)

No.	Expense Item	Calculation Basis	Calculation Standard	Input VAT Rate
I	Project construction management fees			
1	Project legal entity management fees	Construction and installation cost	3.25%	/
2	Bidding fees	Construction and installation cost	0.37%	6%
3	Engineering supervision fees	Construction and installation cost	0.95%	6%
4	Engineering settlement audit fees	Construction and installation cost	0.19%	6%
5	Construction insurance fees	Construction and installation cost	0.40%	6%
II	Technical service fees for project construction			
1	Project early-stage work fees	Construction and installation cost	1.71%	6%
2	Survey and design fees			
(1)	Survey fees	Construction and installation cost	0.20%	6%
(2)	Basic design fee	Construction and installation cost	2.05%	6%

3	Design document review fees			
(1)	Feasibility study document review fees	Construction and installation cost	0.01%	6%
(2)	Preliminary design document review fees	Construction and installation cost	0.04%	6%
(3)	Construction drawing document review fee	Construction and installation cost	1.50%	6%
4	Post-project appraisal work fee	Construction and installation cost	0.11%	6%
5	Engineering construction inspection fee			
(1)	Power engineering quality inspection fee	Construction and installation cost	0.17%	6%
6	Technical economic standards compilation fee for power engineering projects	Construction and installation cost	0.10%	6%
III	Production preparation fee			
1	Production staff training and early entry fee	Construction and installation cost	1.74%	6%
Total		/		12.79%

Pre-construction and Other Costs (Chahasu Coal Mine Shafts Engineering)

No.	Item Name	Calculation Basis	Calculation Standard	Input VAT Rate
1	Construction Unit Management Fee	Construction and installation cost	1.24%	/
2	Engineering Supervision Fee	Construction and installation cost	1.20%	6%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6%
4	Feasibility Study Fee	Construction and installation cost	0.07%	6%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.05%	6%
6	Surveying and Design Fees	Construction and installation cost	2.40%	6%
7	Tender Agency Service Fee	Construction and installation cost	0.02%	6%

No.	Item Name	Calculation Basis	Calculation Standard	Input VAT Rate
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6%
9	Mine Location Determination Fee	Construction and installation cost	0.01%	6%
10	Joint Commissioning Fee	Construction and installation cost	0.17%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.08%	6%
12	Geological Disaster Risk Assessment Fee	Construction and installation cost	0.01%	6%
13	Engineering Insurance Fee	Construction and installation cost	0.30%	6%
14	Early Entry Fee for Production Personnel	Construction and installation cost	0.03%	/
Total		/	6.13%	/

Pre-construction and Other Costs (Chahasu Coal Mine Building Projects)

No.	Item Name	Calculation Basis	Calculation Standard	Input VAT Rate
1	Construction Unit Management Fee	Construction and installation cost	1.24%	/
2	Engineering Supervision Fee	Construction and installation cost	1.20%	6%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6%
4	Feasibility Study Fee	Construction and installation cost	0.07%	6%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.05%	6%
6	Surveying and Design Fees	Construction and installation cost	2.40%	6%
7	Tender Agency Service Fee	Construction and installation cost	0.02%	6%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6%
9	Mine Location Determination Fee	Construction and installation cost	0.00%	6%
10	Joint Commissioning Fee	Construction and installation cost	0.17%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.08%	6%
12	Geological Disaster Risk Assessment Fee	Construction and installation cost	0.01%	6%
13	Engineering Insurance Fee	Construction and installation cost	0.30%	6%
14	Early Entry Fee for Production Personnel	Construction and installation cost	0.03%	/
Total		/	6.12%	/

Pre-construction and Other Costs (Chahasu Coal Washing Plant)

No.	Item Name	Calculation Basis	Calculation Standard	Input VAT Rate
1	Construction Unit Management Fee	Construction and installation cost	0.50%	/
2	Engineering Supervision Fee	Construction and installation cost	1.70%	6%
3	Engineering Quality Technical Service Fee	Construction and installation cost	0.35%	6%

No.	Item Name	Calculation Basis	Calculation Standard	Input VAT Rate
4	Feasibility Study Fee	Construction and installation cost	0.27%	6%
5	Environmental Impact Assessment Fee	Construction and installation cost	0.20%	6%
6	Surveying and Design Fees	Construction and installation cost	3.00%	6%
7	Tender Agency Service Fee	Construction and installation cost	0.08%	6%
8	Occupational Safety and Health Assessment Fee	Construction and installation cost	0.20%	6%
9	Mine Location Determination Fee	Construction and installation cost	0.00%	6%
10	Joint Commissioning Fee	Construction and installation cost	0.08%	/
11	Soil and Water Conservation Assessment Fee	Construction and installation cost	0.10%	6%
12	Geological Disaster Risk Assessment fee	Construction and installation cost	0.05%	6%
13	Engineering Insurance Fee	Construction and installation cost	0.30%	6%
14	Early Entry Fee for Production Personnel	Construction and installation cost	0.23%	/
Total		/	7.06%	/

③ Capital costs

The capital cost is determined based on the project's reasonable construction period. The benchmark cost of funds is calculated using the LPR for RMB loans published by the National Interbank Funding Center on the valuation benchmark date, applied to the sum of the equipment purchase price, installation engineering costs, and other expenses. The interest on construction period loans is calculated based on the method of settlement for individual power generation units at the time of completion. For the appraised entity Bulian Power Plant, the reasonable construction period is 4 years and the interest rate is set as 5.38%; for Chahasu Coal Mine, the reasonable construction period is 4.25 years and the interest rate is set as 3.41%; for Chahasu Coal Washing Plant, the reasonable construction period is 2.00 years and the interest rate is set as 3.13%. The formula for calculating the capital cost is as follows:

Capital costs = (Construction and installation engineering costs + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1/2

④ Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

(2) Determination of composite depreciation rate

① For important buildings, the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

② For low-value buildings, the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

(3) Determination of appraised value

Appraised value = Replacement cost × Composite depreciation rate

Following appraisal, the original value of buildings (excluding shafts) demonstrated an appraisal appreciation of RMB135,753,400.00, representing an appreciation rate of 3.99%; the net value appreciation was appraised to be RMB110,480,900.00, with an appreciation rate of 4.70%. The primary reasons for this appraisal appreciation are described as follows:

The primary reason for the appraisal appreciation of the original value of building assets is the increase in labor, material, and machinery costs as of the valuation benchmark date compared to the project construction period. The principal reasons for the appreciation in net value result are the appreciation of the original value and that the depreciation period for the company's building assets for accounting purposes is shorter than their actual economic useful life.

3. Fixed assets – shaft engineering

Based on the characteristics of various shaft engineering projects, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraising shaft engineering projects. The calculation formula of the cost method is as follows:

Appraised value = Full replacement value × Composite depreciation rate

① Determination of full replacement value

Replacement cost = Engineering cost + Pre-construction and other costs + Capital costs - Deductible input tax

(1) Engineering cost

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

For large-scale, high-value, and critical shaft engineering project, the comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

Engineering cost = Base price of engineering quotas + Measure fees + Company

management fees + Profits + Regulatory fees + Other project fees + Regional price differences

Where:

Base price of engineering quotas - The base price is calculated based on the shaft engineering's lifting method, lifting depth, tunnel cross-section, support method, materials, and thickness. *The Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* and *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering (2015, After-tax Base Price)* are applied. This includes wages, material consumption, machine usage fees, etc., with adjustments made according to relevant regulations

Other fees — determined in accordance with the Notice issued by the China Coal Construction Association on Adjustment of Pricing Basis for Coal Construction Projects under the VAT Reform for the Construction Industry ((ZH.M.J.X.Z. [2016] No. 46) and the Notice on Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis (ZH.M.J.X.Z. [2019] No. 37), together with the Notification on Release of the Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price) (ZH.M.J.X.Z. [2016] No. 115) and the Supplementary Provisions on the Implementation of the Valuation Standards for Coal-Construction Projects (ZH.M.J.X.Z. [2016] No. 116), and calculated in combination with the actual construction conditions of the mine.

Labour, materials, and equipment price differences – Adjusted according to the Notice on Adjusting Coal Construction Engineering Quotation Standards (2015 Base Price) for Labour Unit Prices and Related Regulations (ZH.M.J.X.Z. [2021] No. 125), Urumqi City Construction Engineering Material Information Price List (Q2 2025), and materials price information provided by the enterprise for the valuation benchmark date.

For general shaft engineering projects, or when final settlement data is incomplete, or when the value is small and the structure is simple, the Analogy Method is used to determine the construction cost.

(2) Preliminary and other costs

Preliminary and other costs include construction unit management fees, engineering supervision fees, surveying and design fees, environmental evaluation fees, and soil and water conservation consulting service fees. These costs are calculated based on the engineering construction investment amount, according to industry, national, or local government fee standards. Preliminary and Other Costs Calculation Formula:

Preliminary and other costs = Engineering cost × Fee rate

(3) Capital costs

Financing costs are calculated based on the appraised entity’s reasonable construction period, referencing the Loan Prime Rate (LPR) published by the People’s Bank of China on the valuation benchmark date, and considering the appraised entity’s loan interest rate adjustments. The total sum of engineering costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The calculation formula of capital costs is as follows:

Financing cost = (Engineering cost + Preliminary and other fees) × Reasonable construction period × Interest rate / 2

(4) Deductible input tax

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

② Determination of composite depreciation rate

Shaft engineering in coal mines differs from surface buildings in that it is a special structure attached to coal resources. Its economic lifespan is closely linked to the coal reserves that can be mined. As coal resources are depleted, the economic lifespan shortens, and when coal resources are exhausted, the economic lifespan ends.

Underground engineering has a complex geological structure, many unpredictable factors, and poor construction conditions. The stability of the tunnels depends on their location, rock layer properties, and mining methods. The service life of each type of tunnel is determined by the coal reserves in the service area.

Therefore, before determining the depreciation rate, the appraisers first reviewed geological reports, mine design data, and understood the position, rock properties, support methods, geological structures, and the impact of mining on the tunnels. They then visited representative tunnels underground to inspect the support conditions and maintenance status and consulted with on-site engineering personnel to verify and review the maintenance records and methods. Finally, based on the coal reserves, remaining reserves, recoverable reserves, and production capacity provided by the geological survey department, the remaining service life of each tunnel was calculated, and the composite depreciation rate was determined. The calculation formula is as follows:

Composite depreciation rate = Remaining service life / (Service life + Remaining service life) × 100%

③ Appraised value

Appraised value = Full replacement value × Composite depreciation rate

According to the appraisal, the original value of the shaft engineering incurred an appraisal appreciation of RMB316,325,400.00, representing an appreciation rate of 24.98%; the net value appreciation was appraised to be RMB328,727,200.00, with an appreciation rate of 30.33%. The primary reason for the appraisal appreciation is the increase in labor, material, and machinery costs compared with those in the construction period. The main reason for the appraisal appreciation in the net value lied in the appreciation of the original value and that the book value depreciation was calculated using the production and reserves method while this appraisal determined the newness rate based on the remaining service life.

4. Fixed assets – equipment

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the appraisal scope, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost method is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Depreciation rate

(1) Replacement cost

A. Machinery and equipment

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

If the equipment foundation is independent or inseparable from the building, the equipment foundation cost is considered within the appraisal of the building and structure assets; otherwise, it is included in the installation engineering costs.

① Equipment purchase price

The equipment purchase price is primarily determined by consulting the market price on the valuation benchmark date with the manufacturer or by checking relevant quotation information, such as the current market price or the contract prices of recently purchased similar equipment, as well as the *Thermal Power Engineering Limit Design Reference Cost Index (2024 Level)* published by the China Electric Power Planning & Engineering Institute and the Electric Engineering Cost Information Network. For equipment where the purchase price cannot be found, the price change coefficient of equipment from the same era and category is used to calculate the purchase price.

② Transport and handling fees

Transport and handling fees refer to the transportation costs, loading and unloading fees, and other associated costs incurred during the equipment's transportation.

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

For thermal power equipment, transport and handling fees are determined according to the *Thermal Power Plant Engineering Construction Budget Preparation and Calculation Regulations* (2018 version) published by the National Energy Administration.

If the equipment quotation includes the delivered price, transport and handling fees are not calculated separately.

③ Installation engineering fees

Installation engineering costs refer to all expenses incurred after the equipment arrives at the construction site, including assembly, positioning, connection, fixing, inspection, testing, and trial operation, until the equipment is in a usable state.

For coal mine and coal washing plant equipment, installation engineering costs are mainly based on the reference rates for installation provided in the *Manual of Commonly Used Data and Parameters for Asset Appraisal*, while also considering the difficulty of installation and the historical expenditure of the appraised entity on equipment installation. After determining the installation engineering rate, the costs are calculated. If the seller's quotation includes installation engineering costs, these are not recalculated.

For power plant equipment, installation engineering costs are primarily determined by referring to preliminary design specifications, relevant technical agreements, and other documentation, to establish the equipment installation quantity and other parameters. The relevant costs are calculated according to the *Thermal Power Plant Engineering Construction Budget Preparation and Calculation Regulations (2018 version), the Power Construction Engineering Quotation Norms (2018 version), and the Notice on the Adjustment of the Price Level for the 2018 Edition of Power Construction Engineering Budget Norms for the First Half of 2025* (D.E. [2025] No. 34) and Notice on Adjusting the Safety and Civilised Construction Fees (D.E. [2023] No. 9). The direct engineering costs, additional measures, indirect costs, profits, and taxes are then calculated to determine the installation engineering costs. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

④ Pre-construction and other costs

The preliminary and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government prescribed fee standards. Specific rates and billing bases are presented below:

Calculation of Preliminary and Other Fees for Thermal Power Plants

No.	Project or Expense Name	Calculation Basis	Rate	Input VAT Rate
I	Project construction management fees			
1	Project legal entity management fees	Installation engineering costs	3.25%	/
2	Bidding fees	Installation engineering costs+ equipment costs	0.37%	6%
3	Engineering supervision fees	Installation engineering costs	0.95%	6%
4	Equipment and material supervision fees	Equipment purchase costs	0.30%	6%
5	Engineering settlement audit fees	Installation engineering costs	0.19%	6%
6	Construction insurance fees	Equipment purchase costs	0.40%	6%
II	Technical service fees for project construction			
1	Project early-stage work fees	Installation engineering costs	1.71%	6%
2	Complete set of equipment technical services fees	Installation engineering costs	0.30%	6%
3	Survey and design fees			
(1)	Survey fees	Equipment purchase costs+ Installation engineering costs	0.20%	6%
(2)	Basic design fee	Equipment purchase costs+ Installation engineering costs	2.05%	6%
4	Design document review fees			
(1)	Feasibility study and design document review fee	Equipment purchase costs+ Installation engineering costs	0.01%	6%
(2)	Preliminary design document review fees	Equipment purchase costs+ Installation engineering	0.04%	6%

No.	Project or Expense Name	Calculation Basis	Rate	Input VAT Rate
		costs		
(3)	Construction drawing document review fee	Basic design fee	1.50%	6%
5	Post-project appraisal work fee	Installation engineering costs	0.11%	6%
6	Engineering construction inspection fee			
(1)	Power engineering quality inspection fee	Installation engineering costs	0.17%	6%
(2)	Special equipment safety monitoring	Equipment Purchase Costs+ Installation Engineering Costs	0.096%	6%
(3)	Technical economic standard compilation fee for power engineering	Installation engineering costs	0.10%	6%
III	Complete unit start-up trial operation fee	Installation engineering costs	3.57%	/
IV	Production preparation fee			
1	Production staff training and early entry fee	Installation engineering costs	1.74%	6%
Total		/	17.06%	/

Preliminary and other expenses for the construction projects of coal mines and coal washing plants are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations. The names, billing bases, billing standards, and billing justifications for preliminary and other expenses are as follows:

Calculation of Preliminary and Other Fees for Coal Mines

No.	Item Name	Billing Basis	Billing Standard	Input VAT Rate
1	Construction Unit Management Fee	Equipment Engineering Fee	1.24%	/
2	Engineering Supervision Fee	Equipment Engineering Fee	1.20%	6%

No.	Item Name	Billing Basis	Billing Standard	Input VAT Rate
3	Engineering Quality Technical Service Fee	Equipment Engineering Fee	0.35%	6%
4	Feasibility Study Fee	Equipment Engineering Fee	0.07%	6%
5	Environmental Impact Assessment Fee	Equipment Engineering Fee	0.05%	6%
6	Surveying and Design Fees	Equipment Engineering Fee	2.40%	6%
7	Tender Agency Service Fee	Equipment Engineering Fee	0.02%	6%
8	Occupational Safety and Health Assessment Fee	Equipment Engineering Fee	0.20%	6%
9	Joint Commissioning Fee	Equipment Engineering Fee	0.17%	/
10	Soil and Water Conservation Assessment Fee	Equipment Engineering Fee	0.08%	6%
11	Geological Disaster Risk Assessment Fee	Equipment Engineering Fee	0.01%	6%
12	Engineering Insurance Fee	Equipment Engineering Fee	0.30%	6%
13	Early entry fee of production staff	Equipment Engineering Fee	0.03%	/
Total		/	6.12%	/

Calculation of Preliminary and Other Fees for Coal Washing Plants

No.	Item Name	Billing Basis	Billing Standard	Input VAT Rate
1	Construction Unit Management Fee	Equipment Engineering Fee	0.50%	/
2	Engineering Supervision Fee	Equipment Engineering Fee	1.70%	6%

No.	Item Name	Billing Basis	Billing Standard	Input VAT Rate
3	Engineering Quality Technical Service Fee	Equipment Engineering Fee	0.35%	6%
4	Feasibility Study Fee	Equipment Engineering Fee	0.27%	6%
5	Environmental Impact Assessment Fee	Equipment Engineering Fee	0.20%	6%
6	Surveying and Design Fees	Equipment Engineering Fee	3.00%	6%
7	Tender Agency Service Fee	Equipment Engineering Fee	0.08%	6%
8	Occupational Safety and Health Assessment Fee	Equipment Engineering Fee	0.20%	6%
9	Joint Commissioning Fee	Equipment Engineering Fee	0.08%	/
10	Soil and Water Conservation Assessment Fee	Equipment Engineering Fee	0.10%	6%
11	Geological Disaster Risk Assessment fee	Equipment Engineering Fee	0.05%	6%
12	Engineering Insurance Fee	Equipment Engineering Fee	0.30%	6%
13	Early Entry Fee of Production Staff	Equipment Engineering	0.23%	/

No.	Item Name	Billing Basis	Billing Standard	Input VAT Rate
		Fee		
Total		/	7.06%	/

⑤ Capital costs

For thermal power companies, the cost of capital is determined based on the project's reasonable construction period. The benchmark cost of funds is calculated using the LPR for RMB loans published by the People's Bank of China on the valuation benchmark date, applied to the sum of the equipment purchase price, installation engineering costs, and other expenses. The interest on construction period loans is calculated based on the method of settlement for individual power generation units at the time of completion. The interest calculation formula is as follows:

Construction period loan interest = Interest on construction period loan before first unit starts generation + Interest on construction period loan after first unit starts generation

Wherein: Interest on construction period loan before first unit starts generation = Σ[(Year-beginning loan principal and interest + This year's loan / 2) × Annual interest rate]

Interest on construction period loan after first unit starts generation = Σ[(This year's loan / 2) × Annual interest rate]

The cost of capital is calculated based on compound interest as stipulated in the *Thermal Power Plant Engineering Construction Budget Preparation and Calculation Regulations*, specifically as follows:

Year	Year 1	Year 2	Year 3	Year 4	Total
Investment proportion	25.00%	40.00%	25.00%	10.00%	100.00%
Nominal annual interest rate	3.25%	3.25%	3.25%	3.25%	/
Effective annual interest rate	3.29%	3.29%	3.29%	3.29%	/
Interest factor before the first unit commences operation	0.41%	1.49%	2.61%	0.41%	4.93%
Interest factor before the second unit commences operation	/	/	/	0.45%	0.45%
Total interest factor	0.41%	1.49%	2.61%	0.86%	5.38%

The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Total interest factor

For coal mines and coal washing plants, the cost of capital is determined based on the reasonable construction period of the appraised entity, with reference to the LPR for

RMB loans published by the People's Bank of China on the valuation benchmark date. The cost of capital is calculated by taking the sum of the equipment purchase price, transport and handling fees, installation engineering costs, and preliminary costs, applying an even distribution of funds over the construction period.

The reasonable construction period for the coal mine project is 4.25 years, and the 4.25-year LPR published by the National Interbank Funding Center on the valuation benchmark date is 3.41%. The reasonable construction period for the coal washing plant project is 2 years, and the 2-year LPR published by the National Interbank Funding Center on the valuation benchmark date is 3.13%.

The formula for calculating the capital cost is as follows:

Capital cost = (Equipment purchase price + Transport and handling costs + Foundation costs + Installation engineering costs + preliminary expenses) × Reasonable construction period × Interest rate × 1/2

⑥ Deductible VAT

According to the regulations in "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the eligible VAT can be credited, including VAT on the equipment purchase price (tax rate 13%), VAT on transport and handling fees (tax rate 9%), and VAT on pre-construction and other costs (tax rate 6%).

B. Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase cost / (1 + 13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

C. Electronic equipment

For electronic equipment, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

(2) Determination of composite depreciation rate

① For specialised and general machinery, the depreciation rate is primarily determined

based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

② For small devices including electronic equipment and air conditioners, the composite depreciation rate was mainly determined based on their economic service life. For large ones, the composite depreciation rate was mainly based on the working environment and the operational status, among others. The calculation formula is as follows:

Age-based depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

③ For vehicles, according to the Standard for Mandatory Scrapping of Motor Vehicles (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection), the theoretical depreciation rate was determined using either vehicle mileage or service life, based on the lower of the two methods. For vehicles without a prescribed service life, the remaining service life method was used. Finally, the lower of the age-based newness rate and mileage-based newness rate is adjusted based on the observation-based newness rate, forming the composite depreciation rate. The calculation formulas are as follows:

Age-based newness rate (no mandatory scrapping age) = Remaining useful life / (Years of use + Remaining useful life) × 100%

Age-based newness rate (with mandatory scrapping age) = (Prescribed service life - Years of use) / Prescribed service life × 100%

Mileage-based newness rate = (Prescribed mileage - Mileage run) / Prescribed mileage × 100%

Composite depreciation rate = Depreciation rate × Adjustment coefficient

(3) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

The original value of machinery and equipment experienced an appraisal depreciation of RMB115,227,300.00, representing a depreciation rate of 1.49%; the net value showed an appraisal appreciation of RMB369,438,800.00, with an appreciation rate of 11.97%. The primary reasons for this appraisal appreciation or impairment are given below:

The principal reason for the appraisal impairment in the original value was attributable to the decrease in the acquisition price of the equipment and the market

approach used to appraise some assets. The main reason for the appraisal appreciation in the net value was attributable to the depreciable life adopted by the appraised entity being shorter than the economic useful life of the equipment.

5. Construction in progress

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost method was adopted for the appraisal.

(1) Completed projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

(2) Unfinished projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period. If the book value differs significantly from the price level on the valuation benchmark date, the construction costs are adjusted to the valuation benchmark date price level.

(3) Pure expense type ongoing projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

The valuation of construction in progress appreciates by RMB64,961,600.00 or 4.37%. To be specific, the appreciation of the civil engineering project is attributable to two main factors: the first is the increase in the cost of labor, materials, and machinery for the railway line on the valuation benchmark date compared to the project construction period; the second lies in that the some of the equipment installation engineering works are included into the civil engineering project. The impairment of the equipment installation engineering attributes to several reasons: first, completed equipment is valued as fixed assets, taking into account the comprehensive newness rate; second, certain assets are valued under the civil engineering of construction in progress ; third, the preliminary expenses for some completed fixed assets are valued

as part of the fixed asset valuation, but are assigned a zero value in this specific assessment. Collectively, these factors result in an impairment of the equipment installation engineering of the construction in progress, while the valuation of the overall construction in progress appreciates.

6. Land use rights

According to the requirements of the *Asset Appraisal Practice Standards - Real Estate*, the main appraisal methods for land use rights include the market approach, income approach, hypothetical development method, cost method, and benchmark land price method. The appropriate appraisal method is selected based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the above basic appraisal methods.

This appraisal uses the market comparison method and benchmark land price method to appraise the value of the land use rights.

Intangible Assets - Land Use Rights had a book value of RMB728,380,200.00, an appraised value of RMB737,554,700.00, resulting in an appraisal appreciation of RMB9,174,500.00, and an appreciation rate of 1.26%. It is the significant increase of the land price in the region over the acquisition cost that leads to the appreciation.

7. Mining rights

(1) Mining rights

Based on the purpose of this project appraisal and specific characteristics of mining rights, commissioned mining rights have a certain scale, possesses independent profit-making capabilities that can be measured, and its future returns and risks can be quantified in monetary terms. The key technical and economic parameters for its resource development and utilization can be determined with reference to the "Mine Volume Specification for Preliminary Design (Version 2) of Chahasu Mine and Coal Washing Plant of Guodian Construction Investment Inner Mongolia Energy Co., Ltd." and the company's actual operational data. Therefore, in the viewpoints of the appraisers, with a relatively high degree of geological research and generally complete and reliable data, reports and relevant information largely meet the requirements for applying the discounted cash flow method for appraisal. In accordance with the *Basic Guidelines for Mining Rights Appraisal Technology and the Standard* (CMVS00001-2008) *for Income Approach Appraisal Methods* (CMVS12100-2008), the discounted cash flow method has been selected for this project appraisal.

The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P —Mining rights appraisal value;

CI—Annual cash inflow;

CO—Annual cash outflow;

i—Discount rate;

t—Year index (t = 1, 2, 3, …, n);

n—Calculation period.

Specific Appraisal Indicators and Parameters

The Chahasu Coal Mine is currently operating normally. The resource reserves used for this appraisal are based on the "Verification Report on Coal Resource Reserves of Chahasu Field in Xinjie Mining Area, Dongsheng Coalfield, Inner Mongolia Autonomous Region" (hereinafter referred to as the "Reserve Verification Report") and its review opinions, the "2024 Annual Reserve Report of Chahasu Coal Mine, Dongsheng Coalfield, Inner Mongolia Autonomous Region" (hereinafter referred to as the "2024 Annual Reserve Report") prepared by Inner Mongolia Jiuwei Surveying and Mapping Technology Co., Ltd. in January 2025, and the "Mine Volume Specification for Preliminary Design (Version 2) of Chahasu Mine and Coal Washing Plant of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. (hereinafter referred to as the "Preliminary Design") prepared by CCTEG Nanjing Design & Research Institute in August 2024, along with its approval. The actual information of the enterprise is subject to updates. Other key economic parameters are determined based on the actual financial data of enterprise. Refer to China Mineral Rights Appraisal Guidelines, other relevant policies and regulations, technical economic standards, and data available to the appraisers for selection of other major technical and economic indicators.

Determination of each parameter is explained as follows:

Reserve Resources as of the valuation benchmark date: based on the Reserve Verification Report and its review opinions, 2024 Reserve Annual Report, and statistical table of extraction consumption of Chahasu Coal Mine in January-July 2025, as of the valuation benchmark date, reserve resources amount to 1,188,515,600.00 tons, including 462,365,000.00 tons of measured resources, 491,235,600.00 tons of indicated resources, and 234,915,000.00 tons of inferred resources.

Mineral Resource Reserves Utilized for Appraisal: Mineral Resource Reserves Utilized for Appraisal = Σ (Base Reserves Involved in the Appraisal + Resource

Quantity × Corresponding Credibility Coefficient) = 1,149,729,400.00 tons.

Product Scheme: based on the actual production and sales of mine, product scheme is set as Shenye Shenyou Coal and Shenhun Blended Coal.

Recovery Rate in Mining Areas: according to the Preliminary Design, recovery rate should not be less than 85% for thin coal seams, 80% for medium-thick coal seams, and 75% for thick coal seams. Specifically, for thick coal seams mined by the full-seam mining method, the recovery rate shall not be less than 80%.

Recoverable Reserves Utilized for Appraisal: = (Mineral Resource Reserves Utilized for Appraisal-Design Losses) – mining loss. As of the valuation benchmark date, it is 797,581,800.00 tons.

Production capacity and service life: Both the designed production capacity in the "Preliminary Design" and the licensed production capacity specified in the Mining License are 8million tons. The mine's actual raw coal production in recent years has also consistently exceeded 8million tons per year. Therefore, for this appraisal, the mine's future production throughout its service life is determined as 8.00 million tons per year, with the service life used by the appraisal being 71.21 years spanning from August 2025 to October 2096.

Sales price and revenue of products: Regarding the Shenhun Blended Coal for the purpose of this appraisal, the sales price for the period in August-December 2025 and the full 2026 is set at RMB388.00 per ton, the sales price in 2027 and 2028 is set at RMB386.00 per ton and RMB384.00 per ton respectively, compared with RMB382.00 in 2029 and beyond; for the Shenye Shenyou Coal, the sales price for the period in August-December 2025 and the full 2026 is set at RMB473.00 per ton, the sales price in 2027 and 2028 is set at RMB516.00 per ton and RMB569.00 per ton respectively, compared with RMB602.00 in 2029 and beyond. Assuming all produced raw coal is sold in the respective period, the annual sales revenue during a normal production year will be RMB3,809,577,400.00.

Fixed Asset Investment: for this Appraisal, after the adjustment for production scale, the original value of fixed assets (after consolidation with construction in progress) is RMB5,697,610,900.00 (including: RMB1,266,199,600.00 for shaft and tunneling engineering, RMB1,515,968,700.00 for buildings and structures, and RMB2,915,442,600.00 for machinery and equipment). Net value is RMB3,329,782,000.00 (including: RMB1,129,917,400.00 for shaft and tunneling engineering, RMB1,048,319,000.00 for buildings and structures, and

RMB1,151,545,600.00 for machinery and equipment). Subsequent investment for construction in progress is RMB10,507,900.00 (including tax).

Investments in intangible assets: Based on the production scale index adjustment, the land use rights of the mine as of the valuation benchmark date is valued at RMB540,481,900.00. Given that the assessed service life of the mine is 71.21 years, which exceeds the grant term for industrial land, a reinvestment in the intangible asset, i.e., land use rights valued at RMB339,731,500.00 will be required in 2069. According to the "Intangible Assets - Breakdown of Appraisal for Other Intangible Assets", other intangible assets primarily consist of software for mining operations and are valued at RMB11,276,900.00 as of the valuation benchmark date.

Long-term deferred expenses and development expenditure: Long-term deferred expenses primarily consist of the amortized balance of resettlement compensation fees and coal mine geological restoration projects, totaling RMB563,357,000.00. Based on the "Breakdown of Appraisal for Development Expenditures", development expenditures related to the coal mine amount to RMB169,298,700.00.

Working capital investment: According to the *Guidance on Determining Mining Rights Appraisal Parameters,* working capital can be estimated using the extended indicator method, with a sales revenue capital ratio for coal mines ranging from 20% to 25%. For this project, working capital is calculated at 22% of sales revenue. The total working capital required for this project is RMB838,107,000.00.

Total Cost and Operating Cost:

Cost of External Materials: based on the mine's financial statements, unit cost of external materials is set at RMB11.86 per ton.

Cost of External Fuel and Power: based on the mine's financial statements, unit cost of external fuel and power is set at RMB13.41 per ton.

Employee Compensation: based on the financial statements, unit employee compensation is set at RMB76.71 per ton.

Depreciation Expense: based on calculations, annual depreciation expense is RMB279,116,800.00, and unit depreciation expense is RMB34.89 per ton.

Maintenance and Upkeep Fee and Shaft & Tunneling Engineering Fund: according to the notice of Measures for Withdrawal and Use of Coal Production Safety Funds and Several Provisions on Regulating the Management of Coal Mine Maintenance and Upkeep Fees (C.J. [2004] No. 119), maintenance and upkeep fee for this project is RMB9.50 per ton, and shaft & tunneling engineering fund is RMB2.5 per ton. This includes a renewal-type maintenance fee of RMB7.00 per ton and a depreciation-type maintenance fee of RMB3.50 per ton.

Safety Expenses: Pursuant to the "Notice on Issuing the 'Measures for the

Withdrawal and Use of Coal Production Safety Funds'" (Cai Qi [2012] No. 16) issued by the Ministry of Finance and the National Mine Safety Administration, the safety cost for this project assessment is set at RMB30.00 per ton unit safety expense for this Appraisal is set at RMB30.00 per ton.

Repair Expense: based on the enterprise's financial statements, unit repair expense is RMB10.93 per ton.

Outsourced service fees: This appraisal accordingly determines the outsourced service fees are RMB22.76 per ton.

Ground subsidence compensation and relocation compensation fees: According to the company's forecasts, approximately RMB1.13 billion will be required for the resettlement compensation payments to the three aforementioned villages from 2025 to 2029. Additionally, other compensation fees during the same period are projected to be around RMB335 million. After this five-year period, the future costs for ground subsidence compensation and relocation will be determined on the basis of RMB4.58 per ton, pegged to the company's ground subsidence compensation expenses in 2022.

Face relocation costs: Based on on-site observations, face relocation occurs approximately once every 1.5 years. For this appraisal, future annual face relocation costs are determined to be RMB2.35 per ton, based on the face relocation costs incurred in 2022.

Water and soil conservation compensation fees: The compensation fees are set at RMB2.00 per ton of raw coal, as stipulated in the "Implementation Measures for the Collection and Use of Soil and Water Conservation Compensation Fees in Inner Mongolia" (Nei Cai Fei Shui Gui [2015] No. 18), jointly issued by the Inner Mongolia Department of Finance, Development and Reform Commission, Water Resources Department, and Hohhot Central Sub-branch of the People's Bank of China.

Other expenses: Based on the company’s financial statements, the other expenses for future years are determined to be RMB2.69 per ton.

Administrative expenses:

Technical service fees: The unit technical service fee is determined to be RMB0.20 per ton, based on the average technical service fees from the preceding three years.

Amortization of intangible assets: According to the company’s financial statements, the unit amortization expense is recognized as RMB2.85 per ton.

Mine environmental restoration and remediation costs: According to the "Geological Environmental Protection and Land Reclamation Plan for Chahasu Coal Mine of Guodian Construction Investment Inner Mongolia Energy" prepared by

prepared by CCTEG Nanjing Design & Research Institute in April 2024, the unit cost for environmental restoration, remediation and land reclamation is RMB1.35 per ton.

Other administrative expenses: The future annual unit cost for other administrative expenses is determined at RMB1.29 per ton, based on the average of the three years preceding the valuation benchmark date.

Research and Development Expenses: based on the enterprise's financial data, unit R&D expense for this Appraisal is set at RMB2.17 per ton.

Selling expenses: Based on the company's financial information, laboratory testing fees and other selling expenses are relatively minor, aggregating to a unit cost of RMB0.22 per ton.

Financial Expenses: according to Guidance on Determining Parameters for Mining Rights Appraisal, and after calculation, unit financial expense for this Appraisal is RMB2.20 per ton.

Total Cost refers to the sum of all cost items. Operating Cost refers to the total cost after deducting depreciation expense, depreciation-type maintenance fee, shaft & tunneling engineering fund, amortization expense, and financial expenses.

Taking the year 2030 as an example, unit total cost for the Appraised Entity is RMB231.96 per ton, and unit operating cost is RMB186.02 per ton. Annual total cost is RMB2,043,954,000.00, and annual operating cost is RMB1,676,436,700.00.

Taxes and Surcharges:

Value-added tax and related surcharges: In accordance with relevant tax policies, the output VAT rate is 13%. To streamline calculations, the input tax amount is determined based on the aggregate of purchased material costs, purchased fuel and power costs, repair expenses, outsourced service fees, relocation and site change costs, information service fees, technical service fees, and laboratory testing fees. Specifically, the tax rate for outsourced service fees and relocation and site change costs is 9%; for information service fees, technical service fees, and laboratory testing fees, it is 6%; and for all other items, it is 13%. Input VAT rates are calculated at 13% for machinery and equipment, and 9% for buildings and structures. The urban maintenance and construction tax rate is 5%, while the education surcharge and local education surcharge are 3% and 2%, respectively.

Resource tax: Pursuant to the "Decision of the Inner Mongolia Autonomous Region on Authorization Matters of Tax Laws including Applicable Tax Rates" issued by the Standing Committee of the People's Congress of the Inner Mongolia

Autonomous Region (Adopted at the 21st Session of the 13th Standing Committee of the Inner Mongolia Autonomous Region on 23 July 2020), the applicable resource tax rate for coal milling in the Inner Mongolia Autonomous Region is set at 9%.

Water resource tax: Based on the "Notice on Issuing the Implementation Measures for the Pilot Reform of Water Resource Tax in Inner Mongolia Autonomous Region" (Nei Zheng Fa [2017] No. 157) published by the People's Government of Inner Mongolia Autonomous Region, as well as the company's financial information, the water resource tax is determined as RMB0.71 per ton of ore.

Water conservancy construction fund: In accordance with the "Notice on Issuing the Implementation Rules for Managing the Financing and Use of the Inner Mongolia Autonomous Region Water Conservancy Construction Fund" (Nei Cai Shui [2021] No. 1055) jointly issued by the Department of Finance, Taxation Bureau, and Department of Water Resources of Inner Mongolia Autonomous Region, the Water Conservancy Construction Fund is calculated at 0.5% of the value-added tax.

Other taxes: According to the company's financial records, the average unit other tax fee is RMB1.95 per ton.

Income tax: Based on the "Enterprise Income Tax Law of the People's Republic of China" promulgated on 16 March 2007, and the "Announcement on Extending the Enterprise Income Tax Policy for Western Development" (Announcement No. 23 of 2020) issued by the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission, the income tax rate for the purpose of this appraisal is determined to be 15% before 2030 and 25% after 2031. According to the "Announcement of the Ministry of Finance and the State Taxation Administration on Further Improving the Policy for Additional Deduction of Research and Development Expenses Before Income Tax" (Announcement No. 7 of 2023 by the Ministry of Finance and the State Taxation Administration) and the company's financial information, the additional deduction rate for research and development expenses before income tax is 30%.

Discount rate: according to Guidance on Determining Parameters for Mining Rights Appraisal, basic composition of Discount Rate is: Discount Rate = Risk-free Rate + Risk Premium Rate

Risk-free Rate is determined as 1.70%, referencing the 10-year government bond yield to maturity disclosed by WIND information system as of the valuation benchmark date.

Risk Premium Rate is estimated using "risk addition method". Main risks include:

exploration and development stage risk, industry risk, financial operation risk, and other specific risks. As this is an operating mine, exploration and development stage Risk Premium Rate is set at 0.60%, industry Risk Premium Rate at 2.00%, financial operation Risk Premium Rate at 1.50%. Considering the actual situation of the mine, other specific Risk Premium Rate is set at 2.00%. Total Risk Premium Rate for this Appraisal is determined to be 6.10%.

Based on the comprehensive discount rate range and mine's development status, Discount Rate for this project is determined to be 7.80%.

After estimation, appraised value of mining rights of Chahasu, Dongsheng Coalfield, Ordos City, Inner Mongolia Autonomous Region as of 31 July 2025 is RMB9,405,929,300.00.

8. Other assets and liabilities

Asset appraiser verified the book values of various itemized statements and related materials provided by the Appraised Entity. Appraised values were determined based on audited book values or actual liabilities borne/entitlements held by the entity.

Where: book value of current assets was RMB1,182,753,000.00, with an appraised value of RMB1,194,848,000.00, representing an increase of 1.02%. Book value of other non-current assets (Development expenditure + Long-term prepaid expenses + Deferred tax assets + Intangible assets - Patents and software copyrights + Other intangible assets + Other non-current assets) was RMB3,078,951,000.00, with an appraised value of RMB3,095,254,800.00, representing an increase of 0.53%. Book value of current liabilities was RMB9,411,223,300.00, with appraised value of RMB9,411,223,300.00, showing no change. Book value of non-current liabilities was RMB6,790,583,700.00, with an appraised value of RMB6,788,333,700.00, representing a decrease of 0.03%.

Based on the calculations, as of the valuation benchmark date:

(A) Appraised Value of Total Shareholders' Equity of Guodian Construction Investment Inner Mongolia Energy Co., Ltd.= Current Assets (RMB1,194,848,000.00) + Non-Current Assets (including equity investments + building and structure fixed assets (excluding shaft) + shaft engineering + equipment fixed assets + construction in progress + land use rights + mining rights + other non-current assets) (RMB611,872,600.00 + RMB2,461,923,500.00 + RMB1,412,396,800.00 + RMB3,455,076,200.00 + RMB1,552,328,900.00 + RMB737,554,700.00 + RMB9,405,929,300.00 + RMB3,095,254,800.00) - Current Liabilities

(RMB9,411,223,300.00) - Non-Current Liabilities (RMB6,788,333,700.00) = RMB7,727,627,900.00.

(B) Book Value of Total Shareholders' Equity of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. = Current Assets (RMB1,182,753,000.00) + Non-Current Assets (including equity investments + building and structure fixed assets (excluding shaft) + shaft engineering + equipment fixed assets + construction in progress + land use rights + mining rights + other non-current assets) (RMB605,296,600.00 + RMB2,351,442,500.00 + RMB1,083,669,600.00 + RMB3,085,637,400.00 + RMB1,487,367,300.00 + RMB728,380,200.00 + RMB1,435,945,900.00 + RMB3,078,951,000.00) - Current Liabilities (RMB9,411,223,300.00) - Non-current Liabilities (RMB6,790,583,700.00) = RMB1,162,363,400.00.

IV. Income Approach

(i) Primary Assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mine;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations throughout the remaining service life of the mines;

6. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the Valuation

benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

14. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

15. It was assumed that no significant changes occur in the future mining techniques employed by the appraisal entity;

16.It was assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

17. It was assumed that ongoing projects can be connected to the grid and reach production as scheduled after the valuation benchmark date, and will be eligible for relevant tax incentives;

18. It was assumed that the unit cost of environmental restoration and land reclamation remains constant during the future appraisal period;

19. As of the valuation benchmark date, the appraised entity can enjoy the Western Development Enterprise Income Tax preferential policy, with a 15% tax rate from 1 January 2021, to 31 December 2030.

(ii) Appraisal Model

1. Basic model

This Appraisal employs the Discounted Cash Flow (DCF) method under the Income Approach to indirectly determine the total equity value of shareholders by appraising the business enterprise value. Business enterprise value comprises the value of operating assets generated from normal business activities and value of non-operating assets unrelated to normal business activities. Value of operating assets is determined using the Free Cash Flow to the Firm (FCFF) model, which discounts and sums the projected annual free cash flows to the firm over a specified future period using an appropriate discount rate. The calculation model is as follows:

Total Shareholders' Equity Value = Business Enterprise Value - Interest-bearing Debt Value

RMB7,861,498,800.00 = RMB19,080,111,200.00 - RMB11,218,612,400.00

(1) Business Enterprise Value

Business enterprise value refers to the sum of total shareholders' equity value and interest-bearing debt value. Based on the asset allocation and usage of the Appraised Entity, the calculation formula for business enterprise value is as follows:

Business Enterprise Value = Value of Operating Assets + Value of Redundant Assets + Value of Non-operating Assets - Value of Non-operating Liabilities + Value of Long-term Equity Investments

Business enterprise value for Guodian Construction Investment Inner Mongolia Energy Co., Ltd. is calculated as: RMB18,807,276,000.00 + RMB210,165,100.00 + RMB3,635,422,200.00 – RMB4,184,624,700.00 + RMB611,872,600.00

= RMB19,080,111,200.00

① Value of Operating Assets

Operating Assets refer to the assets and liabilities related to the production and operation of the Appraised Entity and involved in the projection of free cash flows to the firm after the valuation benchmark date.

② Value of Redundant Assets

Redundant Assets refer to those assets in excess of the requirements for production and operation as of the valuation benchmark date, not involved in the projection of post-Valuation benchmark date free cash flows to the firm. The redundant assets of the Appraised Entity include monetary funds. Cost approach was used for their appraisal.

③ Value of Non-operating Assets and Liabilities

Non-operating Assets and Liabilities refer to those assets and liabilities unrelated to the production and operation of the Appraised Entity and not involved in the projection of free cash flows to the firm after the valuation benchmark date. For the Appraised Entity, these include accounts receivable, other receivables, inventory and fixed assets in abnormal status, accounts payable, other payables, etc. Cost approach was used for their appraisal.

④ Value of Equity Investments

Equity Investments refer to external equity investments held by the enterprise as of the valuation benchmark date. Their value is determined by multiplying the total equity value of the invested entity, confirmed through an appropriate appraisal method, by the ownership percentage.

(2) Interest-bearing Debt Value

Interest-bearing debt refers to liabilities requiring interest payments by the Appraised Entity as of the valuation benchmark date. This includes short-term loans, long-term loans due within one year, and long-term loans. Verified book value is RMB11,218,612,400.00.

2. Income indicators

For this Appraisal, value of operating assets is calculated using the following formula:

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

Where: P: Value of operating assets of the enterprise as of the valuation benchmark date;

Fi: Expected free cash flow to the firm in the i-th year after the valuation benchmark date;

Fn: Expected free cash flow to the firm in the final year of the detailed forecast period;

r: Discount rate (Weighted Average Cost of Capital, WACC) of 7.83%-7.55%;

n: Detailed forecast period;

i: The i-th year within the detailed forecast period.

Among these, free cash flow to the firm is calculated as follows:

Free Cash Flow to the Firm = Earnings before Interest after Taxes + Depreciation & Amortization - Capital Expenditures - Increase in Working Capital

3. Discount rate

Discount rate used is the Weighted Average Cost of Capital (WACC), calculated as follows:

$$\mathrm{WACC} = \mathrm{K_e} \times \frac{\mathrm{E}}{\mathrm{E}+\mathrm{D}} + \mathrm{K_d} \times (1-\mathrm{t}) \times \frac{\mathrm{D}}{\mathrm{E}+\mathrm{D}}$$

Where: ke: Cost of equity capital, calculated as 11.17%-10.87%;

kd: Cost of interest-bearing debt capital, calculated as 2.38%;

E: Market value of equity;

D: Market value of interest-bearing debt;

t: Income tax rate of 14.72%-25%.

Where, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: rf: As the possibility of not being redeemable upon maturity is minimal and can be omitted, yield of state bond is usually considered as risk-free. According to information disclosed by the WIND Information System, the yield of to maturity of 10-year government bonds as at the valuation benchmark date is 1.7044%, this valuation report adopted 1.7044% as the risk-free yield;

MRP: Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment is determined by comprehensively analysing the weighted average of the annualised weekly returns from 1992 to the valuation benchmark date selected on the basis of the stock trading price indices of the Shanghai Stock Exchange and Shenzhen Stock Exchange. As calculated, the market rate of return on investment is 8.36%. The yield to maturity on 10-year treasury bonds of 1.70% on the valuation benchmark date has been taken as the risk-free rate of return. The market risk premium is 6.66%;

βL: Levered beta coefficient, measuring systematic risk of equity, determined as 1.1205-1.1200;

rc: Company-specific risk adjustment factor of 2.00%.

A.7 Main Evaluation Materials of Shenyan Coal

I. Selection of Appraisal Methods

The methods selected for this appraisal are the income approach and the asset-based approach.

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually appraised using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the valued enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, near the valuation benchmark date, there were few comparable transactions such as purchases or mergers involving companies in the same industry in China. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach is not adopted for this appraisal.

Under the income approach, the value of the entire shareholders' equity amounted toRMB18,453,997,800, while under the asset-based approach, the value of the entire shareholders' equity is RMB18,760,260,100.

Unless otherwise stated, all amounts in this summary are expressed in Renminbi (RMB).

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The income approach estimates the value of the subject asset by discounting the expected future earnings of the appraised entity from the perspective of the enterprise's future profitability. The asset-based approach, on the other hand, estimates the value of the subject asset based on a reasonable appraisal of the enterprise's assets and liabilities, considering the method of asset replacement. The appraised entity's core business is coal mining and sales, and its key assets are mining rights. In this appraisal, the asset-based approach uses the discounted cash flow method to appraise the mining rights, which aligns closely with the approach used in the income approach. Moreover, the appraisal of the mining rights is based on the coal market conditions, using objective market benchmarks. The results from the asset-based approach reflect the contribution of the mining rights to the company's future earnings, therefore the asset-based approach can more objectively reflect the market value of the appraised entity.

II. Key Appraisal Assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mine;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations throughout the remaining service life of the mine;

6. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the Valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development* (Announcement [2020] No. 23 of the Ministry of Finance), enterprises meeting the conditions in western China can pay corporate income tax at a reduced rate of 15% from 1 January 2021 to 31 December 2030. Therefore, this appraisal assumed that from August 2025 to 2030, the statutory income tax rate under the income approach would be 15%, and from 2031 onwards, the statutory income tax rate would be 25%;

14. It was assumed that starting from 2047, the appraised entity would begin to levy mining rights transfer income annually in accordance with the provisions of the Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method Issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration (Cai Zong [2023] No. 10);

15. It was assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;

16. It was assumed that the appraisal was based on the resource reserves within the scope of the mining licence for Xiwan Open-cut Coal Mine that have been reviewed and filed, and that the said mining licence could be successfully renewed upon expiration;

17. It was assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

18. The mining right for Xiwan Open-cut Coal Mine within this appraisal scope currently has a production capacity indicator gap of 3 million metric tons per year. It was assumed in this appraisal that the enterprise would acquire the corresponding production capacity indicators on a compensatory basis, with a cash outflow of RMB140 per metric ton (inclusive of tax) considered in Phase I;

19. In March 2024, the appraised entity signed a land lease agreement with its subsidiary, Hongqi Shenyan, for a lease term from 15 March 2024 to 14 March 2029. It was assumed that the lease agreement would be renewed under the same terms upon its expiry, extending through to the end of the forecast period;

20. It was assumed that the High-tech Enterprise Certificate of Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd., a subsidiary of the appraised entity, would remain valid until the end of the forecast period following its expiry in December 2027;

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

III. Asset-based Approach

1. **Long-term equity investments**

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

No.	Name of investee	Appraisal methods	Conclusion appraisal method
1	Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd.	Income approach, market approach	Income approach

After appraisal, the results for long-term equity investments are as follows:

No.	Name of investee	Book value	Appraised value	Appreciation rate %
1	Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd.	3,382.89	4,516.50	33.51
Total		3,382.89	4,516.50	33.51

The appraisal increase amounts to RMB11.3361 million, mainly due to: Hongqi Shenyan is a civil explosive enterprise integrating research, production and sales, with its primary products serving the Xiwan Open-cut Coal Mine operated by shareholder CHN Energy Shaanxi Shenyan Coal Co., Ltd. The industry in which Hongqi Shenyan operates is subject to policy regulation, resulting in high entry barriers due to policy influences. The company faces a favourable industry outlook, with projected future earnings deemed achievable. In summary, the income approach assessment yields a value increase. The long-term equity investment valuation result, aggregated according to the income approach outcome, exceeds the book investment cost.

2. **Fixed assets - properties and buildings (structures)**

According to the characteristics of different types of building and structure assets, the type of appraisal value, the data collection situation, and the applicability of appraisal methods, the following analysis is conducted:

As the subject property comprises self-constructed industrial buildings and ancillary facilities with relatively comprehensive accounting records, enabling full measurement of physical costs, the cost method is applicable. Given the absence of recent comparable property leasing transactions in the subject property's vicinity, the income method cannot be adopted. Furthermore, the lack of recent comparable property sales transactions in the area precludes the collection of sufficient comparable evidence, rendering the market method unsuitable. In summary, the cost method shall be adopted for the appraisal of the buildings.

The cost method calculation formula is as follows:

Appraised value = Replacement cost × Composite depreciation rate

(1) Determination of replacement cost

a) The replacement cost of general buildings (structures) generally includes construction and installation engineering fees, pre-construction and other costs, and capital costs. The calculation formula is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

A. Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

B. Pre-construction and other costs

Pre-construction and other costs are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations. The rates and bases for various costs are as follows:

No.	Cost name	Rate (inclusive of tax)	Basis for fee calculation
1	Construction unit management fees	1.70%	Construction and installation engineering costs
2	Project supervision fees	1.20%	Construction and installation engineering costs
3	Engineering quality technical service fees	0.35%	Construction and installation engineering costs
4	Feasibility study fees	0.08%	Construction and installation engineering costs
5	Environmental impact assessment fees	0.06%	Construction and installation engineering costs
6	Surveying and design fees	2.50%	Construction and installation engineering costs
7	Bidding agency service fees	0.02%	Construction and installation engineering costs
8	Occupational safety and hygiene assessment fees	0.20%	Construction and installation engineering costs
9	Engineering insurance premium	0.30%	Construction and installation engineering costs
10	Joint trial operation fees	0.78%	Construction and installation engineering costs
11	Soil and water conservation assessment fees	0.08%	Construction and installation engineering costs
12	Geological hazard risk assessment fees	0.01%	Construction and installation engineering costs
13	Early entry fees for production	0.05%	Construction and installation

No.	Cost name	Rate (inclusive of tax)	Basis for fee calculation
	personnel		engineering costs
Total		7.33%	/

C. Capital costs

Capital costs are calculated based on the appraised entity's reasonable construction period, referencing the Loan Prime Rate (LPR) (3.19%) published by the People's Bank of China on the valuation benchmark date. The total sum of construction and installation project costs, pre-construction and other costs, etc., is used as the base for calculating the financing costs over the uniform capital investment. The reasonable construction period for the appraised entity is 2.5 years. The calculation formula of capital costs is as follows:

Capital cost = (Construction and installation project cost + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1/2

D. Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

b) The replacement cost of the first mining pit in the mining area includes construction and installation comprehensive costs, pre-construction and other costs, and capital costs. The calculation formula is as follows:

Replacement cost = Construction and installation comprehensive cost + Pre-construction and other costs + Capital costs-Deductible VAT

A. Construction and installation comprehensive costs

The construction and installation project cost was determined based on the physical quantities of work and the latest winning contract price for the enterprise's earth and stone works.

Construction and installation project cost = Earth work cost + Rock blasting cost + Rock transportation cost

B. Pre-construction and other costs

Pre-construction and other costs were calculated based on the engineering investment amount of the appraised entity, in accordance with the fee standards set by the industry, national, or local government regulations.

The names, bases, and standards for pre-construction and other costs are as follows:

No.	Cost name	Rate (inclusive of tax)	Basis for fee calculation
1	Construction unit management fees	1.70%	Construction and installation engineering costs
2	Project supervision fees	1.20%	Construction and installation engineering costs
3	Engineering quality technical	0.35%	Construction and installation

No.	Cost name	Rate (inclusive of tax)	Basis for fee calculation
	service fees		engineering costs
4	Feasibility study fees	0.08%	Construction and installation engineering costs
5	Environmental impact assessment fees	0.06%	Construction and installation engineering costs
6	Surveying and design fees	2.50%	Construction and installation engineering costs
7	Bidding agency service fees	0.02%	Construction and installation engineering costs
8	Occupational safety and hygiene assessment fees	0.20%	Construction and installation engineering costs
9	Engineering insurance premium	0.30%	Construction and installation engineering costs
10	Joint trial operation fees	0.78%	Construction and installation engineering costs
11	Soil and water conservation assessment fees	0.08%	Construction and installation engineering costs
12	Geological hazard risk assessment fees	0.01%	Construction and installation engineering costs
13	Early entry fees for production personnel	0.05%	Construction and installation engineering costs
Total		7.33%	/

C. Capital costs

The reasonable construction period for the appraised entity is 2.5 years, and the corresponding loan interest rate is 3.19%. The capital cost for the construction period of the first mining pit in the mining area was calculated accordingly.

D. Deductible VAT

In accordance with relevant VAT documentation, where conditions for VAT deduction are met, the corresponding VAT shall be deducted from the replacement cost.

(2) Determination of composite depreciation rate

a) For important buildings (structures), the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

For mining enterprises, the remaining service life of buildings is closely related to the

mine's remaining service life. The remaining service life is determined based on the lower of the mine's remaining service life and the building's remaining economic service life.

b) For low-value buildings (structures), the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

c) For the first mining pit in the mining area, it differs from above-ground buildings (structures) in that it is a special structure attached to coal resources, closely related to the coal reserves being mined at the coal mine. As the coal resources are extracted, its economic lifespan shortens accordingly. When the coal resources are depleted, its economic lifespan ends.

The underground engineering geological structure is complex, with many unpredictable factors and poor construction conditions. The stability of underground engineering is closely related to its location, the nature of the rock layers, and geological conditions. The service life of underground engineering is determined by the reserves in its service area. Therefore, before determining the composite depreciation rate, the valuers first reviewed the geological reports and coal mine design materials to understand the impact of the position, rock properties, and geological structure of the underground engineering on the project. Second, they conducted on-site inspections of the condition of the first mining pit in the mining area and its maintenance status, and consulted with on-site engineering technicians to check and verify maintenance records and methods. Third, the valuers calculated the years of service based on the completion date of the first mining pit and, using the coal mine's geological reserves, industrial reserves, and recoverable reserves provided by the geological survey department, calculated the remaining service life of the first mining pit in the mining area by level, coal seam, and mining area. Finally, they determined the composite depreciation rate for the first mining pit in the mining area.

(3) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

After appraisal, the original value of the buildings (structures) is RMB2,340,343,000, with an appraisal appreciation of RMB301,106,400, an appreciation rate of 14.77%. The net appraisal value is RMB1,639,175,500, with a net appraisal appreciation of RMB583,897,000, an appreciation rate of 55.33%. The main reasons for the appraisal appreciation are as follows:

Reasons for the appreciation in the original value appraisal: The buildings (structures) included in this appraisal are mainly self-constructed, and the pre-construction and other costs allocated in the book value are higher than those included in this appraisal, resulting in a depreciation in the original value. The unit price of earth and stone work increased, leading to an appreciation in the original value appraisal of the first mining pit in the mining area. The appreciation in the original value appraisal of the first mining pit in the mining area exceeds the depreciation in the original value appraisal of the general buildings (structures), resulting in an overall appreciation in appraisal value.

Reasons for the appreciation in the net appraisal value: First, the appreciation in the

original value appraisal; second, the difference between the accounting depreciation period and the economic service life used in the appraisal.

3. **Fixed assets – equipment**

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the scope of the appraisal, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost approach is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Depreciation rate

(1) Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

a) Machinery

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

A.Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

B.Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

C.Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T 51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

D.Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government prescribed fee standards.

The names, bases, and standards for pre-construction and other costs are as follows:

No.	Cost name	Rate (inclusive of tax)	Basis for fee calculation
1	Construction unit management fees	1.70%	Construction and installation engineering costs
2	Project supervision fees	1.20%	Construction and installation engineering costs
3	Engineering quality technical service fees	0.35%	Construction and installation engineering costs
4	Feasibility study fees	0.08%	Construction and installation engineering costs
5	Environmental impact assessment fees	0.06%	Construction and installation engineering costs
6	Surveying and design fees	2.50%	Construction and installation engineering costs
7	Bidding agency service fees	0.02%	Construction and installation engineering costs
8	Occupational safety and hygiene assessment fees	0.20%	Construction and installation engineering costs
9	Engineering insurance premium	0.30%	Construction and installation

No.	Cost name	Rate (inclusive of tax)	Basis for fee calculation
			engineering costs
10	Joint trial operation fees	0.78%	Construction and installation engineering costs
11	Soil and water conservation assessment fees	0.08%	Construction and installation engineering costs
12	Geological hazard risk assessment fees	0.01%	Construction and installation engineering costs
13	Early entry fees for production personnel	0.05%	Construction and installation engineering costs
Total		7.33%	/

E.Capital costs

Capital costs are calculated based on the reasonable construction period of the appraised entity's project, referring to the LPR (3.19%) published by the National Interbank Funding Centre on the valuation benchmark date. The total cost, including equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, is used as the basis, assuming that the funds are evenly invested. The reasonable construction period for the appraised entity is 2.5 years. The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Reasonable construction period × Loan interest rate × 1/2

F.Deductible VAT

VAT was calculated based on the relevant documents, such as "C.S. [2008] No. 170", "C.S. [2016] No. 36", "C.S. [2018] No. 32", "Announcement [2019] No. 39 of the Ministry of Finance, State Taxation Administration, and General Administration of Customs", and the relevant local and industry pricing adjustment documents for deductible VAT. The specific calculation method is as follows:

Deductible VAT = Equipment purchase price / 1.13 × 13% + (Transport and handling fees + Installation engineering fees) / 1.09 × 9% + VAT deductible from pre-construction and other costs

b) Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase cost / (1 + 13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking

online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

c) Electric equipment

For electronic equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electronic equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

Replacement cost = Electronic equipment purchase price / 1.13

(2)Determination of composite depreciation rate

a) For specialised and general machinery, the depreciation rate is primarily determined based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

b) For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

c) For vehicles, according to the *Compulsory Motor Vehicle Scrap Standards* (Order [2012] No.12 of the Ministry of Commerce, National Development and Reform Committee, the Ministry of Public Security, and Environmental Protection Department), the theoretical newness rate is determined using vehicle mileage and usage years, based on the lower of the two. For vehicles without a mandatory scrapping period, the remaining useful life method is used. Finally, a weighted average is calculated between the lower of the age-based newness rate and the mileage-based newness rate, and the observation-based newness rate, to determine the composite depreciation rate. The calculation formula is as follows:

Age-based depreciation rate (no required useful life) = Remaining useful life / (Years of use + Remaining useful life) × 100%

Age-based depreciation rate (with required useful life) = (Required useful life - Years of use) / Required useful life × 100%

Mileage-based depreciation rate = (Standard retirement mileage - Accumulated mileage) / Standard retirement mileage × 100%

Composite depreciation rate = MIN (age-based depreciation rate, mileage-based depreciation rate) × 40% + Observation-based depreciation rate × 60%

(3) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

The original value of equipment is RMB1,736,166,400, with an original value

depreciation of RMB122,131,600, a depreciation rate of 6.57%. The net appraisal value is RMB1,257,920,600, with a net appraisal appreciation of RMB172,647,600, an appreciation rate of 15.91%. The reasons for the decrease in the original appraisal value are that the reduction in the original value of most major equipment is due to the decrease in purchase price, while a small portion of equipment has a second-hand price higher than the company's book value. The net appraisal appreciation is mainly due to the depreciation period of the appraised entity being shorter than the economic service life of the equipment.

4. **Construction in progress**

Construction in progress includes civil works and construction materials. For civil works with a start time more than six months before the valuation benchmark date, if there is little change in the construction and installation project cost during the construction period, the appraisal will be based on the book value, excluding unreasonable costs, plus the capital costs. For construction materials, the appraisal will be confirmed based on the book value.

The appraisal value of construction in progress is RMB29,747,400, with an appraisal appreciation of RMB212,500, an appreciation rate of 0.72%. The appreciation is mainly due to the fact that the book value of construction in progress did not include capital costs, while this appraisal includes reasonable capital costs, leading to an appreciation in the appraisal value.

5. **Land use right**

According to the *Asset Appraisal Practice Standards– Real Estate*, the main appraisal methods for land use rights include the market approach, cost method, income approach, hypothetical development method, and benchmark land price method. The choice of appraisal method should be based on the local real estate market development conditions, as well as the specific characteristics of the project and the purpose of the appraisal, to select the appropriate appraisal method. The market approach is selected for this appraisal, based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the appraisal methods.

The appraisal value of land use rights is RMB167,647,800, with an appraisal appreciation of RMB16,594,400, an appreciation rate of 10.99%. The appreciation is mainly due to the difference between the accounting depreciation method and the land's remaining usable life adjustment method, specifically, intangible assets—land use rights—are amortised using the straight-line method, whereas this appraisal incorporates land restoration rates to adjust the land's useful life, thereby leading to an appraisal appreciation.

6. **Mining rights**

Based on the appraisal purpose of this project and the specific characteristics of the mining rights, the entrusted mining rights have a certain scale and an independent ability to generate profits that can be measured, and its future benefits and associated risks can be quantified in monetary terms. In addition, the extent of geological

exploration is high, and the relevant information is generally complete and reliable, which means the reports and relevant data essentially meet the requirements for adopting the discounted cash flow appraisal method. According to the *Fundamental Technical Principles for Mining Right Appraisal* and the *Standards for Appraisal Using the Income Approach*, the discounted cash flow method has been determined as the appraisal method for this project.

The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P — Appraised value of the mining rights;

CI — Annual cash inflows;

CO — Annual cash outflows;

i — Discount rate;

t — Year number (t = 1, 2, 3, …, n);

n — Calculation period.

Specific appraisal indicators and parameters

Xiwan Coal Mine is currently in normal production. The resource reserves for this appraisal are based on the *Resource Reserve Verification Report for Xiwan Open-cut Coal Mine of Yushen Mining Area of Shaanxi Shenyan Coal Co., Ltd*. and its review opinions (hereinafter referred to as the "Resource Reserve Verification Report") and the 2023 Annual Coal Resource Reserves and Recovery Rate Self-inspection Report (hereinafter referred to as the "Annual Reserve Report"). The available reserves are based on the *Preliminary Design (Amendment) Manual for Xiwan Open-cut Coal Mine (13.00Mt/a) of CHN Energy Shaanxi Shenyan Coal Co., Ltd.* (hereinafter referred to as the "Preliminary Design Amendment"). The economic parameters are mainly based on the mining financial data and the Shenyan Coal Mine 5-Year Operating Budget (hereinafter referred to as the "Operating Budget"). Other principal technical and economic indicator parameters have been selected with reference to the *Chinese Mineral Rights Appraisal Standards*, other relevant policies and regulations, technical and economic guidelines, and information available to the appraisers.

The explanation for the values of each parameter is as follows:

On the valuation benchmark date, the resource reserves in the open-pit boundary are 524,088,600 tons, based on the 2023 Annual Reserve Report, the "Preliminary Design Amendment", the 2024 Annual Reserve Report, the mining recovery rate calculation table, and the extraction volume statistics table.

Product scheme: Based on the "Preliminary Design Amendment" and current production conditions, the coal extracted from the pit of the Xiwan Open-cut Coal Mine is directly sold as commercial coal after simple screening and crushing, with the product being raw coal.

The recovery rate of the mining area: The recovery rate of the mining area during this appraisal is determined to be 97.27% based on the "Preliminary Design Amendment". The average stripping ratio for the design open-cut mining service period is 9.4

(corresponding to recoverable reserves), and the average stripping ratio for the calculation period is 10.34 (corresponding to the production volume).

Recoverable reserves adopted for appraisal = Mineral resource reserves adopted for appraisal – design losses – mining losses

Thus, the remaining recoverable reserves on the valuation benchmark date in the open-pit boundary are 509,781,000 tons (= 524,088,600 × 97.27%) after substituting the aforementioned recovery rate and loss indicators of the mining area (when determining the design utilization amount of the open-cut mining area, the resources have already been deducted and will not be deducted again) into the above equation.

Production capacity and service life: The mining licence for Xiwan Open-cut Coal Mine has an approved production capacity of 13 million tons per year, and the assessed production capacity is also 13 million tonnes per year. The actual production of raw coal in 2023 and 2024 was 13,006,700 tons and 13.63 million tons, respectively, reaching the approved production capacity. Therefore, the production capacity in this appraisal is determined to be 13 million tons per year, and the service life of the mine is 35.67 years, with the appraisal calculation period from August 2025 to March 2061.

Product sales price and revenue: The sales price for 2025 (August to December) and 2026 is determined to be RMB447.00 per ton, based on the actual price from January to July 2025. The sales price for 2027 is determined to be RMB455.00 (=RMB447.00 + (RMB470 - RMB447) ÷ 3) per ton. The sales price for 2028 is determined to be RMB463.00 per ton, and the sales price for 2029 and subsequent years is determined to be RMB470.00 per ton. Assuming that all produced coal is sold in the current period, the normal annual sales revenue is RMB6,110 million.

Fixed-asset investment: According to the detailed list of the mine's fixed assets, excluding assets awaiting scrapping and idle assets, the appraised value of the mine's existing fixed-asset investments is 3,435,140,900 tons, with a net value of RMB2,645,354,400. This includes an original value of RMB961,532,600 for stripping works, with a net value of RMB788,456,700; an original value of RMB737,471,400 for buildings, with a net value of RMB599,006,700; an original value of RMB1,736,136,900 for machinery and equipment, with a net value of RMB1,257,891,100.

The appraised value of construction in progress is RMB29,747,400, with RMB28,134,700 for buildings and RMB1,612,800 for machinery and equipment assets for construction in progress. Additionally, according to the detailed list of construction in progress, the construction projects still require an additional investment of RMB271,564,800 (inclusive of tax) for buildings. According to the construction progress, this subsequent investment will be completed and put into use by February 2026.

Moreover, according to the mine's procurement plan, the budgeted expenditure for stripping equipment from 2025 to 2029 is RMB1,036,180,000. This includes RMB72.18 million in 2025 (equipment has arrived, awaiting payment), RMB30 million in 2026, RMB876 million in 2027, and RBM58 million in 2028. This appraisal is based on the company's procurement plan.

Intangible asset investment: The appraised value of the mine's land use rights on the valuation benchmark date is RMB167,647,800, so the land use rights for this appraisal are determined to be RMB167,647,800. Subsequent to this, the mine's raw coal production system extension project requires an additional land transfer of 23.4966

hectares for RMB48,950,900. Therefore, the total investment in land use rights for this appraisal is RMB216,598,700.

Long-term deferred expenses and other intangible assets: On the valuation benchmark date, long-term deferred expenses and other intangible assets are determined to be RMB766,692,200 and RMB72,690,400, respectively.

Additionally, the mine has been approved for a production capacity of 13 million tons. The additional 3 million tons of production capacity requires acquisition. According to the "Coal Capacity Adjustment Agreement" signed between the mine and Shenhua Xinjie Energy Co., Ltd., Xinjie Energy will adjust the corresponding capacity to Shenyan Co., Ltd. at a conversion price of RMB140 per ton, to resolve the capacity issue at Xiwan Open-cut Coal Mine. The purchase cost of the 3 million tons of additional capacity is calculated based on this unit price in this appraisal, amounting to RMB420 million (excluding tax). This cost is included in other intangible assets and will be expensed in 2025.

According to the "Preliminary Design Amendment", the third mining area of the open-cut coal mine is located along the Baiyaoze Gully, which requires river diversion. The estimated cost of the river diversion project is approximately RBM2,500 million, with the expenditure scheduled for 2031. This appraisal considers the river diversion costs based on this timing and amount.

Working capital investment: According to the *Guidance on Determining Mining Rights Appraisal Parameters*, working capital can be estimated using the expanded indicator method. The working capital for this project is calculated as 22% of sales revenue, meaning the required working capital once production reaches full capacity will be RMB344.2 million.

Total costs and operating costs

Cost of purchased materials: Based on the Enterprise Operating Condition Forecast Table, taking the full operation of new equipment by 2030 as an example, the cost of purchased materials for raw coal is RMB227,142,900, with a unit cost of such materials RMB17.47 per ton.

Cost of purchased fuel and power : According to the Enterprise Operating Condition Forecast Table, the unit cost of purchased fuel and power for the future normal production years is determined to be RMB25.45 per ton.

Payroll: According to the Enterprise Operating Condition Forecast Table, the unit payroll cost for the future normal production years is determined to be RMB63.96 per ton.

Depreciation costs: Based on calculations, for the year 2030, the annual depreciation cost is RMB242,299,300, with a unit depreciation cost of RMB18.64 per ton.

Maintenance and renovation fees and shaft engineering funds: According to the *Administrative Measures for the Extraction and Use of Coal Production Safety Expenses* and the *Notice on Certain Provisions for Regulating the Administration of Coal Mine Maintenance and Renovation Fees* (C.J. [2004] No. 119), this project has a maintenance and renovation fee of RMB8.00 per ton of coal, with a shaft engineering fund of RMB2.50 per ton. The updated maintenance and renovation fee is set at RMB3.00 per ton, and the depreciation-related maintenance and renovation fee is also RMB3.00 per ton.

Safety fees: According to the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (C.Z. [2022] No. 136), the safety fee for the appraised entity in this project is set at RMB5.00 per ton.

Repair costs: According to the Enterprise Operating Condition Forecast Table, the unit repair cost is RMB4.55 per ton.

Environmental governance and land reclamation costs: According to the *Implementation Measures for Geological Environmental Governance and Land Reclamation Fund in Shaanxi Province* (SH.Z.R.Z.G. [2024] No. 1757), the environmental governance and land reclamation costs for this project are determined to be RMB13.03 per ton according to the calculation.

Land rent (including compensation fees): According to the enterprise's calculated long-term land rent (including compensation fees) expenditures, the unit land rent (including compensation fees) in this appraisal for future normal production years is determined to be RMB15.33 per tonne.

Outsourced stripping costs: According to the Enterprise Operating Condition Forecast Table, based on the forecast for 2030, the stripping ratio is 10.18, with an in-house stripping ratio of 2.92. The unit stripping cost for raw coal is RMB90.57 per ton (including drilling, blasting, and labor costs, with stripping corresponding to the outsourced stripping ratio, and drilling and blasting corresponding to the full stripping ratio). Therefore, the unit outsourced stripping cost for future normal production years is determined to be RMB90.57 per tonne in this appraisal.

Mining engineering costs, outsourced service fees, and other manufacturing costs: According to the Enterprise Operating Condition Forecast Table, the unit mining engineering cost and outsourced service fee are determined to be RMB0.45 per ton and RMB7.22 per ton, respectively. The unit other coal mining manufacturing costs for future normal production years are determined to be RMB3.13 per tonne.

Administrative fees: Amortization costs mainly include annual land amortization, long-term deferred expenses and other intangible assets annual amortization, capacity indicator acquisition, and other intangible assets annual amortization. In 2030, the annual amortization costs for land use rights, long-term deferred expenses, capacity indicator acquisition, and other intangible assets total RMB99,866,500. Based on the Enterprise Operating Condition Forecast Table, the unit other administrative fees for this appraisal are determined to be RMB8.25 per tonne.

R&D costs: According to the Enterprise Operating Condition Forecast Table, the unit R&D costs for future normal production years are determined to be RMB0.77 per ton in this appraisal.

Financial costs: According to the *Guidance on Determining Mining Rights Appraisal Parameters*, financial costs for this project are calculated to be RMB2.17 per ton in this appraisal according to the calculation.

Total costs refer to the sum of all cost expenses. Operating costs refer to the total costs excluding depreciation costs, depreciation-related maintenance and renovation fees, shaft engineering fund, amortization fees, and financial costs.

For the year 2030, the unit total cost of the subject asset is RMB291.39 per ton, and the unit operating cost is RMB256.40 per ton. The total annual cost is RMB3,788,071,400, and the total annual operating cost is RMB3,333,177,400.

Discount rate: According to the *Guidance on Determining Mining Rights Appraisal Parameters*, the basic composition of the discount rate is: Discount rate = risk-free rate of return + risk premium

The risk-free rate of return is determined as 1.70%, based on the yield to maturity of 10-year government bonds disclosed by the WIND Information System on the valuation benchmark date.

The risk premium is estimated using the "risk build-up method" and includes the following principal components: Exploration and development risk, industry risk, financial and operational risk, and other specific risks. As the mine is a production-stage mine, the exploration and development risk premium is determined as 0.60%, the industry risk premium as 2.00%, and the financial and operational risk premium as 1.50%. Taking into account the mine's specific circumstances, the other specific risk premium is determined as 2.00%. The total risk premium adopted for this appraisal is therefore 6.10%.

Having regard to the discount rate range and the mine's development stage, the discount rate adopted for this appraisal is 7.80%.

The mining rights appraisal value is RMB9,612,813,800, with an appraisal appreciation of RMB7,219,963,800, an appreciation rate of 301.73%. The main reason for appraisal appreciation is that the book value mainly reflects the amortized value of the mining rights. Mining rights payment is a special concept determined by the mining rights management authority, which at present refers to the equity value of exploration investments funded by the state and the equity value shared by the state as the owner of mineral resources. The mining rights payment is appraised under non-market conditions according to specific standards or appraisal methods, or based on administrative measures such as the social average return level. This appraisal uses a discounted cash flow method under market conditions, discounting the annual net cash flows over the appraisal period to their present value as of the valuation benchmark date, using a discount rate consistent with the standard of the net cash flows. Thus, the appraisal under market and non-market conditions differs. When the mining resources are in good condition, the present value discounted to the valuation benchmark date is generally higher than the amortized value of the mining rights payment.

7. **Other assets and liabilities**

The asset appraisal personnel verified the detailed lists and relevant materials provided by the appraised entity, cross-checking the book values. The appraisal values were determined based on the audited book values or the actual liabilities or equity that the appraised entity is responsible for or entitled to.

Including: the book value of current assets is RMB6,494,145,700, with an appraisal value of RMB6,495,433,500, showing an appreciation rate of 0.02%. The appraisal appreciation is due to the consideration of appropriate profits for finished products at the time of appraisal.

The book value of other non-current assets is RMB1,298,206,000, with an appraisal value of RMB1,309,954,400, showing a depreciation rate of 20.56%. The depreciation is due to the consideration of the exploration rights interest for the Xiwan Coal Mine, which has been included in the intangible assets – mining rights appraisal, and this is zero in this appraisal, leading to an appraisal depreciation.

The book value of current liabilities is RMB1,696,652,700, with an appraisal value of RMB1,696,652,700, showing no value change.

The book value of non-current liabilities is RMB100,945,200, with an appraisal value of RMB100,945,200, showing no value change.

After calculation, as of the valuation benchmark date:

(A) The appraisal value for the entire shareholders' equity of Shenyan Coal is: Current assets (RMB6,495,433,500) + Non-current assets (including long-term equity investments + fixed assets such as buildings+ fixed assets such as equipment + construction in progress + land use rights, + mining rights + other non-current assets) = (RMB45,165,000 + RMB1,639,175,500 + RMB1,257,920,600 + RMB29,747,400 + RMB167,647,800 + RMB9,612,813,800 + RMB1,309,954,400) - Current liabilities (RMB1,696,652,700) - Non-current liabilities (RMB100,945,200) = RMB18,760,260,100.

(B) The book value for the entire shareholders′ equity of Shenyan Coal is: Current assets (RMB6,494,145,700) + Non-current assets (including long-term equity investments + fixed assets such as buildings+ fixed assets such as equipment + construction in progress + land use rights, + mining rights + other non-current assets) = (RMB33,828,900 + RMB1,055,278,400 + RMB1,085,273,000 + RMB29,534,900 + RMB151,053,400 + RMB2,392,850,000 + RMB1,305,557,700) - Current liabilities (RMB1,696,652,700) - Non-current liabilities (RMB100,945,200) = RMB10,749,924,100.

IV. Income Approach

i. Key assumptions

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

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mine;

4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations throughout the remaining service life of the mine;

6. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7. It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

14. According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development* (Announcement [2020] No. 23 of the Ministry of Finance), enterprises meeting the conditions in western China can pay corporate income tax at a reduced rate of 15% from 1 January 2021 to 31 December 2030. Therefore, this appraisal assumed that from August 2025 to 2030, the statutory income tax rate under the income approach would be 15%, and from 2031 onwards, the statutory income tax rate would be 25%;

15. It is assumed that starting from 2047, the appraised entity would begin to levy mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C.Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

16. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;

17. It is assumed that the appraisal was based on the resource reserves within the scope of the mining licence for Xiwan Open-cut Coal Mine that have been reviewed and filed, and that the said mining licence could be successfully renewed upon expiration;

18. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

19. The mining right for Xiwan Open-cut Coal Mine within this appraisal scope currently has a production capacity indicator gap of 3 million metric tons per year. It was assumed in this appraisal that the enterprise would acquire the corresponding production capacity indicators on a compensatory basis, with a cash outflow of RMB140 per metric ton (inclusive of tax) considered in Phase I;

20. In March 2024, the appraised entity signed a land lease agreement with its

subsidiary, Hongqi Shenyan, with a lease term from 15 March 2024 to 14 March 2029. It is assumed that the lease agreement can be renewed at the original terms after the expiration of the agreement until the end of the forecast period.

ii. Appraisal model

1.Basic model

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by appraising the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

RMB18,453,997,800 = RMB18,453,997,800 - RMB0

(1)Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

The enterprise overall value of Shenyan Coal is RMB13,594,312,800 + RMB5,331,553,500 + RMB743,624,100 - RMB1,260,657,700 + RMB45,165,000

= RMB18,453,997,800

a) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date.

b) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

c) Value of non-operating asset and liabilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operational assets and non-operational liabilities of the appraised entity include other receivables, deferred tax assets, fixed assets, accounts payable, other payables, non-current liabilities due within one year, and provisions. This appraisal uses the cost method.

d) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2)Interest-bearing debt value

As of the valuation benchmark date, the appraised entity has no interest-bearing debt.

2. Income indicators

In this appraisal, the formula for calculating the value of operating assets is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: Discount rate (weighted average cost of capital, WACC) from August to December 2025 to 2030 is 8.80%, and after 2031, it is 8.49%.;

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

The free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - Capital expenditures - Increase in working capital

3. Discount rate

Among them, the discount rate (weighted average cost of capital, WACC)

The calculation formula is as follows:

$$WACC = K_e \times \frac{E}{E+D} + K_d \times (1-t) \times \frac{D}{E+D}$$

Wherein: ke: Cost of equity capital is 12.16% from August to December 2025 to 2030, and 11.87% after 2031;

kd: The cost of debt capital (interest-bearing debt) is 3.50%.

E: Market value of equity;

D: Market value of debt;

t: Tax rate from August to December 2025 to 2030 is 15.00%, and 25% after 2031.

The cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: rf: As the possibility of not being redeemable upon maturity is minimal and can be omitted, yield of state bond is usually considered as risk-free. According to information disclosed by the WIND Information System, the yield of to maturity of 10-year government bonds as at the valuation benchmark date is 1.7044%, this valuation report adopted 1.7044% as the risk-free yield;

MRP: Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment is determined by comprehensively analysing the weighted average of the annualised weekly returns from 1992 to the valuation benchmark date selected on the basis of the stock trading price indices of the Shanghai Stock Exchange and Shenzhen Stock Exchange. As calculated, the market rate of return on investment is 8.36%. The yield to maturity on 10-year treasury bonds of 1.70% on the valuation benchmark date has been taken as the risk-free rate of return. The market risk premium is 6.66%;

βL: Systematic risk coefficient of equity is 1.1199 from August to December 2025 to 2030, and 1.0766 after 2031;

rc: Company-specific risk adjustment coefficient is 3.00%.

A.8 Main Evaluation Materials of Jinshen Energy

I. Selection of Appraisal Methods

The methods selected for this appraisal are the income approach and the asset-based approach.

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

The value of the entire shareholders' equity after the income approach appraisal is RMB7,648,368,400, while the value of the entire shareholders' equity after the asset-based approach appraisal is RMB7,715,759,700.

Unless otherwise stated, all amounts in this summary are expressed in Renminbi (RMB).

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The income approach estimates the value of the subject asset by discounting the expected future earnings of the appraised entity from the perspective of the enterprise's future profitability. The asset-based approach, on the other hand, estimates the value of the subject asset based on a reasonable assessment of the enterprise's assets and liabilities, considering the method of asset replacement. The appraised entity is a platform company engaged in unified management. The coal purchase and sales business it operates is primarily aimed at maintaining the normal operation of the

platform company and is not for profit purposes. Therefore, the result from the income approach is not adopted as the appraisal conclusion. Under the asset-based approach, all assets and liabilities within the appraisal scope as of the valuation benchmark date have been appraised using appropriate methods. The appraisal results can objectively reflect the market value of the appraised entity's net assets, so the result from the asset-based approach is adopted as the appraisal conclusion.

II. Key Appraisal Assumptions

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

2.It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

3.It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner;

4.It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

5.Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations;

6.It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7.It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8.Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9.It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10.It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11.It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12.It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13.It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;

14.It is assumed that the mineral resources reserves reviewed within the mining licence

will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;
15.It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;
16.It is assumed that after the expiry of the lease agreements for the operations required by the appraised entity and its subsidiaries within the appraisal scope, these agreements can be renewed until the end of the forecast period in accordance with the terms of the original agreements;
17.Within the scope of this appraisal, mining rights of Ciyaogou Coal Mine of Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. still have a capacity gap of 2.6 million tonnes per year; mining rights of Shaping Coal Mine of Shanxi Jinshen Shaping Coal Industry Co., Ltd. still have a capacity gap of 4 million tonnes per year. It is assumed that the company will acquire the corresponding capacity rights on a paid basis, with a cash outflow of RMB140 per tonne (inclusive of tax) considered in the first period;
18.According to the *Notice Issued by the Office of the Hequ County Committee for Ecological and Environmental Protection*, existing "high energy consumption, high emissions and high resource-dependency" projects within one kilometre of the Yellow River shoreline are required to exit in an orderly manner. Accordingly, the Shaping Coal Washing Plant shall be closed and withdrawn. Shaping Coal Industry is currently relocating and reconstructing the coal washing plant. Based on information provided by the enterprise, it is assumed that the above matters will be completed by the end of 2027. Therefore, from August 2025 to December 2027, the enterprise will outsource its coal-washing operations, after which it will begin to use its own coal washing plant.

III.Asset-based approach

1.Long-term equity investments

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholder's equity of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity.

For non-controlling long-term equity investments, as there are no conditions for an overall appraisal, the appraised value was determined by the net assets as of the valuation benchmark date multiplied by the shareholding percentage.

No.	Name of investee	Appraisal methods	Conclusion valuation method
1	Shanxi Jinshen Hequ Coal Development Co., Ltd.	Asset-based approach and income approach	Asset-based approach
2	Shanxi Jinshen Railway Co., Ltd.	Asset-based approach and income approach	Asset-based approach
3	Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	Asset-based approach and income approach	Asset-based approach

No.	Name of investee	Appraisal methods	Conclusion valuation method
4	Shanxi Xinzhou Jinshen Coal Sales Co., Ltd.	Asset-based approach and income approach	Asset-based approach
5	Shanxi Jinshen Shaping Coal Industry Co., Ltd.	Asset-based approach and income approach	Asset-based approach
6	Shanxi Xinzhou Local Railway Co., Ltd.	Asset-based approach and income approach	Asset-based approach
7	Jinshen Coal Operations Co., Ltd. under Shanxi Coal Sales Group	Net assets as of the valuation benchmark date multiplied by the shareholding percentage	Net assets as of the valuation benchmark date multiplied by the shareholding percentage

The appraisal method for the mining rights held by the wholly-owned subsidiary, Shanxi Jinshen Shaping Coal Industry Co., Ltd., is as follows:

Based on the appraisal purpose of this project and the specific characteristics of the mining rights, the entrusted mining rights have a certain scale and an independent ability to generate profits that can be measured, and their future benefits and associated risks can be quantified in monetary terms. In addition, the extent of geological exploration is high, and the relevant information is generally complete and reliable, which means the reports and relevant data essentially meet the requirements for adopting the discounted cash flow appraisal method. According to the *Fundamental Technical Principles for Mining Right Appraisal* and the *Standards for Appraisal Using the Income Approach*, the discounted cash flow method has been determined as the appraisal method for this project.

The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P — Appraised value of the mining rights;

CI — Annual cash inflows;

CO — Annual cash outflows;

i — Discount rate;

t — Year number (t = 1, 2, 3, …, n);

n — Calculation period.

Specific appraisal indicators and parameters

Shaping Coal Mine is currently operating normally. The resource reserves and recoverable reserves used in this appraisal are mainly based on the *Coal Resource Reserve Verification Report for Shanxi Jinshen Shaping Coal Industry Co., Ltd. in Hequ County, Hedong Coalfield, Shanxi Province* (for merger and restructuring purposes), prepared by Shanxi Geological Survey Co., Ltd. in July 2012 (hereinafter referred to as the "Resource Reserve Verification Report"), together with its Evaluation Opinion on Mineral Resource Reserves (hereinafter referred to as the "Evaluation Opinion") and filing certificate; the *2024 Annual Reserve Report of Shanxi Jinshen Shaping Coal Industry Co., Ltd. Coal Mine in Hequ County, Shanxi Province* prepared by Shanxi Guangyuda Technology Co., Ltd. in January 2025 (hereinafter the "2024 Annual Reserve Report"); and the *Plan for Coal Resource Exploitation, Mine Environmental Protection and Land Reclamation for Shanxi Jinshen Shaping Coal Industry Co., Ltd. in Hequ County, Shanxi Province* prepared by Shanxi Hancheng Geological Technology Co., Ltd. in October 2025 (hereinafter the "Four-in-One Plan"). The technical parameters mainly refer to the "Four-in-One Plan", the *Feasibility Study Report for the Relocation and Reconstruction of the Coal Washing Plant of Shanxi Jinshen Shaping Coal Industry Co., Ltd.* prepared by Coal Industry Taiyuan Design Institute Group Co., Ltd. in April 2025, as well as information provided by the enterprise. The key economic parameters are determined based on the enterprise's actual financial data. Other principal technical and economic indicator parameters have been selected with reference to the *Chinese Mineral Rights Appraisal Standards*, other relevant policies and regulations, technical and economic guidelines, and information available to the appraisers.

The explanation for the values of each parameter is as follows:

Retained resource reserves as of the valuation benchmark date: According to the "Resource Reserve Verification Report", "2024 Annual Reserve Report", and the extraction volume statistics table, the retained resource amounted to 636,886,500 tonnes, of which measured resource amounted to 441,671,500 tonnes and inferred resource amounted to 195,215,000 tonnes.

Mineral resource reserves adopted for appraisal: Mineral resource reserves adopted for appraisal = ∑ (basic reserves included in the appraisal + resources × corresponding reliability coefficient) = 617,365,000 tonnes.

Product plan: Based on the actual situation of the mine, the product plan is determined as washed mixed coal and coal slurry.

Recovery rate of the mining areas: Based on the "Four-in-One Plan", the recovery rate for Coal Seams Nos. 9, 10, 11 and 12 is determined at 83%, and for Coal Seam No. 13 (Upper) and No. 13 at 78%.

Recoverable reserves adopted for appraisal: Recoverable reserves adopted for appraisal = (resource reserves adopted for appraisal – design losses) × mining recovery rate = 271,546,500 tonnes.

Production capacity and service life: Based on the production capacity design in the

"Four-in-One Plan" and the Approval of Production Capacity (J.N.Y.M.J.F. [2021] No. 410) by the Shanxi Energy Regulatory Office of National Energy Administration, the production capacity adopted is eight million tonnes per year. The calculation period used in the appraisal is 24.25 years, from August 2025 to October 2049.

Product selling prices and sales revenue: The selling prices of commercial coal adopted for this appraisal are as follows: RMB260.00 per tonne for August–December 2025 and for 2026, based on the actual prices for January–July 2025; RMB303.00 per tonne in 2027 (= 260.00 + (389.00 – 260.00) ÷ 3); RMB346.00 per tonne in 2028; and RMB389.00 per tonne for 2029 and subsequent years. The selling prices of coal slurry adopted for this appraisal are as follows: RMB20.00 per tonne for August–December 2025 and for 2026, based on the actual prices for January–July 2025; RMB52.00 per tonne in 2027 (= 20.00 + (115.00 – 20.00) ÷ 3), rounded; RMB84.00 per tonne in 2028; and RMB115.00 per tonne for 2029 and subsequent years. Assuming that all the produced commercial coal is sold during the period, the annual sales revenue from regular production is RMB2,329,255,200.

Fixed asset investment: The original cost of fixed assets (including construction in progress) adopted for this appraisal is RMB2,340,724,800, comprising RMB572,968,200 for shaft engineering, RMB369,640,600 for properties and buildings, and RMB1,398,116,000 for machinery and equipment. The net value of fixed assets adopted is RMB1,727,188,400, comprising RMB482,379,800 for shaft engineering, RMB255,785,800 for properties and buildings, and RMB989,022,800 for machinery and equipment. The subsequent investment relating to construction-in-progress and the relocation and reconstruction of the coal washing plant is RMB516,259,400, including RMB293,250,500 for properties and buildings and RMB223,008,900 for machinery and equipment (tax inclusive).

Total costs and operating costs

Based on the mine's financial statements, the *Guidance on Determining Mining Rights Appraisal Parameters*, the *Feasibility Study Report for the Relocation and Reconstruction of the Coal Washing Plant*, the *Notice on the Measures for the Administration of Mine Environment Treatment and Restoration Funds in Shanxi Province* (J.Z.F. [2019] No. 3), the *Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds* (C.Z. [2022] No. 136), the *Administrative Measures for the Extraction and Use of Coal Production Safety Expenses* and the *Notice on Certain Provisions for Regulating the Administration of Coal Mine Maintenance and Renovation Fees* (C.J. [2004] No. 119), and taking the year 2030 as an example, the total unit cost of the subject asset is RMB174.33 per tonne and the unit operating cost is RMB145.15 per tonne; the total annual cost is RMB1,394,626,300 and the annual operating cost is RMB1,161,194,700. (Total costs refer to the sum of all cost expenses; operating costs refer to the total costs minus depreciation, depreciation-related maintenance and renovation costs, shaft engineering fund, amortisation, and financial expenses.)

Discount rate: According to the *Guidance on Determining Mining Rights Appraisal*

Parameters, the basic composition of the discount rate is: Discount rate = risk-free rate of return + risk premium

The risk-free rate of return is determined as 1.70%, based on the yield to maturity of 10-year government bonds disclosed by the WIND Information System on the valuation benchmark date.

The risk premium is estimated using the "risk build-up method" and includes the following principal components: Exploration and development risk, industry risk, financial and operational risk, and other specific risks. As the mine is a production-stage mine, the exploration and development risk premium is determined as 0.60%, the industry risk premium as 2.00%, and the financial and operational risk premium as 1.50%. Taking into account the mine's specific circumstances, the other specific risk premium is determined as 2.00%. The total risk premium adopted for this appraisal is therefore 6.10%.

Having regard to the discount rate range and the mine's development stage, the discount rate adopted for this appraisal is 7.80%.

Based on the appraisal, the appraised value of the mining rights of Shanxi Jinshen Shaping Coal Industry Co., Ltd. as of 31 July 2025 is RMB1,678,593,100.

As of the valuation benchmark date, the book value of the mining rights is RMB255,030,100, and the appraised value is RMB1,678,593,100, representing an appreciation of RMB1,423,563,000. The appreciation is mainly attributable to the following factors: The book value of the mining rights primarily reflects the resource compensation fees paid, which were determined with reference to the appraised value of the resource reserves at the time of transfer. As of the valuation benchmark date, coal resource prices have increased compared with the time of acquisition of the mining rights and the appraisal also reflects expected future price movements. In addition, the resource reserves adopted in this appraisal are based on the remaining recoverable resources for the appraisal as determined according to the latest reserve verification report, annual reserve report and historical mined-out quantities within the scope of the mining licence, and are higher than the reserves used in calculating the initial compensation payment. The appraisal also reflects the mining right transfer proceeds payable in respect of the newly identified resource reserves.

After appraisal, the appraisal results of the entities in which long-term equity investments are held are as follows:

No.	**Name of investee**	**Book value**	**Appraised value**	**Appreciation rate %**
1	Shanxi Jinshen Hequ Coal Development Co., Ltd.	1,492.50	33,204.23	2,124.74
2	Shanxi Jinshen Railway Co., Ltd.	1,900.00	24,071.88	1,166.94
3	Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	14,400.00	260,995.86	1,712.47

No.	Name of investee	Book value	Appraised value	Appreciation rate %
4	Shanxi Xinzhou Jinshen Coal Sales Co., Ltd.	1,000.00	3,188.81	218.88
5	Shanxi Jinshen Shaping Coal Industry Co., Ltd.	8,000.00	431,692.18	5,296.15
6	Shanxi Xinzhou Local Railway Co., Ltd.	50,000.00	-2,115.81	-104.23
7	Jinshen Coal Operations Co., Ltd. under Shanxi Coal Sales Group	5,062.31	5,062.31	0.00
Total		**81,854.81**	**756,099.46**	**823.71**

The appreciation of long-term equity investments is RMB6,742,446,500, mainly attributable to the following factors:

(1) Shanxi Jinshen Hequ Coal Development Co., Ltd. and Shanxi Xinzhou Jinshen Coal Sales Co., Ltd. are enterprises that provide sales services and coal-based testing services to mining companies. Their undistributed profits have increased since the initial investment, resulting in an increase in the original investment cost compared to the long-term equity investment. Furthermore, the construction costs of their main assets have increased since the acquisition date, leading to an increase in valuation value compared to the book value after valuation using the cost method. The appraised value of Shanxi Jinshen Hequ Coal Development Co., Ltd. increased by RMB317,117,300, and the appraised value of Shanxi Xinzhou Jinshen Coal Sales Co., Ltd. increased by RMB21,888,100.

(2) Shanxi Jinshen Railway Co., Ltd. undertakes the railway line and supporting assets of Xinzhou Railway, mainly engaged in the transportation of coal mine products and coal mine products from external units. The construction costs of its main assets have increased, resulting in an appreciation of RMB221,718,800.

(3) Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. and Shanxi Jinshen Shaping Coal Industry Co., Ltd. are companies with mining rights. Due to the early investment time and lower acquisition cost of the mining rights, the mining rights assets are valued using the income approach. After valuation, the company's net assets are higher than the original investment cost. The valuation appreciation of Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. was RMB2,465,958,600, and the valuation appreciation of Shanxi Jinshen Shaping Coal Industry Co., Ltd. was RMB4,236,921,800.

(4) Shanxi Xinzhou Local Railway Co., Ltd. was acquired through purchase. Its main assets were subsequently transferred internally. After valuation using the cost method, the original investment cost of the long-term equity investment was impaired, with an appraised impairment of RMB521,158,100.

2.Fixed assets – Buildings and structures

According to the characteristics of different types of building and structure assets, the type of appraisal value, and the data collection situation, the cost method is mainly used for appraisal, with some market approach used for certain cases.

Cost Method

The cost method calculation formula is as follows:

Appraised value = Replacement cost × Composite depreciation rate

(1) Determination of replacement cost

Based on the characteristics, nature, and situation of the building and structure assets within the appraisal scope, the calculation formula for replacement cost in this appraisal is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

a) Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete, or the building's value is small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

b) Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government-prescribed fee standards. Since the number of self-built buildings included in the appraisal scope is small and their value is low, no preliminary fees are calculated in this appraisal.

c) Capital costs

Capital costs are calculated based on the appraised entity's reasonable construction period, referencing the Loan Prime Rate (LPR) published by the People’s Bank of China on the valuation benchmark date. The total sum of construction and installation project costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. Since the number of self-built buildings included in the appraisal scope is small, with a low value and an insufficient construction period of less than six months, no capital costs are calculated.

d) Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

(2) Determination of composite depreciation rate

a) For important buildings and structures, the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

For mining enterprises, the remaining service life of buildings is closely related to the mine's remaining service life. The remaining service life is determined based on the lower of the mine's remaining service life and the building's remaining economic service life.

b) For low-value buildings and structures, the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

(3) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

Market approach

The market approach refers to comparing the subject asset with similar real estate that has recently been traded on the valuation benchmark date, adjusting the known prices of these comparable properties to estimate the objective and reasonable price or value of the subject asset.

Appraisal using the market approach should proceed as follows:

(1) Collect transaction examples;

(2) Select comparable examples;

(3) Establish a comparable price basis;

(4) Make adjustments for transaction conditions;

(5) Make adjustments for transaction dates;

(6) Conduct regional factor adjustments;

(7) Conduct individual factor adjustments;

(8) Determine the comparable price.

The market method appraisal formula is as follows:

The value of the subject real property = Comparable transaction price × Normal transaction conditions / Comparable transaction conditions × Real estate price index at valuation benchmark date / Price index at comparable real estate transaction date × Real estate regional factor at appraisal date / Comparable real estate regional factor × Real estate individual factors at appraisal date / Comparable real estate individual factors

The appraisal results and changes in value for buildings are as follows:

Item	Book value (RMB0'000)		Appraised value (RMB0'000)	
	Original value	Net value	Original value	Net value
Total	2,734.51	1,695.59	2,581.08	2,162.01

The appraisal resulted in an impairment of RMB1,534,300 (impairment rate: 5.61%) to the original value of buildings and structures, and an appreciation of RMB4,664,200 (appreciation rate: 27.51%) to their net value. The main reasons for the impairment and appreciation arising from the appraisal are as follows:

The reason for the impairment of the original value in this appraisal is that the buildings and structures to be scrapped are appraised at zero. The appreciation in the appraised net value is mainly due to two factors: First, the economic service lives adopted in calculating the appraised net value are longer than the depreciation lives used for the accounting net book value. Second, for commercial properties, the appraisal was based on the market prices, and the prevailing market prices as of the valuation benchmark date were higher than the carrying amounts (i.e. amortised cost).

3.Fixed assets – Equipment

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the appraisal scope, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost method is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Depreciation rate

(1)Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

① Machinery

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not

require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

A. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

B. Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

C. Installation engineering fees

For equipment that requires installation, the installation engineering fees are determined with reference to the budgeted (or final) installation costs of similar equipment and other relevant project documentation. With reference to the budgetary indicators set out in the *Handbook of Commonly Used Methods and Parameters for Asset Appraisal* and the *Mechanical Industry Construction Project Budgeting Methods and Various Budgeting Indicators*, and taking into account the scale and nature of the installation works, a comprehensive installation rate has been adopted. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

D. Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government-prescribed fee standards. The equipment that requires installation within the appraisal scope is limited, with a low value, so no preliminary costs are calculated in this appraisal.

E. Capital costs

Capital costs are calculated based on the reasonable construction period of the appraised entity's project, referring to the loan market quotation rate (LPR) published by the National Interbank Funding Centre on the valuation benchmark date. The total cost, including equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, is used as the basis, assuming that the funds are evenly invested. The equipment that requires installation within the appraisal scope is limited, with a low value and a reasonable construction period of less than six months, so financing costs are not calculated in this appraisal.

F. Deductible VAT

According to the regulations in "C.SH [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the input VAT includes VAT on the equipment purchase price (tax rate 13%) and VAT on transport and handling fees (tax rate 9%).

② Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase cost / (1 + 13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

③ Electric equipment

For electric equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electric equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

(2) Determination of composite depreciation rate

① For specialised and general machinery, the depreciation rate is primarily determined based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

② For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

③ For vehicles, according to the *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection), the theoretical depreciation rate was determined using either vehicle mileage or service life, based on the lower of the two methods. For vehicles without a prescribed service life, the remaining service life method was used. Adjustments were made based on on-site inspection results. The calculation formula is as follows:

Composite depreciation rate = Depreciation rate × Adjustment coefficient

(3) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

The appraisal results and changes in value for equipment assets are as follows:

Item	Book value (RMB0'000)		Appraised value (RMB0'000)	
	Original value	Net value	Original value	Net value
Equipment assets	1,314.26	178.70	333.24	64.98

The original value of equipment assets recorded an appraised impairment of RMB9,810,200, representing an impairment rate of 74.64%. The appraised net value recorded an impairment of RMB1,137,200, representing an impairment rate of 63.64%. The reasons for the impairment are mainly as follows:

First, a significant portion of the equipment assets is scheduled for scrapping and has been appraised based on their recoverable value. Second, there are a number of assets without physical equipment, which have been appraised at nil value.

4.Other assets and liabilities

The asset appraisers verify the detailed schedules, supporting documents and book value provided by the appraised entity. The appraised values were determined based on the audited book value or, where applicable, the actual liabilities to be borne or rights

to be enjoyed by the entity.

Among them, the book value of current assets was RMB2,511,762,700 and the appraised value was RMB2,511,590,800, representing a depreciation of RMB171,900 (depreciation rate: 0.01%), due to the fact that, for inventories awaiting disposal, the appraised value was determined based on the recoverable value of the inventories; for inventories without physical existence, the appraised value was recorded as zero. The book value of other non-current assets was RMB180,900 and the appraised value was RMB303,300, representing an appreciation of RMB122,400 (appreciation rate: 67.64%), mainly due to the fact that the book value of intangible assets – software was based on its amortised cost. In this appraisal, the software's market value at the time of acquisition as at the valuation benchmark date was used as the appraised value. The book value of current liabilities was RMB2,379,398,900, with an appraised value of RMB2,379,398,900 and no change in value.

After calculation, as of the valuation benchmark date:

(A)The appraised value of the entire shareholders' equity of Jinshen Energy = Current assets (RMB2,511,590,800) + non-current assets (including long-term equity investments + fixed assets in buildings and structures + fixed assets in equipment + other non-current assets) = (RMB7,560,994,600 + RMB21,620,100 + RMB649,800 + RMB303,300) – current liabilities (RMB2,379,398,900) = RMB7,715,759,700.
(B)The book value of the entire shareholders' equity of Jinshen Energy = Current assets (RMB2,511,762,700) + non-current assets (including long-term equity investments + fixed assets in buildings and structures + fixed assets in equipment + other non-current assets) = (RMB818,548,100 + RMB16,955,900 + RMB1,787,000 + RMB180,900) – current liabilities (RMB2,379,398,900) = RMB969,835,700.

IV.Income approach

(i) Key assumptions

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

rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

7.It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

8.Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

9.It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10.It is assumed that after the valuation benchmark date , the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11.It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

12.It is assumed that the cash inflows of the appraised entity after the valuation benchmark date will be average inflows, and the cash outflows will be average outflows.

(ii) Appraisal model

1. Basic model

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

RMB7,648,368,400 = RMB7,648,368,400 − RMB0

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + non-operating asset value - non-operating liabilities value + surplus asset value + value of long-term equity investments

The enterprise overall value of Jinshen Energy is RMB-89,754,000 + RMB973,400,900 – RMB2,068,254,100 + RMB1,271,981,000 + RMB7,560,994,600

= RMB7,648,368,400

1) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date.

2) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

3) Value of non-operating assets and liabilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date . The non-operating assets and liabilities of the appraised entity include other receivables, inventories and fixed assets in abnormal condition, accounts payable, other payables, and similar items. The cost approach or recoverable amount was adopted for this appraisal.

4) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2)Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date. As of the valuation benchmark date, the appraised entity has no interest-bearing debt.

2. Income indicators

In this appraisal, the formula for calculating the operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC) is 8.49%;

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

The free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - capital expenditures - Increase in working capital

3. Discount rate

Where: Discount rate (weighted average cost of capital, WACC)

The calculation formula is as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Where: ke: Cost of equity capital is 11.87%;

kd: Cost of interest-bearing debt capital is 3.5%;

E: Market value of equity;

D: Market value of debt;

t: Income tax rate is 25%.

The cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: rf: As the possibility of not being redeemable upon maturity is minimal and can be omitted, yield of state bond is usually considered as risk-free. According to information disclosed by the WIND Information System, the yield of to maturity of 10-year government bonds as at the valuation benchmark date is 1.7044%, this valuation report adopted 1.7044% as the risk-free yield.;

MRP: Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment is determined by comprehensively analysing the weighted average of the annualised weekly returns from 1992 to the valuation benchmark date selected on the basis of the stock trading price indices of the Shanghai Stock Exchange and Shenzhen Stock Exchange. As calculated, the market rate of return on investment is 8.36%. The yield to maturity on 10-year treasury bonds of 1.70% on the valuation benchmark date has been taken as the risk-free rate of return. The market risk premium is 6.66%;

βL: Systematic risk coefficient of equity is 1.0766;

rc: Company-specific risk adjustment coefficient is 3.00%.

A.9 Main Evaluation Materials of Baotou Mining

I. Selection of Appraisal Methods

The methods selected for this appraisal are the income approach and the asset-based approach.

Reasons for the selection of appraisal methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the valued enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, as of the valuation benchmark date, there were few transactions involving comparable companies in the same industry in China. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

The appraised value of the entire shareholders' equity using the income approach is RMB4,542.6128 million, while the appraised value of the entire shareholders' equity using the asset-based approach is RMB4,536.3122 million.

Unless otherwise stated, all amounts in this summary are expressed in Renminbi (RMB).

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The asset-based approach appraises the value of the appraised entity from the perspective of asset replacement as of the valuation benchmark date, with core assets appraised using the income approach. The income approach capitalises or discounts the expected income of the appraised enterprise to determine the value of the subject asset. In this appraisal, since the core assets under the asset-based approach were also assessed using the income approach, the final results from the income approach and the asset-based approach show minimal differences. Given that the income approach assesses value based on the company’s future profitability, which more intuitively reflects the enterprise value, the income approach appraisal result of RMB4,542.6128 million is adopted as the final appraisal conclusion.

II. Key assumptions

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

III. Income approach

(i) Appraisal model

1. Basic model

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets

unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up.

The appraised value of the entire shareholders' equity using the income approach is RMB4,542.6128 million, with the book value of net assets amounting to RMB4,387.6157 million. The increment in value is RMB154.9971 million, representing an increase rate of 3.53%.

The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

RMB4,542.6128 million = RMB4,542.6128 million - RMB0.00 million

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

The overall enterprise value of Baotou Mining is calculated as follows: RMB529.6687 million + RMB1,560.0365 million + RMB2,541.0196 million - RMB130.5882 million + RMB42.1763 million

= RMB4,542.6128 million

1) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date.

2) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The surplus assets of the appraised entity are entirely cash. The cost method is used for the appraisal of surplus assets.

3) Value of non-operating asset and liabilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operating assets of the appraised entity include other receivables, intangible assets, deferred tax assets, and other non-current assets. Non-operating liabilities include accounts payable, other payables, provisions for liabilities, long-term payables, etc. The cost approach is used for the appraisal of these non-operating assets and liabilities.

4) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date. As of the valuation benchmark date, the appraised entity has no interest-bearing debt.

(ii) Income indicators

In this appraisal, the formula for calculating the value of operating assets is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: Discount rate (in this case, the Weighted Average Cost of Capital, WACC) is 9.51%.

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

The free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - capital expenditures - Increase in working capital

(iii) Specific Appraisal Parameters

1 、Income Period and Forecast Period

The main business of the appraised entity is highway operation and container station leasing.

The highway operated by the company is the G338 road from Lanjialiang to Galutu Town, which is a first-class road. It was built using the BOT model in July 2009 and completed in June 2012. The project passed the completion inspection by the Ordos City Department of Transportation in December 2015 and officially began operation. According to the "Approval of the Inner Mongolia Autonomous Region People's Government for the Establishment of a Toll Station on Provincial Road 313 from Lanjialiang to Galutu Town" (Nei Zheng Zi [2012] No. 120), the tolling period began after the project's completion inspection was passed, with a toll duration of 28 years. Therefore, the income period for the highway toll business is from December 2015 to December 2043.

The container station construction began in September 2008 and was completed and opened on March 2, 2010. Since its commencement, the self-operated portion has long been out of production, and in recent years, it has mainly been leased to external parties. Based on the design life of its main assets, which is 45 years, the income period is considered from March 2010 to March 2055.

Forecast Period Determination: Based on the above analysis of the income period, the forecast period for the highway toll business is from the valuation benchmark date to December 2043. The forecast period for the container station leasing business is from the valuation benchmark date to March 2055.

2. Key Parameters for Operating Income

(1) Highway Toll Revenue

Toll standards: According to the "Notice on the Recalculation of Vehicle Toll Standards in the Autonomous Region" issued by the Development and Reform Commission of Inner Mongolia Autonomous Region, the Department of Finance of Inner Mongolia Autonomous Region, and the Department of Transportation of Inner Mongolia Autonomous Region (Nei Fa Gai Fei Zi [2017] No. 816), the toll standards for passenger vehicles on first-class toll roads in Inner Mongolia Autonomous Region are as follows: Passenger vehicles of types 1-4: RMB15, RMB15, RMB20, RMB25 per vehicle trip (inclusive of tax);Toll standards for freight vehicles on open first-class toll roads: RMB3 per tonne per vehicle trip (inclusive of tax).

Traffic flow forecast: According to information obtained from the company, the G338 highway section from Lanjialiang to Galutu Town, specifically the Taige toll station, is expected to be impacted by the diversion of traffic to a newly constructed road. It is understood that the Chaideng to Tuke first-class road project will commence at the end of 2023 and is planned to open by the end of 2026. The project begins at Chaideng Village, Bojiang Haizi Town, Dongsheng District, and ends at Tuke Town, Wushen Banner. In this forecast, the traffic flow at the Galutu toll station is projected based on historical annual levels. The Taige toll station, taking into account the impact of the new road, is expected to see a decrease in traffic flow between 2026 and 2028, with traffic volumes returning to the 2028 levels in subsequent years.

The forecasted toll revenue for the period from August to December 2025 and for the years 2026 to 2028 is as follows: 2025 (August-December): RMB50.7682 million; 2026: RMB136.8122 million; 2027: RMB132.6436 million; 2028: RMB130.2467 million. From 2029 onwards, toll revenue will remain the same as in 2028.

(2) Station Lease Income

This appraisal has forecast future lease income based on the company’s current lease agreements, considering a certain growth rate in rental income for the coming years.

The forecasted lease income for the period from August to December 2025 is RMB6.255 million. In 2026, lease income is expected to be RMB10.1301 million, with a gradual increase in subsequent years, reaching RMB23.5892 million by 2054. The forecast for the first quarter of 2055 is RMB4.0495 million.

3. Operating Costs and Expenses

Employee Compensation: Employee compensation primarily refers to the salaries, social security, and other related expenses for the staff of the highway branch and the

container station company. The forecast for employee compensation is based on the company's wage standards and staffing levels. Historical per capita wages are used as a reference, with an assumed growth rate. For the first full forecast year in 2026, employee compensation is projected to be RMB32.282 million, with annual increases until 2043, when it is expected to reach RMB53.3572 million. As the highway operations are scheduled to end in 2043, while the container station's operational period will not have concluded, starting from 2044, employee compensation will solely relate to the container station. It will grow from RMB2.7676 million in 2044 to RMB3.7194 million in 2054, with the first quarter of 2055 forecasted at RMB0.6385 million.

Depreciation and Amortisation: Depreciation and amortisation expenses are mainly determined based on the company's current asset base, combined with forecasted capital expenditures during the forecast period. These expenses are calculated in line with the company's fixed asset depreciation policy. The forecast for amortisation expenses primarily includes the amortisation of intangible assets—land use rights and other intangible assets. These are projected based on the original value of the respective assets and their amortisation periods. For the first complete forecast year, 2026, the amortisation expenses are projected to be RMB31.0062 million. As the amortisation periods progress, these expenses are expected to decrease gradually, reaching RMB0.8961 million by the end of the forecast period.

Labour Costs: Labour costs are forecasted based on the historical per capita labour cost levels, combined with the number of labourers employed. Labour costs will be borne entirely by the highway branch. In the first complete forecast year in 2026, the labour costs are expected to be RMB5.4534 million, with an annual increase until 2043, when they will reach RMB9.0137 million.

Service Area Management Fees: The Tuke service area built by the appraised entity is currently managed by an external party. The management fees are forecasted based on the agreed contract amount for the current management arrangement, which is RMB0.7765 million per year.

Other Operating Costs: Other operating costs, including major repair expenses, electricity costs, routine repair expenses, road maintenance fees, and other costs, are forecasted primarily by referencing signed contracts and historical annual averages. The forecast for other operating costs is as follows: from the first complete forecast year in 2026, through to 2043, it is projected at RMB32.282 million per year. As highway operations are scheduled to end in 2043 and the container station has not yet reached its operational end, the forecast for 2044 to 2054 is RMB15.4154 million per year. For the first quarter of 2055, the forecasted operating costs are RMB0.2664 million.

The main components of administrative expenses include litigation costs, fees for engaging intermediary agencies, consulting fees, and other related expenses. These expenses are forecasted by analysing the causes of expenses in historical years and taking into account the company's future business plans. For the forecast period, administrative expenses are projected to be RMB0.6345 million per year from 2026 to 2043. After the highway operations conclude in 2043, and with the container station still in operation, the forecast for 2044 to 2054 is RMB0.096 million per year. For the first quarter of 2055, the forecast is RMB0.016 million.

Taxes and surcharges primarily include urban construction tax, educational surcharge, local education surcharge, stamp duty, property tax, land use tax, vehicle and vessel usage tax, and stamp duties, among others. The average annual taxes and surcharges

for the entire forecast period are projected to be RMB3.4539 million per year.

(1) Discount rate

Among them, the discount rate (weighted average cost of capital, WACC)

The calculation formula is as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Where: ke: The cost of equity capital is 9.51%.

kd: The cost of debt capital (interest-bearing debt) is 3.50%.

E: Market value of equity;

D: Market value of debt;

t: Corporate income tax rate is 25%.

The cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: rf: As the possibility of not being redeemable upon maturity is minimal and can be omitted, yield of state bond is usually considered as risk-free. According to information disclosed by the WIND Information System, the yield of to maturity of 10-year government bonds as at the valuation benchmark date is 1.7044%, this valuation report adopted 1.7044% as the risk-free yield.;

MRP: Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment is determined by comprehensively analysing the weighted average of the annualised weekly returns from 1992 to the valuation benchmark date selected on the basis of the stock trading price indices of the Shanghai Stock Exchange and Shenzhen Stock Exchange. As calculated, the market rate of return on investment is 8.36%. The yield to maturity on 10-year treasury bonds of 1.70% on the valuation benchmark date has been taken as the risk-free rate of return. The market risk premium is 6.66%;

βL: Systematic risk coefficient of equity is 0.6458.

rc: The company-specific risk adjustment coefficient is 3.50%.

IV. Asset-based approach

1. Long-term equity investments

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity. For long-term equity investments in wholly-owned and controlling subsidiaries, the appraisal methods used and the reasons

for selecting such methods are as follows:

Jian'an Company's main business is contracting internal projects for Baotou Energy. Since August 2020, no new construction projects have been undertaken, and the income after 2020 mainly comes from the settlement of previous years' projects. The main task of the Shantytown Company is to undertake the relocation and renovation project of the Shiguai Shantytown in Baotou, which is a welfare project not aimed at profit, intended to house residents of the Shiguai Shantytown.

Based on the analysis of the operational situation of the investees, since the asset-based approach can reflect the replacement cost of the appraised enterprise as of the valuation benchmark date, and the relevant data for the assets and liabilities of the investees are easily obtainable, the conditions for applying the asset-based approach are met.

Since Jian'an Company has suspended operations and has not undertaken new projects for many years, it is impossible to predict its future income, costs, and other operating data, making the income approach unsuitable for its appraisal. Since the main business of Shantytown Company is a welfare project not aimed at profit, the income approach is not suitable for its appraisal.

Due to the difficulty in finding comparable listed companies or merger cases for the investees, the market approach is not suitable for the appraisal of the investees.

Therefore, the asset-based approach is used to appraise the investees.

No.	**Name of investee**	**Appraisal methods**	**Conclusion appraisal method**
1	Baotou Mining Bureau Construction and Installation Co., Ltd.	Asset-based approach	Asset-based approach
2	Baotou Shiguai Shantytown Relocation Construction Co., Ltd.	Asset-based approach	Asset-based approach

After appraisal, the results for long-term equity investments are as follows:

No.	**Name of investee**	**Book value (RMB 10,000)**	**Appraisal value (RMB 10,000)**	**Appreciation rate %**
1	Baotou Mining Bureau Construction and Installation Co., Ltd.	2,500.00	4,217.63	68.71
2	Baotou Shiguai Shantytown Relocation Construction Co., Ltd.	0.00	0.00	/
Total		2,500.00	4,217.63	68.71

The appraisal increment of RMB17.1763 million is primarily due to the fact that Baotou Mining's long-term equity investment in Jian'an Company is recorded at its initial

investment cost, which is lower than Jian'an Company's net assets. After the net assets of Jian'an Company were assessed using the asset-based approach, a appraisal increment was formed at the level of long-term equity investment.

2. Buildings and structures fixed assets

The main assets of the appraised entity, Baotou Mining, come from its two subsidiaries: the Highway Branch of China Energy Group Baotou Mining Co., Ltd. and the Container Station of China Energy Group Baotou Mining Co., Ltd. Highway Branch's main business is highway operation, and its main income is from tolls, with a toll period of 28 years. Container Station has mainly been in an external leasing status in recent years, with no plans for self-use. The properties and buildings assets within the appraisal scope mainly include the container station assets and highway assets.

Since the future income from the container station asset group and highway asset group can be reasonably predicted, and the discount rate corresponding to the income risk level can also be reasonably estimated. The income approach is used for the appraisal based on the object, appraisal purpose, and collected data.

◆ Income approach

The income approach is a method for assessing asset value by estimating the present value of expected future income from the appraised asset.

For the appraisal of the container station and road asset groups, the pre-tax cash flow discount model is used for the appraisal, and the specific formula is as follows:

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

Wherein: P: Present value of cash flow from the operating asset group;

Fi: Expected pre-tax cash flow for the year i after the valuation benchmark date;

r: Discount rate (here it is the WACCBT);

n: Duration of existing asset income;

The pre-tax cash flow for the asset group is calculated as follows:

Pre-tax cash flow = EBITDA - Capital expenditure - Increase in working capital + Asset recovery value

This appraisal uses a univariate solution to determine the pre-tax discount rate (WACCBT). The calculation formula is as follows:

$$\sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} = \sum_{i=1}^{n} \frac{Ra_i}{(1+r_a)^i} + \frac{Ra_{n+1}}{r_a(1+r_a)^n}$$

Wherein: Ri: Expected income (pre-tax cash flow) for year i in the future;

Rai: Expected income (post-tax cash flow) for year i in the future;

n: Forecasted period for future income;

r: Pre-tax discount rate;

ra: Post-tax discount rate.

The original value of the buildings and structures has been impaired by RMB278.9513 million, representing an impairment rate of 80.93%. The assessed net value has increased by RMB21.8366 million, reflecting an appreciation rate of 49.75%. The reasons for the increase or decrease in value are primarily as follows: The highway asset group as a whole was assessed using the income approach, with the appraisal of buildings and structures related to the highway reflected in the intangible assets under "Other - Highway Toll Rights," which led to a decrease in the original value of the buildings and structures. Due to the container station asset group being assessed using the income approach, the appraisal results for buildings and structures include the values of the container station equipment assets and land, leading to an increase in the net value of the buildings and structures. The company had made impairment provisions for some of the container station's fixed assets in historical years. This reappraisal, based on the current condition of the assets, resulted in an increase in the net value.

3. Fixed assets – equipment

The main assets of the appraised entity, Baotou Mining, come from its two subsidiaries: the Highway Branch of China Energy Group Baotou Mining Co., Ltd. and the Container Station of China Energy Group Baotou Mining Co., Ltd. Highway Branch's main business is highway operation, and its main income is from tolls, with a toll period of 28 years. Container Station has mainly been in an external leasing status in recent years, with no plans for self-use. The equipment assets within the appraisal scope mainly consist of container station assets and highway assets.

Since the future income from the container station asset group and highway asset group can be reasonably predicted, and the discount rate corresponding to the income risk level can also be reasonably estimated. The income approach is used for the appraisal based on the object, appraisal purpose, and collected data.

The original value of machinery and equipment has been impaired by RMB47.7776 million, representing a 100% impairment rate. The assessed net value has been impaired by RMB10.4066 million, also representing a 100% impairment rate. The primary reason for the impairment in appraisal is as follows: The equipment assets mainly include the assets of the container station and highway. The assessed value of the container station's equipment is included in the summary table for buildings and structures, while the assessed value of highway equipment is reflected in the intangible assets under "Other - Highway Toll Rights". This led to the impairment in the appraisal of these assets.

4. Land use right

The main assets of the appraised entity, Baotou Mining, come from its two subsidiaries: the Highway Branch of China Energy Group Baotou Mining Co., Ltd. and the Container Station of China Energy Group Baotou Mining Co., Ltd. Highway Branch's main business is highway operation, and its main income is from tolls, with a toll period of 28 years. Container Station has mainly been in an external leasing status in recent years, with no plans for self-use. The land use rights within the appraisal scope are for the container station land and the highway company's land.

As the future income generated by the container station and highway asset groups can

be reasonably forecast, and the discount rate corresponding to the income risk level can also be reasonably estimated, the income approach was used for the appraisal of these assets.

The impairment of intangible assets, specifically land use rights, is RMB41.953 million. The primary reason for the impairment in appraisal is that the income approach was used for both the container station and highway asset groups. The assessed value of the container station assets is included in the buildings and structures appraisal, while the highway assets are reflected in the intangible assets under "Other - Highway Toll Rights." As a result, this caused the impairment in the appraisal.

5. Other intangible assets

The other intangible assets included in the appraisal scope are the highway toll rights, which were assessed using the income approach. The income approach is a method for assessing asset value by estimating the present value of expected future income from the appraised asset. As a franchise right, the future income from the highway toll rights can be reasonably predicted, and the discount rate corresponding to the income risk level can also be reasonably estimated. The income approach is used for the appraisal based on the object, appraisal purpose, and collected data.

For the appraisal of the highway toll rights-related asset group, the pre-tax cash flow discount model is used for the appraisal, and the specific formula is as follows:

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

Wherein: P: Present value of cash flow from the operating asset group;

Fi: Expected pre-tax cash flow for the year i after the valuation benchmark date;

r: Discount rate (here it is the WACCBT);

n: Duration of existing asset income;

The pre-tax cash flow for the asset group is calculated as follows:

Pre-tax cash flow = EBITDA - Capital expenditure - Increase in working capital + Asset recovery value

This appraisal uses a univariate solution to determine the pre-tax discount rate (WACCBT). The calculation formula is as follows:

$$\sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} = \sum_{i=1}^{n} \frac{Ra_i}{(1+r_a)^i} + \frac{Ra_{n+1}}{r_a(1+r_a)^n}$$

Wherein: Ri: Expected income (pre-tax cash flow) for year i in the future;

Rai: Expected income (post-tax cash flow) for year i in the future;

n: Forecasted period for future income;

r: Pre-tax discount rate;

ra: Post-tax discount rate.

The assessed value of other intangible assets is RMB490.8345 million, with an appraisal increment of RMB146.4082 million, reflecting an appreciation rate of 42.51%. The reasons for the appraisal increment are as follows: In the company's historical years, an impairment provision was made for the intangible asset "highway toll rights." This reappraisal, based on the current condition of the asset, resulted in an increase in value when compared to the net book value after the impairment provision.

6. Mining rights

For exploration rights, due to the inability to obtain the necessary geological survey, preliminary design, mine area general plan, formal feasibility report, and other documents required for mining rights appraisal, it is not possible to model and calculate the market value of the exploration rights as of the valuation benchmark date according to mining rights appraisal standards and theories. Therefore, the related costs for exploration rights are retained based on the audited book value. The assessed value of mining rights is RMB41.4452 million, with no change in value (no increase or decrease).

7. Other assets and liabilities

The asset appraisal personnel verified the detailed lists and relevant materials provided by the assessed entity, cross-checking the book values. The appraisal values were determined based on the audited book values or the actual liabilities or equity that the assessed entity is responsible for or entitled to.

The book value of current assets is RMB1,577.9064 million, with the assessed value also being RMB1,577.9064 million, showing no increase or decrease in value. The book value of other non-current assets is RMB2,489.7375 million, with the assessed value remaining the same at RMB2,489.7375 million, showing no increase or decrease in value. The book value of current liabilities is RMB107.6945 million, with the assessed value being RMB97.7195 million, showing a reduction of RMB9.975 million, representing an impairment rate of 9.26%. The book value of non-current liabilities is RMB79.4602 million, with the assessed value being RMB73.8002 million, showing a reduction of RMB5.66 million, representing an impairment rate of 7.12%.

After calculation, as of the valuation benchmark date:

(A) Baotou Mining's entire shareholders' equity appraisal value = Current assets (RMB1,577.9064 million) + Non-current assets (including long-term equity investments + fixed assets of properties and buildings + fixed assets of equipment + land use rights + other intangible assets + mining rights + other non-current assets) = (RMB42.1763 million + RMB65.7319 million + RMB0.00 million + RMB0.00 million + RMB490.8345 million + RMB41.4452 million + RMB2,489.7375 million) - Current liabilities (RMB97.7195 million) - Non-current liabilities (RMB73.8002 million) = RMB4,536.3122 million.

(B) Baotou Mining's entire shareholders' equity book value = Current assets (RMB1,577.9064 million) + Non-current assets (including long-term equity investments + fixed assets of properties and buildings + fixed assets of equipment + land use rights + other intangible assets + mining rights + other non-current assets) = (RMB25.00 million + RMB43.8953 million + RMB10.4066 million + RMB41.9530 million + RMB41.4452 million + RMB344.4263 million + RMB2,489.7375 million) - Current liabilities (RMB107.6945 million) - Non-

current liabilities (RMB79.4602 million) = RMB4,387.6157 million (Rounding may result in minor discrepancies).

A.10 Main Evaluation Materials of Shipping Company

I. SELECTION OF THE APPRAISAL APPROACHES

According to the "Appraisal Report," China United Assets Appraisal Group Co., Ltd (hereinafter "China United Assets") has considered the applicability of three asset appraisal approaches: the asset-based approach, the income approach, and the market approach.

China United Assets determined that, around the Appraisal Reference Date, as a coal shipping enterprise, CHN Energy Shipping could not obtain recent transaction cases of similarly sized enterprises, and there were few comparable listed companies of similar scale and business structure in the market. Therefore, the market approach was not selected for the appraisal. Considering that the asset-based approach reflects the enterprise's value from the perspective of its construction and acquisition, provides a basis for the enterprise's operation, management, and performance appraisal after the completion of the economic act, and that CHN Energy Shipping can provide relatively complete data required for the appraisal of assets and liabilities; and considering that CHN Energy Shipping possesses the foundation and conditions for continuing operations, with predictable and quantifiable future earnings and risks, China United Assets determined that CHN Energy Shipping meets the conditions for applying both the asset-based approach and the income approach. Therefore, both the asset-based approach and the income approach were used for the appraisal.

Using the asset-based approach, China United Assets calculated the total shareholders' equity of CHN Energy Shipping to be RMB214,179.65 ten thousand. Employing the income approach, the calculated total shareholders' equity was RMB152,508.05 ten thousand.

Considering that (i) CHN Energy Shipping is an asset management and operation platform established following the optimization of the shipping industry management and control by the CHN Energy at the end of 2022. It was incorporated on March 22, 2023. As a newly established management and operation platform, key parameters for the income approach, such as shipping volume, are significantly influenced by the Group's integrated operations, while freight rates are subject to substantial market fluctuations. (ii) The asset-based approach reflects the fair market value of assets from the perspective of asset replacement. Taking into account the specifics of this appraisal, CHN Energy Shipping provided detailed information on its assets and liabilities, and the valuers also collected sufficient external data required for the asset-based approach, enabling a comprehensive review and assessment of CHN Energy Shipping's assets and liabilities. Compared to the income approach applied to the enterprise as a whole, the asset-based approach more objectively reflects the appraised value of the enterprise's net assets. Therefore, China United Assets ultimately selected the result from the asset-based approach as the final appraisal conclusion.

II. MAJOR APPRAISAL ASSUMPTIONS

(1) General Assumptions

1. It is assumed that all assets to be appraised are already in the process of a transaction, and the appraiser simulates the market to ap-A.10-praise said assets based on the transaction conditions;

2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;

3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its

going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;

4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;

7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;

8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;

9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;

10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;

12. The parameters measured in this appraisal have not taken into account the impact of inflation.

13. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;

14. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

III. ASSET-BASED APPROACH

(I) Long-Term Equity Investments

For long-term equity investments, verification procedures were first conducted to examine the cause of their formation, book value, actual status, and other relevant factors. Investment agreements, shareholder resolutions, articles of association, and relevant accounting records were reviewed to confirm the authenticity and completeness of the long-term investments.

For wholly-owned subsidiaries and those subsidiaries with over 50% ownership, a comprehensive asset appraisal of the investee entities was performed as of the Appraisal Reference Date. The appraised value was then determined by multiplying the appraised net asset value of the investee entity by the shareholding percentage of the subject entity as of the Appraisal Reference Date:

Appraised value of long-term equity investments = Appraised net asset value of the investee entity after a full appraisal × Shareholding percentage

Where differences existed between the paid-in capital and the subscribed capital, the calculation was as follows:

Appraised value of long-term equity investments = (Total appraised shareholders' equity of the investee entity + Unpaid subscribed capital) × The shareholder's subscribed capital ratio - The shareholder's unpaid subscribed capital

In determining the appraised value of the long-term equity investments, the valuers did not consider any premium or discount arising from factors such as control premiums or minority discounts, nor did they consider the impact of equity marketability on the appraisal results.

No.	Name of Investee Entity	Shareholding Percentage	Appraisal Approach	Method for determining the conclusion value
1	Tianjin Guoneng Shipping Co., Ltd.	60.00%	Asset-based Approach, Income Approach	Asset-based Approach
2	Guoneng (Wuhan) Shipping Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach
3	Guoneng (Tianjin) Shipping Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach
4	CHN Energy Ocean Shipping (HK) Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach

Upon completion of the appraisal, the results for the long-term equity investment entities are as follows:

No.	Name of Investee Entity	Book Value (ten thousand)	Appraised Value (ten thousand)	Appreciation Rate (%)
1	Tianjin Guoneng Shipping Co., Ltd.	77,646.68	69,626.82	-10.33
2	Guoneng (Wuhan) Shipping Co., Ltd.	12,178.01	15,798.00	29.73
3	Guoneng (Tianjin) Shipping Co., Ltd.	46,290.90	68,664.96	48.33
4	CHN Energy Ocean Shipping (HK) Co., Ltd.	680.00	683.77	0.55
	Total	136,795.59	154,773.55	13.14

Based on the calculations, as of the Appraisal Reference Date the book value of the long-term equity investments within the appraisal scope was RMB136,795.59 ten thousand, with no provision for impairment made. The appraised value was RMB154,773.55 ten thousand, resulting in an assessed appreciation of RMB17,977.96 ten thousand and an appreciation rate of 13.14%. The primary reasons for the appreciation are as follows:

1. The assessed impairment of Tianjin Guoneng Shipping Co., Ltd. is RMB 8,019.86 ten thousand, representing an impairment rate of 10.33%. The primary reason for the impairment was that the net assets of Tianjin Guoneng Shipping Co., Ltd. as per its financial statements on the Reference Date amounted to RMB 114,692.60 ten thousand (equivalent to RMB 68,815.56 ten thousand based on the 60% equity interest held), representing a decrease of RMB 8,831.12 ten thousand compared to Guoneng Shipping Co., Ltd.'s historical investment cost of RMB 77,646.68 ten thousand in the company. The operating loss reflected in the company's financial statements are the main driver of the assessed impairment .

2. The assessed appreciation of Guoneng (Wuhan) Shipping Co., Ltd. is RMB3,619.99 ten thousand. The appraised value of the subsidiary was basically the same as its book value. The appreciation compared to the book value of the parent company's equity investment was due to the enterprise's accumulated operating results over its history.

3. The assessed appreciation of Guoneng (Tianjin) Shipping Co., Ltd. is RMB22,374.06 ten thousand. The appraised value has increased relative to the book value due to the historical operating accumulation of equity investments and the favorable market conditions for the vessels held.

4. The assessed appreciation of CHN Energy Ocean Shipping (HK) Co., Ltd. is RMB3.77 ten thousand, representing an appreciation rate of 0.55%. The appraised value is basically equivalent to its book value.

(II) Fixed Assets - Equipment

Based on the purpose of this appraisal and adhering to the principle of continuous use, the valuation was conducted using market prices as the benchmark, considering the characteristics of the equipment submitted for appraisal and the information collected. For ships, the market approach was applied; for electronic equipment, the replacement cost method was used.

1. Market Approach

For ship assets, the market approach involves collecting transaction cases from the second-hand ship market. Several second-hand ships of the same type, with similar deadweight tonnage, comparable usage periods, and transaction dates close to the appraisal reference date are selected as comparable instances. Through analysis and comparison between the subject ship and each comparable instance, adjustment or correction factors are determined for deadweight tonnage, usage period, transaction date, transaction conditions, country of build, and other relevant factors. Finally, the arithmetic mean of the adjusted prices from several comparable instances is calculated to determine the appraised value of the subject ship.

The calculation is expressed by the following formula:

$P=\sum(Pi\times Ai\times Bi\times Ci\times Di\times Ei\times Fi)/n$

P: Appraised value of the subject ship;

Pi: Transaction price of the i-th comparable instance;

Ai: Deadweight tonnage adjustment coefficient for the i-th comparable instance;

Bi: Transaction date adjustment coefficient for the i-th comparable instance;

Ci: Transaction circumstance adjustment coefficient for the i-th comparable instance;

Di: Vessel age adjustment coefficient for the i-th comparable instance;

Ei: Country of build adjustment coefficient for the i-th comparable instance;

Fi: Other factor adjustment coefficient(s) for the i-th comparable instance

n: Number of comparable instances

(1) Determination of Comparable Instances and Prices in the Ship Market:

Through market research, select ships identical or similar to the subject vessel from the current transaction market as comparable instances. When selecting comparable instances, primary consideration is given to basic performance elements such as the type and deadweight tonnage of the transacted ship, while also considering the ship's build year, country of build, and the transaction date of already concluded similar ships.

(2) Determination of Adjustment Factors:

Ship Type: The ship type here refers to the classification by tonnage for bulk carriers, mainly including: Handymax, Supramax, Panamax, Kamsarmax, Capesize, etc. Comparable instances must be selected from cases of the same or similar type as the subject vessel.

Deadweight Tonnage Adjustment Factor: This factor reflects the influence of the ship's cargo capacity on its transaction price. Based on statistics of second-hand ship price levels in the international and domestic ship markets, the price per unit ton for similar ships of close age is generally comparable within a certain deadweight range. This appraisal determines the deadweight adjustment factor based on the ratio of deadweight tonnages.

Transaction Date Adjustment Factor: The transaction date adjustment factor is determined based on the price index ratio. For this appraisal, the Shanghai Ship Price Index (SPI) is used to determine the transaction date adjustment factor.

Transaction Circumstance Adjustment Factor: Transaction circumstances primarily refer to the influence on the ship's price from factors such as transaction volume, transaction motivation, delivery location, payment method, the presence of other additional transaction conditions, and the actual condition of the ship at the time of transaction. These factors are used to determine the transaction circumstances adjustment factor.

Vessel Age Adjustment Factor: The statutory scrapping age for bulk carriers in China is 33 years. The vessel's age affects its price. This appraisal determines the age adjustment factor based on the proportion of the age difference relative to the statutory scrapping age.

Country of Build Adjustment Factor: Differences in the technical advancement level and construction costs of the shipbuilding country affect the vessel's service life, thereby influencing the transaction price of the second-hand ship. The country of build adjustment factor is determined based on an analysis of international ship market conditions and ship prices from various countries.

Other Factors Adjustment Factor: Other factors primarily refer to differences in the vessel's navigable area, technical condition, and main equipment. The technical condition includes whether the ship has experienced marine damage, as well as the status of its daily upkeep and maintenance.

(3) Determination of Appraised Value:

Based on the specific characteristics of each comparable instance, the respective adjustment factors are determined and used to calculate the adjusted price. After analyzing the reasonableness of the adjusted prices, the final appraised value is determined by taking the arithmetic mean.

2. Replacement Cost Method

(1) Full Replacement Cost of Electronic Equipment

Based on local market information and recent price data from sources such as "ZOL.com.cn" and "PConline," the prices of electronic equipment as of the Appraisal Reference Date were determined. Since manufacturers or agents typically provide free delivery, installation, and debugging, the full replacement cost is established based on the purchase price excluding tax:

Full Replacement Cost (excluding tax) = Purchase Price - Deductible VAT

Deductible VAT Amount = (Purchase Price / 1.13) × 13%

For older electronic equipment for which relevant models are no longer available on the market but which remain functional, the full replacement cost is determined by referencing the second-hand equipment market prices, including tax.

(2) Remaining Useful Life Rate of Electronic Equipment

Remaining Useful Life Rate = [Remaining Usable Years / (Years Already Used + Remaining Usable Years)] × 100%

Note: For electronic equipment appraised directly based on second-hand market prices, the calculation of the Remaining Useful Life Rate is not required.

(3) Determination of Appraised Value

Appraised Value = Full Replacement Cost × Remaining Useful Life Rate

Based on the calculations, as of the Appraisal Reference Date, the book value of the equipment assets within the appraisal scope was RMB97,760.51 ten thousand, and the appraised value was RMB114,221.13 ten thousand. This represents an assessed appreciation of RMB16,460.62 ten thousand and an appreciation rate of 16.84%. The primary reason for this increase is the favorable market conditions for ships in recent years, leading to rising transaction prices, which resulted in a higher appraised value compared to the book value.

(3) Other Assets and Liabilities

The asset appraisal professionals verified the book values against the detailed item lists and relevant financial information provided by the subject entity. The appraised values were determined based on the verified book values, or the actual liabilities/equity interest of the subject entity.

Among these, as of the Appraisal Reference Date, the book value of current assets was RMB85,751.91 ten thousand, and the appraised value was RMB85,780.07 ten thousand, resulting in an appreciation rate of 0.03%; the book value of intangible assets was RMB874.52 ten thousand, and the appraised value was RMB965.59 ten thousand, resulting in an appreciation rate of 10.41%; the appraised value and book value of other non-current assets were both RMB13,991.73 ten thousand; the appraised value and book value of current liabilities were both RMB48,195.42 ten thousand; and the appraised value and book value of non-current liabilities were both RMB107,357.00 ten thousand.

Based on the calculations, as of the Appraisal Reference Date:

(A) The appraised value of the total shareholders' equity of CHN Energy Shipping = Current Assets + Non-Current Assets (including Long-term Equity Investments + Fixed Assets - Equipment + Intangible Assets + Other Non-Current Assets = RMB85,780.07 ten thousand + RMB154,773.55 ten thousand + RMB114,221.13 ten thousand + RMB965.59 ten thousand + RMB13,991.73 ten thousand) - Current Liabilities (RMB48,195.42 ten thousand) - Non-Current Liabilities (RMB107,357.00 ten thousand) = RMB214,179.65 ten thousand.

(B) The book value of the total shareholders' equity of CHN Energy Shipping = Current Assets + Non-Current Assets (including Long-term Equity Investments + Fixed Assets - Equipment + Intangible Assets + Other Non-Current Assets = RMB85,751.91 ten thousand + RMB136,795.59 ten thousand + RMB97,760.51 ten thousand + RMB874.52 ten thousand + RMB13,991.73 ten thousand) - Current Liabilities (RMB48,195.42 ten thousand) - Non-Current Liabilities (RMB107,357.00 ten thousand) = RMB179,621.84 ten thousand.

IV. INCOME APPROACH

(I) Key Parameters and Assumptions

The key parameters and assumptions adopted by China United Assets in the Income Approach are as follows:

1. It is assumed that no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

2. It is assumed that the enterprise will continue as a going concern;

3. It is assumed that the company's management is responsible and competent in fulfilling their duties;

4. It is assumed that no significant changes will occur in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

5. It is assumed that the company's business scope and operational methods will remain consistent with the current direction, based on the existing management style and competency level;

6. It is assumed that during the future forecast period, the subject entity's core business, product mix, composition of revenue and costs, sales strategies, and cost control measures will remain largely unchanged from their post-commissioning and capacity-reaching state;

7. It is assumed that during the future forecast period, period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

8. The Weighted Average Cost of Capital (WACC) model was used to determine a discount rate of 9.10%;

9. This appraisal did not consider the impact of a marketability discount on the equity value of the enterprise.

(II) Appraisal Model

1. Basic Model

The basic model used in this appraisal is:

$$E = B - D \quad (1)$$

Where:

E: Total shareholder equity (net asset) value of the subject entity; the final calculated result is RMB152,508.05 ten thousand;

B: Enterprise value of the subject entity, calculated as RMB259,865.05 ten thousand;

D: The value of the interest-bearing debt of the subject entity is RMB107,357.00 ten thousand;

$$E = P + I + C \quad (2)$$

Where:

P: Value of the operating assets of the subject entity;

I: Value of the long-term investments held by the subject entity as of the Reference Date;

C: Value of surplus or non-operating assets (liabilities) existing as of the Reference Date of the subject entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: The expected return (Free Cash Flow) of the subject entity for the i-th future year;

r: The discount rate, which is 9.10%;

n: The future operational period of the subject entity;

$$C = C_1 + C_2 \quad (4)$$

C_1: The value of current surplus or non-operating assets (liabilities) as of the Reference Date;

C_2: The value of non-current surplus or non-operating assets (liabilities) as of the Reference Date.

2. Income Indicator

For this appraisal, free cash flow to the firm is used as the income indicator for the operating assets of the subject entity. It is fundamentally defined as:

R = Net Profit + Depreciation & Amortization + After-tax Interest Expense - Additional Capital (5)

Based on the operating history of the subject entity and future market development, the free cash flow for its future operational period is estimated. The present value of the free cash flows throughout this future operational period is calculated and summed to determine the value of the enterprise's operating assets.

3. Discount Rate

This appraisal employs the Weighted Average Cost of Capital (WACC) model to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: The debt ratio, based on comparable companies, is 21.46%

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: The equity ratio, based on comparable companies, is 78.54%;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt is 2.63% for this appraisal;

r_e: The cost of equity capital, determined using the Capital Asset Pricing Model (CAPM), is calculated comprehensively as 10.87%;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f: The risk-free rate, using the 10-year government bond yield, is 1.70%;

r_m: The expected market return rate is 9.37%;

ε: The specific company risk adjustment coefficient for the subject entity is 1.50%;

β_e: The expected market risk coefficient for the equity capital of the subject entity is 1.0002;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (10)$$

βu: The expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stocks (assets) of the comparable companies;

$$\beta_t = 34\%K + 66\%\beta_X \quad (12)$$

Where:

K: The average risk value for the stock market over a certain period, typically assumed to be K=1;

β_x: The historical average market risk coefficient of the comparable companies' stocks (assets);

D_i, E_i: Represent the interest-bearing debt and equity capital of the comparable companies, respectively.

A.11 Main Evaluation Materials of Coal Trading Company

I. SELECTION OF THE APPRAISAL APPROACHES

According to the "Appraisal Report," China United Assets Appraisal Group Co., Ltd (hereinafter "China United Assets") has considered the applicability of three asset appraisal approaches: the asset-based approach, the income approach, and the market approach.

China United Assets determined that, around the Appraisal Reference Date, as a coal trading enterprise, Coal Transport & Marketing could not obtain recent transaction cases of similarly sized enterprises, and there were few comparable listed companies of similar scale and business structure in the market. Therefore, the market approach was not selected for the appraisal. Considering that the asset-based approach reflects the enterprise's value from the perspective of its construction and acquisition, provides a basis for the enterprise's operation, management, and performance appraisal after the completion of the economic act, and that Coal Transport & Marketing can provide relatively complete data required for the appraisal of assets and liabilities; and considering that Coal Transport & Marketing possesses the foundation and conditions for continuing operations, with predictable and quantifiable future earnings and risks, China United Assets determined that Coal Transport & Marketing meets the conditions for applying both the asset-based approach and the income approach. Therefore, both the asset-based approach and the income approach were used for the appraisal.

Using the asset-based approach, China United Assets calculated the total shareholders' equity of Coal Transport & Marketing to be RMB86,102.61 ten thousand. Employing the income approach, the calculated total shareholders' equity was RMB72,955.50 ten thousand.

Considering that (i) Coal Transport & Marketing is a trading company focused on import and export business, making its income approach significantly influenced by national policies and group planning, and (ii) the asset-based approach reflects the fair market value of assets from the perspective of asset replacement. Taking into account the specifics of this appraisal, Coal Transport & Marketing provided detailed information on its assets and liabilities, and the appraisers also collected sufficient external data required for the asset-based approach, enabling a comprehensive review and appraisal of Coal Transport & Marketing' assets and liabilities. Compared to the income approach applied to the enterprise as a whole, the asset-based approach more objectively reflects the appraised value of the enterprise's net assets. Therefore, China United Assets ultimately selected the result from the asset-based approach as the final appraisal conclusion.

II. MAJOR APPRAISAL ASSUMPTIONS

(1) General Assumptions

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

2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;

3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its going concern status. It is assumed that all categories of the company's

operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;

4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;

7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;

8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;

9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;

10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;

12. The parameters measured in this appraisal have not taken into account the impact of inflation.

13. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;

14. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

III. ASSET-BASED APPROACH

(I) Long-Term Equity Investments

For long-term equity investments, verification procedures were first conducted to examine the cause of their formation, book value, actual status, and other relevant factors. Investment agreements, shareholder resolutions, articles of association, and relevant accounting records were reviewed to confirm the authenticity and completeness of the long-term investments.

For wholly-owned subsidiaries and those subsidiaries with over 50% ownership, a comprehensive asset appraisal of the investee entities was performed as of the Appraisal Reference Date. The appraised value was then determined by multiplying the appraised net asset value of the investee entity by the shareholding percentage of the subject investee entity as of the Appraisal Reference Date:

Appraised value of long-term equity investments = Appraised net asset value of the investee entity after a full appraisal × Shareholding percentage

Where differences existed between the paid-in capital and the subscribed capital, the calculation was as follows:

Appraised value of long-term equity investments = (Total appraised shareholders' equity of the investee entity + Unpaid subscribed capital) × The shareholder's subscribed capital ratio - The shareholder's unpaid subscribed capital

In determining the appraised value of the long-term equity investments, the appraisers did not consider any premium or discount arising from factors such as control premiums or minority discounts, nor did they consider the impact of equity marketability on the appraisal results.

No.	Name of Investee Entity	Shareholding Percentage	Appraisal Approach	Method for determining the conclusion value
1	Guoneng Guoyuan Power Fuel Co., Ltd.	100.00%	Asset-based Approach	Asset-based Approach
2	Guoneng Coking Coal (Tianjin) Co., Ltd.	100.00%	Asset-based Approach	Asset-based Approach
3	Guoneng Sales (Hainan) Supply Chain Co., Ltd.	100.00%	Asset-based Approach, Income Approach	Asset-based Approach

Upon completion of the appraisal, the results for the long-term equity investment entities are as follows:

No.	Name of Investee Entity	Book Value (ten thousand)	Appraised Value (ten thousand)	Appreciation Rate (%)
1	Guoneng Guoyuan Power Fuel Co., Ltd.	18,899.80	21,797.08	15.33
2	Guoneng Coking Coal (Tianjin) Co., Ltd.	15,000.00	17,177.46	14.52
3	Guoneng Sales (Hainan) Supply Chain Co., Ltd.	5,000.00	5,229.48	4.59
	Total	38,899.80	44,204.01	13.64

Based on the calculations, as of the Appraisal Reference Date the book value of the long-term equity investments within the appraisal scope was RMB38,899.80 ten thousand, with no provision for impairment made. The appraised value was RMB44,204.01 ten thousand, resulting in an assessed appreciation of RMB5,304.21 ten thousand and an appreciation rate of 13.64%. The primary reasons for the appreciation are as follows:

1. The assessed appreciation of Guoneng Guoyuan Power Fuel Co., Ltd. is RMB2,897.28 ten thousand. This is mainly due to the appreciation accumulated from the historical operations of Zhongneng United Power Fuel Co., Ltd. and Ningbo Fuxing Power Fuel Co., Ltd., which were invested in 2001 as other equity investments.

2. The assessed appreciation of Guoneng Coking Coal (Tianjin) Co., Ltd. is RMB2,177.46 ten thousand. The appreciation compared to the book value of the parent company's equity investment was due to the enterprise's accumulated operating results over its history.

3. The assessed appreciation of Guoneng Sales (Hainan) Supply Chain Co., Ltd. is RMB229.48 ten thousand. The appreciation compared to the book value of the parent company's equity investment was due to the enterprise's accumulated operating results over its history.

(II) Fixed Assets - Buildings and Structures

Based on the purpose of this appraisal and considering the structural characteristics and usage nature of the building and structure assets included in the scope, the appropriate appraisal approaches for each category of buildings and structures were determined as follows:

1. For commercial properties purchased by the enterprise or real estate with the potential for individual transfer, the market approach was used for appraisal.

The market approach involves comparing the subject property with similar real estate that has been transacted recently around the Appraisal Reference Date. Appropriate adjustments are made to the known prices of these comparable properties to estimate the objective and reasonable price or appraisal of the subject property. The calculation formula is as follows:

P=P case*A*B*C*D*E

Where: P: Appraised value of the subject property; P case: Transaction price of the comparable instance;

A: Transaction circumstance adjustment factor; B: Transaction date adjustment factor;

C: Regional factor adjustment factor; D: Individual factor adjustment factor;

E: Equity status factor adjustment coefficient

2. For the Datong-Qinhuangdao Railway Line: On December 1, 2025, Shenhua Group conducted a technical appraisal of this asset and determined it no longer holds any use or utilization value. In this appraisal, the value of this asset is recorded at its book value.

3. For Room 1803, Building 4, Capital Normal University (Beijing): This property is a jointly constructed residential unit purchased by Beijing Shenhua Changyun High-Tech Coal Blending Co., Ltd. (hereinafter referred to as "Changyun Company") from Capital Normal University (hereinafter

referred to as "CNU") in February 2000. The purchase application was submitted under an individual's name, but the actual payment of RMB 349,535 (floor area: 65.95 sq m, price: RMB 5,300/sq m) was made by Changyun Company. This property has always been classified as university-owned housing, lacks a property ownership certificate, and its accounting records were transferred to Shenhua Coal Transport & Marketing Company during the asset spin-off of Changyun Company in October 2005. In February 2025, Changyun Company confirmed with the State-owned Assets Management Office of CNU that the property rights for this asset cannot be transferred. In this appraisal, the value of this asset is recorded at its book value.

4. For the Beijing parking spaces, verification confirmed the absence of relevant ownership certificates. Due to the significant time elapsed, the finance and management departments jointly reviewed historical records, but the information obtained was insufficient to support valuation. Furthermore, management restructuring and personnel changes resulted in a lack of individuals familiar with the specifics. Consequently, these assets are appraised at their book value.

Based on the calculations, as of the Appraisal Reference Date, the book value of the building and structure assets within the appraisal scope was RMB2,328.12 ten thousand, with an appraised value of RMB11,697.63 ten thousand. This represents an assessed appreciation of RMB9,369.51 ten thousand and an appreciation rate of 402.45%. The primary reason for this increase is that the commercial properties acquired externally or through debt settlement were primarily purchased between 1994 and 2024. By the Appraisal Reference Date, land and property prices in the respective regions had risen significantly due to local economic development, leading to a higher appraised value compared to the book value.

(3) Other Assets and Liabilities

The asset appraisal professionals verified the book values against the detailed item lists and relevant financial information provided by the subject entity. The appraised values were determined based on the verified book values, or the actual liabilities/equity interest of the subject entity.

Specifically, as of the Appraisal Reference Date, the appraised value of current assets was RMB342,243.37 ten thousand, compared to a book value of RMB342,342.97 ten thousand, resulting in an appreciation rate of -0.03%. The appraised value and book value of other non-current assets were both RMB158.84 ten thousand. The appraised value and book value of current liabilities were both RMB312,202.72 ten thousand.

Based on the calculations, as of the Appraisal Reference Date:

(A) The appraised value of the total shareholders' equity of Coal Transport & Marketing = Current Assets + Non-Current Assets (including Long-term Equity Investments + Fixed Assets - Buildings and Structures + Other Non-Current Assets = RMB342,243.37 ten thousand + RMB44,204.02 ten thousand + RMB11,697.63 ten thousand + RMB158.84 ten thousand) - Current Liabilities (RMB312,202.72 ten thousand) - Non-Current Liabilities (None) = RMB86,102.61 ten thousand.

(B) The book value of the total shareholders' equity of Coal Transport & Marketing = Current Assets + Non-Current Assets (including Long-term Equity Investments + Fixed Assets - Buildings and Structures + Other Non-Current Assets = RMB342,342.97 ten thousand + RMB38,899.80 ten thousand + RMB2,328.12 ten thousand + RMB158.84 ten thousand) - Current Liabilities (RMB312,202.72 ten thousand) - Non-Current Liabilities (None) = RMB71,527.01 ten thousand.

IV. INCOME APPROACH

(I) Key Parameters and Assumptions

The key parameters and assumptions adopted by China United Assets in the Income Approach are as follows:

1. It is assumed that no major changes occur in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

2. It is assumed that the enterprise will continue as a going concern;

3. It is assumed that the company's management is responsible and competent in fulfilling their duties;

4. It is assumed that no significant changes will occur in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

5. It is assumed that the company's business scope and operational methods will remain consistent with the current direction, based on the existing management style and competency level;

6. It is assumed that during the future forecast period, the subject entity's core business, product mix, composition of revenue and costs, sales strategies, and cost control measures will remain largely unchanged from their post-commissioning and capacity-reaching state;

7. It is assumed that during the future forecast period, period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

8. The Weighted Average Cost of Capital (WACC) model was used to determine a discount rate of 9.65%;

9. This appraisal did not consider the impact of a marketability discount on the equity value of the enterprise.

(II) Appraisal Model

1. Basic Model

The basic model used in this appraisal is:

$$E = B - D \quad (1)$$

Where:

E: Total shareholder equity (net asset) value of the subject entity; the final calculated result is RMB72,955.50 ten thousand;

B: Enterprise value of the subject entity, calculated as RMB72,955.50 ten thousand;

D: Value of the interest-bearing debt of the subject entity, none;

$$E = P + I + C \quad (2)$$

Where:

P: Value of the operating assets of the subject entity;

I: Value of the long-term investments held by the subject entity as of the Reference Date;

C: Value of surplus or non-operating assets (liabilities) existing as of the Reference Date of the subject entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: The expected return (Free Cash Flow) of the subject entity for the i-th future year;

r: The discount rate, which is 9.65%;

n: The future operational period of the subject entity;

$$C = C_1 + C_2 \quad (4)$$

C_1: The value of current surplus or non-operating assets (liabilities) as of the Reference Date;

C_2: The value of non-current surplus or non-operating assets (liabilities) as of the Reference Date.

2. Income Indicator

For this appraisal, free cash flow to the firm is used as the income indicator for the operating assets of the subject entity. It is fundamentally defined as:

R = Net Profit + Depreciation & Amortization + After-tax Interest Expense - Additional Capital (5)

Based on the operating history of the subject entity and future market development, the free cash flow for its future operational period is estimated. The present value of the free cash flows throughout this future operational period is calculated and summed to determine the value of the enterprise's operating assets.

3. Discount Rate

This appraisal employs the Weighted Average Cost of Capital (WACC) model to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: The debt ratio, based on comparable companies, is 12.74%

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: The equity ratio, based on comparable companies, is 87.26%;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt is 2.63% for this appraisal;

r_e: The cost of equity capital, determined using the Capital Asset Pricing Model (CAPM), is calculated comprehensively as 10.68%;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f: The risk-free rate, using the 10-year government bond yield, is 1.70%;

r_m: The expected market return rate is 9.37%;

ε: The specific company risk adjustment coefficient for the subject entity is 1.50%;

β_e: The expected market risk coefficient for the equity capital of the subject entity is 0.9752;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (10)$$

β_u: The expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stocks (assets) of the comparable companies;

$$\beta_t = 34\%K + 66\%\beta_X \quad (12)$$

Where:

K: The average risk value for the stock market over a certain period, typically assumed to be K=1;

β_x: The historical average market risk coefficient of the comparable companies' stocks (assets);

D_i, E_i: Represent the interest-bearing debt and equity capital of the comparable companies, respectively.

A.12 Main Evaluation Materials of Port Company

I. SELECTION OF THE APPRAISAL APPROACHES

According to the "Appraisal Report," China United Assets Appraisal Group Co., Ltd (hereinafter "China United Assets") has considered the applicability of three asset appraisal approaches: the asset-based approach, the income approach, and the market approach.

China United Assets determined that, around the Appraisal Reference Date, the core business of China Energy Port was cleaning the coal from the bottom holds of coal transport vessels. Since recent transaction cases involving enterprises of comparable business and scale were unavailable, and there were few comparable listed companies of similar scale and business structure in the market. Therefore, the market approach was not selected for the appraisal. Considering that the asset-based approach reflects the enterprise's value from the perspective of its construction and acquisition, provides a basis for the enterprise's operation, management, and performance appraisal after the completion of the economic act; and considering that China Energy Port possesses the foundation and conditions for continuing operations, with predictable and quantifiable future earnings and risks, China United Assets determined that CHN Energy Shipping meets the conditions for applying both the asset-based approach and the income approach. Therefore, both the asset-based approach and the income approach were used for the appraisal.

Using the asset-based approach, China United Assets calculated the total shareholders' equity of China Energy Port to be RMB19,209.16 ten thousand. Employing the income approach, the calculated total shareholders' equity was RMB47,359.85 ten thousand.

Considering that (i) China Energy Port's primary business involves coal unloading, mechanical sampling, and rapid coal quality inspection services at Huanghua Port and Tianjin Port, with stable operations. Overall, Guoneng Port has established a "dual-port" operational structure with Huanghua Port as the core and Tianjin Port as a supplement. The high-margin mechanical sampling business and the large-scale coal unloading operations collectively support the company's strong performance, providing a relatively stable revenue base for the future. Additionally, future earnings and risks are measurable. Beyond the value generated by individual assets, the company possesses intangible assets—such as management expertise, market channels, and customer relationships—formed by comprehensive factors that cannot be captured under the asset-based approach. Therefore, the income approach more effectively reflects the company's overall value. Consequently, China United Assets ultimately selected the result of the income approach as the final appraisal conclusion.

II. MAJOR APPRAISAL ASSUMPTIONS

(1) General Assumptions

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

2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;

3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their

current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;

4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;

7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;

8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;

9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;

10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;

12. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;

13. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

III. ASSET-BASED APPROACH

(I) Long-Term Equity Investments

For long-term equity investments, verification procedures were first conducted to examine the cause of their formation, book value, actual status, and other relevant factors. Investment agreements, shareholder resolutions, articles of association, and relevant accounting records were reviewed to confirm the authenticity and completeness of the long-term investments.

For subsidiaries with over 50% ownership, a comprehensive asset appraisal of the invested entities was performed as of the Appraisal Reference Date. The appraised value was then determined by multiplying the appraised net asset value of the invested entity by the ownership percentage of the invested entity as of the Appraisal Reference Date:

Appraised value of long-term equity investments = Appraised net asset value of the invested entity after a full appraisal × Ownership percentage

In determining the appraised value of the long-term equity investments, the valuers did not consider any premium or discount arising from factors such as control premiums or minority discounts, nor did they consider the impact of equity marketability on the appraisal results.

Based on the calculations, as of the Appraisal Reference Date the book value of the long-term equity investments within the appraisal scope was RMB 3,500.00 ten thousand, with no provision for impairment made. The appraised value was RMB 3,502.67 ten thousand, resulting in an assessed appreciation of RMB 2.67 ten thousand and an appreciation rate of 0.08%. The primary reason for this increase is that the net book value of the controlled subsidiary on the Reference Date increased compared to its initial investment cost, which directly led to the overall appraised value being higher than the book value.

(II) Fixed Assets - Equipment

Based on the purpose of this appraisal and adhering to the principle of continuous use, the valuation was conducted using market prices as the benchmark, considering the characteristics of the equipment submitted for appraisal and the information collected. For electronic equipment, the replacement cost method was used.

1. Replacement Cost Method

(1) Full Replacement Cost of Electronic Equipment

Based on local market information and recent price data from sources such as "ZOL.com.cn" and "PConline," the prices of electronic equipment as of the Appraisal Reference Date were determined. Since manufacturers or agents typically provide free delivery, installation, and debugging, the full replacement cost is established based on the purchase price excluding tax:

Full Replacement Cost (excluding tax) = Purchase Price - Deductible VAT

Deductible VAT Amount = (Purchase Price / 1.13) × 13%

For older electronic equipment for which relevant models are no longer available on the market but which remain functional, the full replacement cost is determined by referencing the second-hand equipment market prices, including tax.

(2) Remaining Useful Life Rate of Electronic Equipment

Remaining Useful Life Rate = [Remaining Usable Years / (Years Already Used + Remaining Usable Years)] × 100%

Note: For electronic equipment appraised directly based on second-hand market prices, the calculation of the Remaining Useful Life Rate is not required.

(3) Determination of Appraised Value

Appraised Value = Full Replacement Cost × Remaining Useful Life Rate

Based on the calculations, as of the Appraisal Reference Date, the book value of the equipment assets within the appraisal scope was RMB 1,249.81 ten thousand, and the appraised value was RMB 1,252.42 ten thousand. This represents an assessed appreciation of RMB 2.61 ten thousand and an appreciation rate of 0.21%. The primary reason is that the company's depreciation period is shorter than the economically applicable life used in the appraisal.

(III) Construction in Progress

The construction in progress includes unfinished engineering projects and projects such as the coal quality intelligent management and control system construction. As of the appraisal reference date, the book value of the construction in progress within the appraisal scope was RMB 970.73 ten thousand, with no provision for impairment made. The appraised value was RMB 983.41 ten thousand, resulting in an assessed appreciation of RMB 12.68 ten thousand and an appreciation rate of 1.31%. The primary reason for this increase is the inclusion of capital interest incurred during the construction period for the projects under construction.

(IV) Other Assets and Liabilities

The asset appraisal professionals verified the book values against the detailed item lists and relevant financial information provided by the subject entity. The appraised values were determined based on the verified book values, or the actual liabilities/equity interest of the subject entity.

Among these, as of the Appraisal Reference Date, the appraised value and book value of current assets were both RMB15,733.00 ten thousand; the book value of intangible assets was RMB315.65 ten thousand, with an appraised value of RMB339.63 ten thousand, resulting in an appreciation rate of 7.60%; the appraised value and book value of other non-current assets were both RMB2,149.64 ten thousand; the appraised value and book value of current liabilities were both RMB4,713.28 ten thousand; and the appraised value and book value of non-current liabilities were both RMB38.33 ten thousand.

Based on the calculations, as of the Appraisal Reference Date:

(A) The appraised value of the total shareholders' equity of China Energy Port = Current Assets + Non-Current Assets (including Long-term Equity Investments + Fixed Assets - Equipment + Construction in Progress + Intangible Assets + Other Non-Current Assets = RMB15,733.00 ten thousand + RMB3,502.67 ten thousand + RMB1,252.42 ten thousand + RMB983.41 ten thousand + RMB339.63 ten thousand + RMB2,149.64 ten thousand)- Current Liabilities (RMB4,713.28 ten thousand) - Non-Current Liabilities (RMB38.33 ten thousand) = RMB19,209.16 ten thousand.

(B) The book value of the total shareholders' equity of China Energy Port = Current Assets + Non-Current Assets (including Long-term Equity Investments + Fixed Assets - Equipment + Construction in Progress + Intangible Assets + Other Non-Current Assets = RMB15,733.00 ten thousand + RMB3,500.01 ten thousand + RMB1,249.81 ten thousand + RMB970.73 ten thousand + RMB315.65 ten thousand + RMB2,149.64 ten thousand)- Current Liabilities (RMB4,713.28 ten thousand) - Non-Current Liabilities (RMB38.33 ten thousand) = RMB19,167.23 ten thousand.

IV. INCOME APPROACH

(I) Appraisal Model

1. Basic Model

The basic model used in this appraisal is:

$$E = B - D \quad (1)$$

Where:

E: Total shareholder equity (net asset) value of the subject entity; the final calculated result is RMB47,359.85 ten thousand;

B: Enterprise value of the subject entity, calculated as RMB47,359.85 ten thousand;

D: The value of the interest-bearing debt of the subject entity is RMB0 ten thousand.

$$E = P + I + C \quad (2)$$

Where:

P: Value of the operating assets of the subject entity;

I: Value of the long-term investments held by the subject entity as of the Reference Date;

C: Value of surplus or non-operating assets (liabilities) existing as of the Reference Date of the subject entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: The expected return (Free Cash Flow) of the subject entity for the i-th future year;

r: The discount rate, which is 10.21%;

n: The future operational period of the subject entity;

$$C = C1 + C2 \quad (4)$$

C1: The value of current surplus or non-operating assets (liabilities) as of the Reference Date;

C2: The value of non-current surplus or non-operating assets (liabilities) as of the Reference Date.

2. Income Indicator

For this appraisal, free cash flow to the firm is used as the income indicator for the operating assets of the subject entity. It is fundamentally defined as:

R = Net Profit + Depreciation & Amortization + After-tax Interest Expense - Additional Capital (5)

Based on the operating history of the subject entity and future market development, the free cash flow for its future operational period is estimated. The present value of the free cash flows throughout this future operational period is calculated and summed to determine the value of the enterprise's operating assets.

3. Discount Rate

This appraisal employs the Weighted Average Cost of Capital (WACC) model to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: The debt ratio, based on comparable companies, is 26.99%

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: The equity ratio, based on comparable companies, is 73.01%;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt is 2.63% for this appraisal;

r_e: The cost of equity capital, determined using the Capital Asset Pricing Model (CAPM), is calculated comprehensively as 13.01%;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f: The risk-free rate, using the 10-year government bond yield, is 1.70%;

r_m: The expected market return rate is 9.37%;

ε: The specific company risk adjustment coefficient for the subject entity is 5.00%;

β_e: The expected market risk coefficient for the equity capital of the subject entity is 0.8224;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (10)$$

β_u: The expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stocks (assets) of the comparable companies;

$$\beta_t = 34\%K + 66\%\beta_X \quad (12)$$

Where:

K: The average risk value for the stock market over a certain period, typically assumed to be K=1;

β_x: The historical average market risk coefficient of the comparable companies' stocks (assets);

D_i, E_i: Represent the interest-bearing debt and equity capital of the comparable companies, respectively.

(II) Key Parameters and Assumptions

The key parameters and assumptions adopted by China United Assets in the Income Approach are as follows:

1. It is assumed that no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;

2. It is assumed that the enterprise will continue as a going concern;

3. It is assumed that the company's management is responsible and competent in fulfilling their duties;

4. It is assumed that no significant changes will occur in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

5. It is assumed that the company's business scope and operational methods will remain consistent with the current direction, based on the existing management style and competency level;

6. It is assumed that during the future forecast period, the subject entity's core business, product mix, composition of revenue and costs, sales strategies, and cost control measures will remain largely unchanged from their post-commissioning and capacity-reaching state;

7. It is assumed that during the future forecast period, period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

8. This appraisal did not consider the impact of a marketability discount on the equity value of the enterprise.

2. Key Parameters:

(1) Determination of Income Period

This appraisal assumes the subject entity will operate perpetually beyond the Appraisal Reference Date, with the corresponding income period being indefinite.

(2) Determination of Future Income

1) Estimation of Main Business Revenue

Guoneng Port's main business comprises coal unloading services, mechanized sampling services, and rapid coal quality testing at Huanghua Port and Tianjin Port, which operate steadily.

Main Business Revenue = Σ(Price × Business Volume)

① Price: For the three business lines—coal unloading services, mechanized sampling services, and rapid coal quality testing services—the enterprise employs the net method to recognize revenue based on the income and costs from upstream and downstream business contracts. Therefore, this appraisal utilizes the net method to calculate future unit prices for each business line based on existing upstream and downstream contracts.

② Business Volume: Guoneng Port's main business comprises coal unloading services, mechanized sampling services, and rapid coal quality testing services at Huanghua Port and Tianjin Port, which operate smoothly. Forecasts for coal unloading services are based on historical throughput data, while mechanized sampling and rapid coal quality testing volumes are projected using The enterprise's 2025 budget and historical coal handling volumes at Huanghua Port and Tianjin Port.

2) Estimation of Main Operating Costs

The enterprise's main operating costs comprise entirely of employee remuneration, specifically labor costs for the Production Safety and Transportation Department. For this appraisal, such remuneration is uniformly projected under administrative expenses. The determination is based on historical employee remuneration structures and levels.

3) Forecast of Taxes and Surcharges

The taxes and surcharges payable by the subject entity comprise Urban Maintenance and Construction Tax, Education Surcharge, Local Education Surcharge, and Stamp Duty. The Urban Maintenance and

Construction Tax, Education Surcharge, and Local Education Surcharge are all calculated based on the amount of VAT paid, with applicable rates of 7%, 3%, and 2% respectively. Stamp Duty is forecasted based on the historical ratio of annual expenditure to revenue.

4) Forecast of Period Expenses

All historical period expenses incurred by the enterprise constituted administrative expenses.

The enterprise's administrative expenses primarily comprise employee remuneration, depreciation and amortisation, rental charges, intermediary fees, safety production expenses, and office expenses. Employee remuneration is projected based on future staffing plans and the enterprise's wage payment standards; depreciation and amortisation are projected according to the original value of the enterprise's fixed assets (intangible assets) and depreciation (amortisation) accrual standards; Safety production expenses are forecasted based on nationally prescribed accrual standards; expenses with significant correlation to enterprise revenue are forecasted using the historical ratio of annual expenses to revenue; other expenses are forecasted by reference to historical period levels.

5) Income Tax Forecast

The income tax rate for the subject entity is 25%.

(3) Discount Rate

The discount rate is determined using the Weighted Average Cost of Capital (WACC) model at 10.21%.

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Guoyuan Power Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5356

China United Assets Appraisal Group Co., Ltd.
December 16, 2025

STATEMENT

I. This Asset Appraisal Report is prepared in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance of the People's Republic of China, and the Practice Standards and Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

II. The Clients or other users of the Asset Appraisal Report shall use the Report in accordance with applicable laws and regulations, and within the scope of use specified herein. Should the Client or other users of the Asset Appraisal Report fail to do so, the Asset Appraisal Institution and its professional asset appraisers shall not be liable for any consequences arising therefrom.

The Asset Appraisal Report is exclusively used by the Client, and users mandated by applicable laws and regulations. In addition, no other institution or individual is authorized to be a user of the Asset Appraisal Report.

The Asset Appraisal Institution and its asset appraisers advise users of this Asset Appraisal Report to accurately comprehend and use the appraisal conclusion. The appraisal conclusion should not be deemed as the realizable price of the appraisal object, nor should it be interpreted as a guarantee of the appraisal object's realizable price.

III. The truthfulness, legality, completeness, and validity of the information provided by the Clients and other relevant parties are prerequisites for the appraisal conclusion to be valid. The list of assets and liabilities included in the appraisal scope, as well as the prospective financial information, ownership certificates, and other data required for the appraisal, have been declared and confirmed by the Clients and the Appraised Entity through official seals or other means.

IV. The Asset Appraisal Institution and its asset appraisers have no existing or prospective interests in the Appraisal Object presented in the Asset Appraisal Report; and have no existing or prospective interests in the

related parties, and are not biased towards them.

V. The asset appraisers have conducted field surveys of the Appraisal Object and the assets involved in the Asset Appraisal Report; has given due attention to the legal ownership status of the Appraisal Object and its related assets, inspected the legal ownership documentation for the Appraisal Object and its related assets, truthfully disclosed any issues identified, and requested the Clients and other relevant parties to optimize the property rights to satisfy the requirements for issuing the Asset Appraisal Report.

VI. The analyses, judgments, and results presented in the Asset Appraisal Report issued by the Asset Appraisal Institution are subject to the assumptions and limiting conditions stipulated therein. Users of the Asset Appraisal Report should thoroughly consider the assumptions, limiting conditions, instructions on special matters, and their impacts on the appraisal conclusion as specified within the Report.

VII. The Asset Appraisal Institution and its asset appraisers comply with applicable laws, regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and impartiality, and are legally responsible for the Asset Appraisal Report issued.

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Guoyuan Power Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5356*

ABSTRACT

China United Assets Appraisal Group Co., Ltd. was engaged by China Shenhua Energy Company Limited and China Energy Investment Corporation Co., Ltd. to assess the market value of the total Shareholders' Equity of CHN Energy Guoyuan Power Co., Ltd. as of the Appraisal Reference Date. This appraisal pertains to the economic activity involving China Shenhua Energy Company Limited's proposed acquisition of 100% equity in CHN Energy Guoyuan Power Co., Ltd. held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash.

The Appraisal Object is the total Shareholders' Equity of CHN Energy Guoyuan Power Co., Ltd. The appraisal scope encompasses all assets and related liabilities of CHN Energy Guoyuan Power Co., Ltd. , including current assets, non-current assets, and their corresponding liabilities.

The Appraisal Reference Date is July 31, 2025.

The value type for this appraisal is market value.

This appraisal is performed based on the assumptions of continued use and an open market. Considering the specific circumstances of the Appraisal Object and various influencing factors, both the income approach and asset-

based approach were employed for the overall appraisal of CHN Energy Guoyuan Power Co., Ltd., followed by verification and comparison. Taking into account the applicability conditions of the appraisal methods and the achievement of the appraisal goals, the appraisal result derived from the asset-based approach was chosen as the final Appraisal Conclusion.

Based on the judgments on future development trends and business plans by the Clients and the management, and following appraisal procedures including inventory verification, field survey, market research and inquiry, and assessment and estimation, the Appraisal Conclusion for the total Shareholders' Equity of CHN Energy Guoyuan Power Co., Ltd. as of the Appraisal Reference Date of July 31, 2025, is described below:

Pro forma book value of total shareholders' equity on a parent-company basis for CHN Energy Guoyuan Power Co., Ltd. is RMB2,394,897.46 ten thousand, while the pro forma appraised value of total shareholders' equity is RMB4,458,199.29 ten thousand, resulting in an appraisal increment of RMB2,063,301.83 ten thousand and an appreciation rate of 86.15%.

When utilizing this Appraisal Conclusion, report users are specifically reminded to pay attention to the special matters and significant subsequent events stipulated within the report.

According to applicable laws and regulations on asset appraisal, the Asset Appraisal Report involving statutory appraisal business should be used by the Clients after fulfilling relevant asset appraisal supervision and administration procedures. The Appraisal Conclusion is valid for one year, specifically from July 31, 2025 to July 30, 2026.

The above contents are extracted from the main body of the Asset Appraisal Report. To obtain more details of this appraisal engagement and correctly comprehend the Appraisal Conclusion, please carefully read the main body of the Asset Appraisal Report.

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Guoyuan Power Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5356

Esteemed China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited,

Upon the acceptance of your commission, by adhering to applicable laws, regulations, and asset appraisal standards, and upholding the principles of independence, objectivity, and impartiality, China United Assets Appraisal Group Co., Ltd. utilized both the income approach and asset-based approach to appraise the market value of the total Shareholders' Equity of CHN Energy Guoyuan Power Co., Ltd. as of the Appraisal Reference Date of July 31, 2025 in accordance with the requisite appraisal procedures. This appraisal pertains to the economic activity involving China Shenhua Energy Company Limited's proposed acquisition of 100% equity in CHN Energy Guoyuan Power Co., Ltd. held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash. The Asset Appraisal Report is hereby presented as follows:

I. Clients, Appraised Entity, and Other Users of the Asset Appraisal Report

The Clients for this asset appraisal are China Energy Investment

Corporation Co., Ltd. (hereinafter referred to as "CHN Energy") and China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua"); and the Appraised Entity is CHN Energy Guoyuan Power Co., Ltd (hereinafter referred to as "Guoyuan Power").

(I) Overview of Client 1

Enterprise name: China Energy Investment Corporation Co., Ltd. (CHN Energy)

Enterprise Nature: Limited liability company (state-owned sole proprietorship)

Enterprise type: Limited Liability Company (state-owned sole proprietorship)

Registered address: No. 22 West Binhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB13209466.11498 ten thousand

Date of establishment: October 23, 1995

Term of operation: from October 23, 1995 to indefinite term

Unified social credit code: 91110000100018267J

Business scope: operate state-owned assets within the scope authorized by the State Council; engage in investment and management across industries including coal and other resource products, coal-to-oil, coal chemicals, electricity, heating, ports, transportation, finance, domestic and foreign trade and logistics, real estate, high-tech, and information consulting; Plan, organize, coordinate, and manage the production and operating activities of enterprises affiliated with the Group in the aforementioned industry sectors; sell chemical materials and chemical products (excluding dangerous chemicals), textiles, building materials, machinery, electronic equipment, and office equipment (market entities shall independently select business projects

and conduct operating activities in accordance with the law; for projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval from the relevant authorities; engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

(II) Overview of Client 2

Enterprise name: China Shenhua Energy Company Limited

Enterprise type: other Joint-Stock Limited Company (listed)

Registered address: No. 22 West Binhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lv Zhiren

Registered capital: RMB1986851.9955 ten thousand

Date of establishment: November 8, 2004

Term of operation: from November 8, 2004 to indefinite term

Unified social credit code: 91110000710933024J

Business scope: coal mining (validity period is subject to relevant permits for each coal mine); wholesale operations of coal; project investment; coal washing and processing; development and operation of mineral products; internal transportation by proprietary railways; power generation; provision of supporting services for coal, railway, and power operations; vessel repair; energy and environmental technology development and utilization, technology transfer, technical consultation, technical services; import and export business; sales of chemical products, chemical materials, building materials, and mechanical equipment (excluding dangerous chemicals); property management (market entities shall independently select business projects and conduct operating activities in accordance with the law; for projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval

from the relevant authorities; Engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

(III) Overview of Appraised Entity

1. Basic Information about the Enterprise

Enterprise name: CHN Energy Guoyuan Power Co., Ltd.

Enterprise type: Limited Liability Company (Legal Person Solely Owned)

Registered address: No. B26 Financial Street, Xicheng District, Beijing

Legal representative: Chen Ai

Registered capital: RMB 4726135.91158 ten thousand

Date of establishment: April 29, 2008

Term of operation: from April 29, 2008 to indefinite term

Unified social credit code: 911100007109354170

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; construction project execution; installation, maintenance, and testing of power transmission, supply, and receiving facilities (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.) General items: thermal power production and supply; investment activities with own funds; asset management services funded by own funds; research and development of new energy technologies; coal sales (no trading, storage, or transportation of physical coal within the Beijing area); repair of special equipment; sales of mechanical equipment; retail of hardware products; sales of electronic products; sales of metal ores; sales of building materials (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license). (The Company shall not engage in business activities that are prohibited or

restricted by the national and municipal industrial policies.)

2. Historical Evolution and Shareholder Structure

(1) Establishment

On April 21, 2008, the State Administration for Industry and Commerce issued the "Pre-approval Notice of Enterprise Name" ((Guo) Deng Ji Nei Ming Yu He Zi [2018] No. 570), approving the enterprise name as "State Grid Energy Development Co., Ltd."

On April 22, 2008, State Grid Corporation of China issued the "Reply on the Establishment Plan and Articles of Association for State Grid Energy Development Co., Ltd." (State Grid Ren Zi [2008] No. 374), approving the establishment plan and articles of association for State Grid Energy Development Co., Ltd. The registered capital was set at RMB 120 million, to be contributed in monetary form by State Grid Corporation of China.

On April 24, 2008, Zhongrui Yuehua Certified Public Accountants Co., Ltd. issued the "Capital Verification Report" (Zhongrui Yuehua Yan Zi [2008] No. 2051), stating that, upon review, as of April 24, 2008, State Grid Energy Development Co., Ltd. (in preparation) had received RMB 120 million in registered capital paid in monetary form by the shareholder.

On April 29, 2008, State Grid Energy Development Co., Ltd. completed its establishment registration with the State Administration for Industry and Commerce. At the time of its establishment, State Grid Energy Development Co., Ltd. was a wholly-owned subsidiary of State Grid Corporation of China, with both its registered capital and paid-in capital being RMB 120 million.

(2) First Capital Increase

On January 19, 2009, Zhongrui Yuehua Certified Public Accountants Co., Ltd. issued the "Capital Verification Report" (Zhongrui Yuehua Yan Zi [2009] No. 005), stating that, in accordance with the State Grid Corporation's " Reply on the Increase in Registered Capital of State Grid Energy Development Co., Ltd." (State Grid Industry [2008] No. 1364), State Grid Energy Development

Co., Ltd. increased its registered capital by RMB 280 million, converted from capital reserve to paid-in capital. As verified, as of January 12, 2009, State Grid Energy Development Co., Ltd. had converted RMB 280 million from capital reserve to paid-in capital.

On February 1, 2009, State Grid Energy Development Co., Ltd. issued the Articles of Association Amendment, revising the registered capital to RMB 400 million, with the contribution methods being RMB 120 million in monetary contributions and RMB 280 million converted from capital reserve to registered capital.

On February 1, 2009, the State Administration for Industry and Commerce reissued a Business License with the registration number of 100000000041601 to State Grid Energy Development Co., Ltd. The registered capital and paid-in capital of State Grid Energy Development Co., Ltd. were changed to RMB 400 million, and it remained a wholly-owned subsidiary of State Grid Corporation of China.

(3) Second Capital Increase

On March 16, 2010, State Grid Corporation of China issued the " Reply on State Grid Energy Development Co., Ltd. Converting Capital Reserve into Paid-in Capital" (State Grid Finance [2010] No. 332), approving the conversion of RMB 1.4 billion from capital reserve into paid-in capital by State Grid Energy Development Co., Ltd., thereby increasing the paid-in capital to RMB 2 billion and correspondingly amending the registered capital.

On March 30, 2010, State Grid Energy Development Co., Ltd. issued the Articles of Association Amendment, revising the registered capital to RMB 2 billion. The contribution methods consisted of a total monetary contribution of RMB 320 million and a total conversion of capital reserve to registered capital of RMB 1.68 billion.

On March 31, 2010, Zhongcheng Xinanrui (Beijing) Certified Public Accountants Co., Ltd. issued the "Capital Verification Report" (Zhongcheng

Xinanrui Yan Zi [2010] No. 1025), stating that, upon verification, as of March 30, 2010, State Grid Energy Development Co., Ltd. had received an additional registered capital of RMB 1.6 billion paid by State Grid Corporation. This comprised RMB 1.4 billion converted from capital reserve to paid-in capital and a monetary contribution of RMB 200 million.

On April 8, 2010, the State Administration for Industry and Commerce reissued an "Enterprise Legal Person Business License" with the registration number of 100000000041601 to State Grid Energy Development Co., Ltd. The registered capital and paid-in capital of State Grid Energy Development Co., Ltd. were changed to RMB 2 billion, and it remained a wholly-owned subsidiary of State Grid Corporation.

(4) Third Capital Increase

On December 17, 2010, State Grid Corporation issued the "Notice on Capital Injection to State Grid Energy Development Co., Ltd." (State Grid Finance [2010] No. 1689), deciding to inject RMB 500 million into State Grid Energy Development Co., Ltd.

On March 25, 2011, Zhongrui Yuehua Certified Public Accountants Co., Ltd. issued the "Capital Verification Report" (Zhongrui Yuehua Yan Zi [2011] No. 057), stating that, upon verification, as of December 16, 2010, State Grid Energy Development Co., Ltd. had received an additional registered capital of RMB 500 million paid by State Grid Corporation of China, all of which was in the form of monetary contribution.

On May 20, 2011, State Grid Energy Development Co., Ltd. issued the Articles of Association Amendment, revising the registered capital to RMB 2.5 billion. The contribution methods consisted of a total monetary contribution of RMB 820 million and a total conversion of capital reserve to registered capital of RMB 1.68 billion.

On May 26, 2011, the State Administration for Industry and Commerce reissued an "Enterprise Legal Person Business License" with the registration

number of 100000000041601 to State Grid Energy Development Co., Ltd. The registered capital and paid-in capital of State Grid Energy Development Co., Ltd. were changed to RMB 2.5 billion, and it remained a wholly-owned subsidiary of State Grid Corporation of China.

(5) Fourth Capital Increase

On March 25, 2011, State Grid Corporation of China issued the "Notice on Capital Injection into State Grid Energy Development Co., Ltd." (State Grid Finance [2011] No. 378), deciding to inject RMB 1 billion into State Grid Energy Development Co., Ltd.

On March 25, 2011, Zhongrui Yuehua Certified Public Accountants Co., Ltd. issued the "Capital Verification Report" (Zhongrui Yuehua Yan Zi [2011] No. 058), stating that, upon review, as of March 25, 2011, State Grid Energy Development Co., Ltd. had received an additional registered capital of RMB 1 billion paid by State Grid Corporation of China, all of which was in the form of monetary contribution.

In May 2011, State Grid Energy Development Co., Ltd. issued the Articles of Association Amendment, revising the registered capital to RMB 3.5 billion. The forms of contribution were specified as a total of RMB 1.82 billion in monetary contributions and a total of RMB 1.68 billion in capital reserve converted into registered capital.

On June 2, 2011, the State Administration for Industry and Commerce reissued an "Enterprise Legal Person Business License" with the registration number of 100000000041601 to State Grid Energy Development Co., Ltd. The registered capital and paid-in capital of State Grid Energy Development Co., Ltd. were changed to RMB 3.5 billion, and it remained a wholly-owned subsidiary of State Grid Corporation of China.

(6) Fifth Capital Increase

On December 16, 2011, State Grid Corporation of China issued the "Notice on Capital Injection into State Grid Energy Development Co., Ltd."

(State Grid Finance [2011] No. 1888), deciding to inject RMB 3.5 billion into State Grid Energy Development Co., Ltd.

On March 10, 2012, Zhongrui Yuehua Certified Public Accountants Co., Ltd. issued the "Capital Verification Report" (Zhongrui Yuehua Yan Zi [2012] No. 0044), stating that, upon review, as of December 29, 2011, State Grid Energy Development Co., Ltd. had received an additional registered capital of RMB 3.5 billion paid by State Grid Corporation of China, all of which was in the form of monetary contribution.

On March 10, 2012, State Grid Energy Development Co., Ltd. issued the Articles of Amendment, revising the registered capital to RMB 7 billion, with the form of contribution being a total of RMB 5.32 billion in monetary contributions and a total of RMB 1.68 billion in capital reserve converted into registered capital.

On March 20, 2012, the State Administration for Industry and Commerce reissued an "Enterprise Legal Person Business License" with registration number 100000000041601 to State Grid Energy Development Co., Ltd. The registered capital and paid-in capital of State Grid Energy Development Co., Ltd. were changed to RMB 7 billion, and it remained a wholly-owned subsidiary of State Grid Corporation of China.

(7) First Equity Transfer

On August 15, 2012, State Grid Corporation of China and the former Shenhua Group signed the "Equity Transfer Agreement for State Grid Energy Development Co., Ltd.", stipulating that the State Grid Corporation of China would transfer its 100% equity stake in State Grid Energy Development Co., Ltd. to the former Shenhua Group for RMB 51.6 billion, with reference to the asset appraisal results.

On August 29, 2012, the former Shenhua Group issued the "Reply on the Change of Name of State Grid Energy Development Co., Ltd."(Shenhua Fa [2012] No. 513), agreeing to change the company name to "Shenhua Guoneng

Group Co., Ltd.".

On September 5, 2012, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) issued the "Reply on Issues Related to the Agreement-based Transfer of State-owned Equity in State Grid Energy Development Co., Ltd." (Guo Zi Chan Quan [2012] No. 789), approving the transfer of 100% equity in State Grid Energy Development Co., Ltd. by State Grid Corporation of China to the former Shenhua Group. The transfer price was to be determined based on the net asset appraised value stated in the appraisal report filed with SASAC. According to the filed appraisal report (filing number: 20120052), the net asset appraised value of State Grid Energy Development Co., Ltd. involved in this transfer was RMB 51.543 billion, and the transfer price was to be reasonably determined accordingly.

On October 17, 2012, the former Shenhua Group issued the "Reply on Revising the Articles of Association of State Grid Energy Development Co., Ltd."(Shenhua Qi [2012] No. 608), approving the "Articles of Association of Shenhua Guoneng Group Co., Ltd."

On October 30, 2012, the State Administration for Industry and Commerce reissued an "Enterprise Legal Person Business License" with registration number 100000000041601 to the former Shenhua Guoneng Group. The registered capital and paid-in capital of the former Shenhua Guoneng Group were changed to RMB 7 billion, and it became a wholly-owned subsidiary of the former Shenhua Group.

(8) Sixth Capital Increase

On April 3, 2013, the former Shenhua Group issued the "Reply on Converting Entrusted Loans into Capital Funds" (Shenhua Cai [2013] No. 207), approving the conversion of RMB 10 billion entrusted loan issued by the former Shenhua Group to the former Shenhua Guoneng Group into capital funds.

On July 15, 2013, BDO China Shu Lun Pan Certified Public Accountants LLP issued the "Capital Verification Report"(Xin Hui Shi Bao Zi [2013] No. 223718), stating that, upon review, as of May 30, 2013, the former Shenhua Guoneng Group had received an additional registered capital of RMB 10 billion contributed by the former Shenhua Group, in the form of the creditor's rights held by the former Shenhua Group against the former Shenhua Guoneng Group.

On August 7, 2013, the former Shenhua Group issued the "Reply on Revising the Articles of Association of Shenhua Guoneng Group Co., Ltd." (Shenhua Qi [2013] No. 467), approving the change in the registered capital of the former Shenhua Guoneng Group from RMB 7 billion to RMB 17 billion, along with corresponding revisions to the company's articles of association.

On December 3, 2013, the State Administration for Industry and Commerce reissued an "Enterprise Legal Person Business License" with the registration number of 100000000041601 to the former Shenhua Guoneng Group. The registered capital and paid-in capital of former Shenhua Guoneng Group were changed to RMB 17 billion, and it remained a wholly-owned subsidiary of the former Shenhua Group.

(9) Change of Company Name

On August 26, 2020, the CHN Energy issued the "Reply on Matters Related to the Change of Company Name of Shenhua Guoneng Group Co., Ltd." (National Energy Organization Letter [2020] No. 415), approving the change of the former Shenhua Guoneng Group's name to " CHN Energy Guoyuan Power Co., Ltd." and agreeing to revise the relevant content in the company's articles of association related to the company name.

On the same day, the CHN Energy signed the revised articles of association of the former Shenhua Guoneng Group.

On September 10, 2020, Beijing Municipal Administration for Market Supervision reissued a "Business License" with the unified social credit code

of 911100007109354170 to the former Shenhua Guoneng Group, and the company name was changed to " CHN Energy Guoyuan Power Co., Ltd."

(10) Seventh Capital Increase

On November 23, 2022, the CHN Energy issued the "Shareholder Resolution," approving the increase of Guoyuan Power's registered capital and paid-in capital from RMB 17 billion to RMB 47.2613591158 billion, and agreeing to amend the relevant clauses of company's articles of association in connection with aforementioned changes.

According to the bank receipts provided by Guoyuan Power, the aforementioned additional registered capital has been fully paid in.

On March 5, 2024, Beijing Municipal Administration for Market Supervision reissued a "Business License" with the unified social credit code of 911100007109354170 to Guoyuan Power. The registered capital of Guoyuan Power was changed to RMB4,726,135.91158 ten thousand, and it remained a wholly-owned subsidiary of the CHN Energy.

As of the Appraisal Reference Date, the names of Shareholders, contribution amount, and contribution ratio of CHN Energy Guoyuan Power Co., Ltd. are as follows:

Table 1-1 Names of Shareholders and Percentages of Capital Contribution

Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Subscribed shareholding Percentage (%)	Paid-in Capital (RMB in ten thousand)	Paid-in shareholding Percentage (%)
China Energy Investment Group Co., Ltd.	4726135.91158	100.00	4726135.91158	100.00
Total	4726135.91158	100.00	4726135.91158	100.00

3. Assets, Financial and Operating Conditions

As of the Appraisal Reference Date, July 31, 2025, the audited consolidated pro forma statements of CHN Energy Guoyuan Power Co., Ltd. showed total assets of RMB6,066,836.04 ten thousand, liabilities of RMB2,801,736.96 ten thousand, owner's equity of RMB3,265,099.08ten

thousand, and owner's equity attributable to the parent company of RMB 2,756,828.35 ten thousand. Among these, current assets amounted to RMB1,303,246.50 ten thousand, non-current assets to RMB4,763,589.53 ten thousand, current liabilities to RMB1,571,464.88 ten thousand, and non-current liabilities to RMB1,230,272.08 ten thousand. The audited parent-company pro forma statements showed total assets of RMB 2,780,969.62 ten thousand, liabilities of RMB 386,072.16 ten thousand, and owner's equity of RMB2,394,897.46 ten thousand. Among these, current assets amounted to RMB497,052.65 ten thousand, non-current assets to RMB2,283,916.96 ten thousand, current liabilities to RMB385,683.34 ten thousand, and non-current liabilities to RMB388.81 ten thousand.

Assets, financial and operating conditions in recent years are as follows:

Table 1-2 Assets, Liabilities, and Financial Conditions of Consolidated Statements

Unit: RMB in ten thousand

Items	As of December 31, 2023	As of December 31, 2024	As of July 31, 2025
Total assets	6,447,463.39	6,156,197.13	6,066,836.04
Liabilities	3,840,739.92	3,090,669.29	2,801,736.96
Owner's equity	2,606,723.47	3,065,527.84	3,265,099.08
Owner's equity attributable to the parent company	2,194,426.29	2,566,025.50	2,756,828.35
Items	**Year 2023**	**Year 2024**	**January-July 2025**
Operating revenue	3,109,570.07	2,584,383.07	1,246,798.57
Total profit	329,170.51	425,530.58	311,700.66
Net profit	229,560.18	342,470.54	248,873.20
Net profit attributable to the parent company	138,497.12	241,289.54	204,790.39
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

Table 1-3 Assets, Liabilities, and Financial Conditions of Parent Company Statements

Unit: RMB in ten thousand

Items	As of December 31, 2023	As of December 31, 2024	As of July 31, 2025
Total assets	3,306,940.73	2,807,993.44	2,780,969.62
Liabilities	703,551.87	421,299.00	386,072.16
Net assets	2,603,388.86	2,386,694.44	2,394,897.46
Items	**Year 2023**	**Year 2024**	**January-July 2025**
Operating revenue	202.14	1,668.79	481.72

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Items	As of December 31, 2023	As of December 31, 2024	As of July 31, 2025
Total profit	-160,204.54	123,198.74	34,362.97
Net profit	-160,196.56	123,198.74	34,362.97
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

4. Corporate Organizational Structure

The company's headquarters comprises 17 functional departments: General Administration Department (Party Committee Office, Board of Directors Office, Petition Office), Organization and Personnel Department (Human Resources Department), Party Building Department (Party Committee Propaganda Department, Party Committee United Front Work Department, Office of the Party Committee of the Organ, Youth League Committee), Discipline Inspection Office (Party Committee Inspection Office), Planning and Development Department, Finance Department, Enterprise Management and Legal Affairs Department, Safety and Environmental Protection Supervision Department, Science and Technology Information Department, Audit Department, Trade Union Work Department, Coal Management Department, Power Management Department, Dispatch Office, Engineering Construction Department, Coalbed Methane Development Department, and Materials Management Department.

5. Major Accounting Policies Implemented by the Company

42 specific standards such as "Accounting Standards for Business Enterprises - Basic Standards" (Ministry of Finance Decree No. 33, revised in July 2014) and "Accounting Standards for Business Enterprises No. 1-Inventories" promulgated by the Ministry of Finance on February 15, 2006.

(IV) Overview of Long-term Equity Investments

As of the Appraisal Reference Date, there were a total of 16 items of long-term equity investments, including Guoneng Baoqing Coal, Power & Chemical Co., Ltd. and Guoneng Shanxi Hequ Power Generation Co., Ltd., among others. As of the Appraisal Reference Date, the book value amounted

to RMB20,429,008,671.63, with impairment provisions of RMB392,379,000.00, resulting in a net book value of RMB20,036,629,671.63. Specific details are as follows:

Table 1-4 Long-term Equity Investments

Unit: RMB in ten thousand

No.	Name of investee enterprise	Shareholding Percentage	Registered capital	Book value
1	CHN Energy Inner Mongolia Shanghaimiao Power Generation Co., Ltd.	50.00%	1,294,000,000.00	740,622,149.49
2	Guoneng Baoqing Bio-Technology Co., Ltd.	49.00%	600,000,000.00	58,800,000.00
3	Ningxia Ninglu Coal & Power Co., Ltd.	50.00%	517,110,100.00	1,236,700,131.25
4	Shanxi Hexin Electric Power Development Co., Ltd.	29.51%	1,018,120,572.80	308,560,745.35
5	Shaanxi Binchang Wenjialuo Power Generation Co., Ltd.	49.00%	660,000,000.00	468,356,574.94
6	Shaanxi Binchang Wenjialuo Mining Co., Ltd.	49.00%	1,380,680,859.00	1,430,801,013.50
7	Zhongneng Fuel Distribution Co., Ltd.	69.81%	53,000,000.00	42,259,500.00
8	Guoneng Energy Hami Coal & Power Co., Ltd.	100.00%	3,666,000,000.00	3,754,730,000.00
9	Guoneng Bozhou New Energy Co., Ltd.	55.00%	300,000,000.00	600,000,000.00
10	Guoneng Baoqing Coal, Power & Chemical Co., Ltd.	60.00%	4,176,000,000.00	2,299,843,333.34
11	Guoneng Shanxi Hequ Power Generation Co., Ltd.	93.89%	1,765,737,776.13	1,365,119,633.44
12	Guoneng (Tianjin) Dagang Power Plant Co., Ltd.	99.78%	959,800,000.00	1,034,148,937.77
13	Guangdong Jinma Tourism Group Co., Ltd.	70.00%	1,009,148,298.00	4,787,309,489.19
14	Shenzhen Shandong Nuclear Power Engineering Co., Ltd.	50.00%	51,970,000.00	-
15	Qinhuangdao Power Generation Co., Ltd.	70.00%	1,524,362,000.00	613,879,225.87
16	Shaanxi Deyuan Fugu Energy Co., Ltd.	50.00%	2,620,000,000.00	1,295,498,937.89
Total				20,036,629,671.63

1. Carrying Amount and Profile of Second-tier Subsidiaries

(1) CHN Energy Inner Mongolia Shanghaimiao Power Generation Co., Ltd. (Abbreviation: Shanghaimiao Power)

Company name: CHN Energy Inner Mongolia Shanghaimiao Power

Generation Co., Ltd.

Type: other Limited Liability Company

Office address: Shanghaimiao Town, Etuokeqianqi (Inside the Environmental Monitoring Center Building)

Legal representative: Jia Ming

Registered capital: RMB 129400 ten thousand

Date of establishment: April 19, 2013

Term of operation: April 19, 2013 to April 18, 2043

Unified social credit code: 91150623065046990A

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; heat production and supply (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.) General items: coal and coal products sales; sales of renewable resources (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-5 Names of Shareholders and Percentages of Capital Contribution

Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Subscribed shareholding Percentage (%)	Paid-in Capital (RMB in ten thousand)	Paid-in shareholding Percentage (%)
Guodian Power Development Co., Ltd.	64,700.00	50%	53,948.00	50%
CHN Energy Guoyuan Power Co., Ltd.	64,700.00	50%	53,948.00	50%
Total	129,400.00	100%	107,896.00	100%

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 636,008.19 ten thousand, liabilities of

RMB 479,348.57 ten thousand, and net assets of RMB 156,659.62 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 201,974.34 ten thousand and net profit of RMB 31,301.86 ten thousand.

Table 1-6 Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	558,225.38	604,333.44	636,008.19
Liabilities	467,650.39	483,797.27	479,348.57
Net assets	90,574.98	120,536.17	156,659.62
Items	**Year 2023**	**Year 2024**	**Jan-July 2025**
Operating revenue	252,428.45	327,802.59	201,974.34
Total profit	766.39	19,641.35	33,559.03
Net profit	766.39	18,969.50	31,301.86
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(2) Guoneng Baoqing Bio-Technology Co., Ltd. (Abbreviation: Baoqing Bio-Tech)

Company name: Guoneng Baoqing Bio-Technology Co., Ltd.

Type: other Limited Liability Company

Office address: Building B, Baoqing Hotel, Baoqing County, Shuangyashan City, Heilongjiang Province (self-declared)

Legal representative: Jiang Zhongjun

Registered Capital: RMB 60000 ten thousand

Date of establishment: August 6, 2024

Term of operation: August 6, 2024 to indefinite term

Unified social credit code: 91230523MADW9AB222

Business scope: permitted items: fertilizer production; production and supply of biomass gas (items subject to approval by law can only be carried out after approval by the relevant authorities.) General items: coal-made activated carbon and other coal processing; coal and coal products sales; R&D of production processes for liquid biomass fuels; R&D of bio-organic

fertilizers; R&D of compound microbial fertilizers; fertilizer sales; chemical fertilizer sales; chemical product production (excluding licensed chemicals); chemical product sales (excluding licensed chemicals); manufacture of specialty chemical products (excluding hazardous chemicals); sales of specialty chemical products (excluding hazardous chemicals); soil pollution treatment and remediation services; blending and processing of soil and fertilizers; crop straw treatment and processing services; biomass fuel processing; manufacture of bio-based materials; sales of bio-based materials; sales of biomass pelletized fuel; technical services for biomass energy; technology services, technology development, technical consulting, technology exchange, technology transfer, and technology promotion.

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-7 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	China Shenhua Coal to Liquid and Chemical Co., Ltd.	30,600.00	6,120.00	51.00
2	CHN Energy Guoyuan Power Co., Ltd.	29,400.00	5,880.00	49.00
	Total	60,000.00	12,000.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 12,244.39 ten thousand, liabilities of RMB244.39, and net assets of RMB 12,000.00 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB0.00 and net profit of RMB0.00.

Table 1-8 Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Item	December 31, 2024	July 31, 2025
Total assets	12,027.80	12,244.39

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Item	December 31, 2024	July 31, 2025
Liabilities	27.8	244.39
Net assets	12,000.00	12,000.00
Items	Year 2024	Jan-July 2025
Operating revenue	0.00	0.00
Total profit	0.00	0.00
Net profit	0.00	0.00
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(3) Ningxia Ninglu Coal & Power Co., Ltd. (abbreviation: Ninglu Coal & Power)

Company name: Ningxia Ninglu Coal & Power Co., Ltd.

Type: limited liability Company (state-controlled)

Office address: Lijia Xinzhuang, Ningdong Town, Lingwu City, Ningxia

Legal representative: Jiang Xueming

Registered capital: RMB 51711.01 ten thousand

Date of establishment: September 21, 2004

Term of operation: September 21, 2004 to December 31, 2027

Unified social credit code: 91640000763215181W

Business scope: permitted items: coal mining; power generation business; power transmission business; power supply (distribution) business (items subject to approval by law can only be carried out after approval by the relevant authorities.) General items: Coal washing; technical services for energy storage; technology services, technology development, technical consulting, technology exchange, technology transfer, and technology promotion; sales of renewable resources (except for activities that require a permit, the Company may autonomously conduct legal business activities that are not prohibited or restricted.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-9 Names of Shareholders and Percentages of Capital Contribution

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No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Ningxia Coal Industry Co., Ltd.	25,855.51	25,855.51	50.00
2	CHN Energy Guoyuan Power Co., Ltd	25,855.51	25,855.51	50.00
	Total	51,711.01	51,711.01	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB323,056.01 ten thousand, liabilities of RMB78,630.92 ten thousand, and net assets of RMB244,425.09 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 75,311.35 ten thousand and net profit of RMB1,501.01 ten thousand.

Table 1-10 Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	328,307.62	339,264.57	323,056.01
Liabilities	98,074.99	96,853.99	78,630.92
Net assets	230,232.63	242,410.57	244,425.09
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	170,828.79	132,756.51	75,311.35
Total profit	46,487.01	13,963.58	1,343.56
Net profit	36,475.47	11,666.06	1,501.01
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(4) Shanxi Hexin Electric Power Development Co., Ltd. (abbreviation: Hexin Electric Power)

Company name: Shanxi Hexin Electric Power Development Co., Ltd.

Type: other Limited Liability Company

Office Address: Floor 3, No. 19 Chuangye Street, Demonstration Area, Shanxi Province

Legal representative: Liu Junli

Registered capital: RMB 101812.05728 ten thousand

Date of establishment: July 4, 2002

Term of operation: July 4, 2002 to indefinite term

Unified social credit code: 91140000739342754N

Business scope: general items: investing activities with own funds; real estate brokerage; housing rental; property management; professional cleaning, washing, and disinfection services (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license.) Permitted items: power supply business; power generation business; power transmission business; power supply (distribution) business; real estate development and operation; residential interior decoration (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-11 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	Huadian Shanxi Energy Co., Ltd.	71,766.19	71,767.31	70.00
2	CHN Energy Guoyuan Power Co., Ltd	30,045.87	30,044.74	30.00
	Total	101,812.06	101,812.05	100.00

(5) Shaanxi Binchang Wenjialuo Power Generation Co., Ltd. (abbreviation: Wenjialuo Power Generation)

Company name: Shaanxi Binchang Wenjialuo Power Generation Co., Ltd.

Type: other Limited Liability Company

Office address: No. 1 Fazhan Avenue, Economic and Technological Development Zone, Binzhou City, Xianyang City, Shaanxi Province

Legal representative: He Feng

Registered capital: RMB 66000 ten thousand

Date of establishment: June 15, 2012

Term of operation: June 15, 2012 to indefinite term

Unified social credit code: 9161040059875405X6

Business scope: power plant project investment (using own funds only), development, and operation management; development and sales of electric power products (items subject to approval by law can only be carried out after approval by the relevant authorities).

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-12 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	Shaanxi Binchang Mining Group Co., Ltd.	33,660.00	33,660.00	51.00
2	CHN Energy Guoyuan Power Co., Ltd	32,340.00	32,340.00	49.00
	Total	66,000.00	66,000.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 344,614.47 ten thousand, liabilities of RMB 273,836.06 ten thousand, and net assets of RMB 70,778.41 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 44,979.12 ten thousand and net profit of RMB 2,816.10 ten thousand.

Table 1-13 Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	223,523.63	346,815.33	344,614.47
Liabilities	157,515.61	279,305.39	273,836.06
Net assets	66,008.02	67,509.94	70,778.41
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	0.00	20,644.23	44,979.12

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Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total profit	5.00	1,435.27	3,152.16
Net profit	5.00	1,270.74	2,816.10
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(6) Shaanxi Binchang Wenjialuo Mining Co., Ltd. (abbreviation: Wenjialuo Mining)

Company name: Shaanxi Binchang Wenjialuo Mining Co., Ltd.

Type: other Limited Liability Company

Office address: Xiaozhang Village, Xinmin Town, Binzhou City, Xianyang City, Shaanxi Province

Legal representative: Wang Fei

Registered capital: RMB 138068.0859 ten thousand

Date of establishment: July 4, 2012

Term of operation: July 4, 2012 to indefinite term

Unified social credit code: 91610000050423300T

Business scope: general items: coal washing; mineral processing and washing; coal and coal products sales; general equipment manufacturing (excluding special equipment); metal tool manufacturing; electrical equipment repair; special equipment repair; supply chain management services; mining machinery sales; electrical accessory sales; electrical equipment sales; metal tool sales; engineering management services (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license.) permitted items: coal mining; road freight transport (excluding dangerous goods); road freight transport (including dangerous goods); various construction activities; construction project design (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval results.)

As of the Appraisal Reference Date, the names of shareholders,

contribution amounts, and contribution ratios are as follows:

Table 1-14 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	Shaanxi Binchang Mining Group Co., Ltd.	70,414.72	70,414.72	51.00
2	CHN Energy Guoyuan Power Co., Ltd	67,653.36	67,653.36	49.00
	Total	138,068.09	138,068.09	100.00

(7) Zhongneng Fuel Distribution Co., Ltd. (abbreviation: Zhongneng Fuel)

Company name: Zhongneng Fuel Distribution Co., Ltd.

Type: other Limited Liability Company

Office address: No. 1, Bai Guang Lu Er Tiao, Xicheng District, Beijing

Legal representative: Guo Zhenhua

Registered capital: RMB 5300 ten thousand

Date of establishment: June 26, 2001

Term of operation: June 26, 2001 to June 25, 2051

Unified social credit code: 91110102726360857P

Business scope: coal sales; import and export of goods, technology, and acting as an import/export agent; investment management; technology development, technical services, technical consulting; sales of electric power fuel equipment and mechanical electrical equipment; loading, unloading, storage, measurement, testing, and laboratory analysis of coal. Prohibitions: 1. Shall not raise capital publicly without approval from relevant departments; 2. Shall not publicly engage in securities-related products and financial derivatives trading activities; 3. Shall not issue loans; 4. Shall not provide guarantees to enterprises other than the invested enterprises; 5. Shall not promise investors that the investment principal will not suffer losses or promise minimum returns (items subject to approval by law can only be carried out after approval by the relevant authorities and in accordance with the approved content.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-15 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	3,700.00	3,700.00	69.8113
2	Zhejiang Fuxing Electric Power Fuel Co., Ltd.	750.00	750.00	14.1509
3	Shanghai Electric Power Fuel Co., Ltd.	400.00	400.00	7.5472
4	Jiangsu Electric Power Fuel Group Co., Ltd.	300.00	300.00	5.6604
5	Shenzhen Energy Group Co., Ltd.	150.00	150.00	2.8302
	Total	5,300.00	5,300.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 3,448.71 ten thousand, liabilities of RMB 0.00, and net assets of RMB 3,448.71 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 0.00 and net profit of RMB 2.62 ten thousand.

Table 1-16 Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	3,436.41	3,441.10	3,448.71
Liabilities	0.00	0.00	0.00
Net assets	3,436.41	3,441.10	3,448.71
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	0.00	0.00	0.00
Total profit	6.52	4.68	2.76
Net profit	6.52	4.68	2.62
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(8) Guoneng Energy Hami Coal & Power Co., Ltd. (abbreviation: Hami Coal & Power)

Company name: Guoneng Energy Hami Coal & Power Co., Ltd.

Type: Limited Liability Company (wholly owned by a legal person

invested or controlled by natural persons)

Office address: 2 km Southwest of Huayuan Township Government, Yizhou District, Hami City, Xinjiang

Legal representative: Li Dongfa

Registered capital: RMB 366600 ten thousand

Date of establishment: July 10, 2003

Term of operation: July 10, 2003 to July 9, 2033

Unified social credit code: 9165220075166414X2

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; mineral resource exploration; coal mining; construction project execution; installation, alteration, and repair of special equipment (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.) General items: railway transportation support activities; technical services for energy storage; heat production and supply; coal washing; coal and coal products sales; leasing of mechanical equipment; foreign project contracting (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-17 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	366,600.00	371,600.00	100.00
	Total	366,600.00	371,600.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's

statement showed total assets of RMB 1,577,079.45 ten thousand, liabilities of RMB 1,029,921.67 ten thousand, and net assets of RMB 547,157.78 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 234,266.85 ten thousand and net profit of RMB 61,913.55 ten thousand.

Table 1-18 Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	1,323,479.92	1,546,633.77	1,577,079.45
Liabilities	946,566.95	1,069,463.49	1,029,921.67
Net assets	376,912.97	477,170.28	547,157.78
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	412,080.85	409,777.04	234,266.85
Total profit	141,372.81	119,127.83	78,417.81
Net profit	123,315.04	101,011.53	61,913.55
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(9) Guoneng Bozhou New Energy Co., Ltd. (abbreviation: Bozhou New Energy)

Company name: Guoneng Bozhou New Energy Co., Ltd.

Type: Limited Liability Company (wholly owned by a legal person invested or controlled by natural persons)

Office Address: Rooms 2053 & 2055, Comprehensive Building, No. 3 Qiancheng Road, Nanchengqu Street, Bole City, Bortala Mongolian Autonomous Prefecture, Xinjiang

Legal representative: Zhu Yuanlong

Registered capital: RMB 30000 ten thousand

Date of establishment: April 8, 2023

Term of operation: April 8, 2023 to indefinite term

Unified social credit code: 91652701MACEBM4K0L

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; hydraulic power

generation; coal mining; mineral resource exploration (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.) General items: heat production and supply; sales of renewable resources; coal and coal products sales; lime and gypsum sales; technical services for solar power generation; technical services for wind power generation; coal washing; railway transportation support activities; leasing of mechanical equipment (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-19 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	30,000.00	60,000.00	100.00
	Total	30,000.00	60,000.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 206,833.10 ten thousand, liabilities of RMB 146,833.10 ten thousand, and net assets of RMB 60,000.00 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 0.00 and net profit of RMB 0.00.

(10) Guoneng Baoqing Coal, Power & Chemical Co., Ltd. (abbreviation: Baoqing Coal, Power & Chemical)

Company name: Guoneng Baoqing Coal, Power & Chemical Co., Ltd.

Type: other Limited Liability Company

Office address: No. 108 Central Street, Baoqing County, Shuangyashan City, Heilongjiang Province

Legal representative: Li Chao

Registered capital: RMB 417600 ten thousand

Date of establishment: October 13, 2004

Term of operation: October 13, 2004 to indefinite term

Unified social credit code: 912305237660316016

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; power supply business; fertilizer production; coal mining; heat production and supply. General items: investing activities with own funds; coal and coal products sales; repair of special equipment; repair of electrical equipment; sales of mechanical equipment; wholesale of hardware products; retail of hardware products; sales of electronic products; sales of building materials; leasing of mechanical equipment; housing rental; chemical product production (excluding licensed chemicals); chemical product sales (excluding licensed chemicals); fertilizer sales; soil pollution treatment and remediation services; grain cultivation; grain sales; legume cultivation; tuber crop cultivation; sales of legumes and tubers; vegetable cultivation; retail of fresh vegetables; primary processing of edible agricultural products; retail of edible agricultural products; crop straw treatment and processing services; utilization of livestock and poultry waste; business training (excluding education and training, vocational skills training, and other training that requires permits).

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios of Guoneng Baoqing Coal, Power & Chemical Co., Ltd. are as follows:

Table 1-20 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	229,680.00	229,680.00	55.00
2	China Shenhua Coal to Liquid and Chemical Co., Ltd.	146,160.00	146,160.00	35.00

Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Guoyuan Power Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
3	Baoqing County State-owned Assets Operation Co., Ltd.	41,760.00	6491.11111	10.00
	Total	417,600.00	382,331.11	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 749,353.30 ten thousand, liabilities of RMB 484,633.40 ten thousand, and net assets of RMB 264,719.90 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 111,347.77 ten thousand and net profit of RMB 14,395.67 ten thousand.

Table 1-21 Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	746,816.73	751,349.71	749,353.30
Liabilities	582,322.22	504,467.21	484,633.40
Net assets	164,494.52	246,882.51	264,719.90
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	194,107.18	201,884.39	111,347.77
Total profit	23,052.58	26,956.41	25,116.58
Net profit	21,455.44	15,346.17	14,395.67
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(11) Guoneng Shanxi Hequ Power Generation Co., Ltd. (abbreviation: Hequ Power Generation)

Company name: Guoneng Shanxi Hequ Power Generation Co., Ltd.

Type: other Limited Liability Company

Office address: Shapan Village, Xikou Town, Hequ County, Xinzhou City, Shanxi Province

Legal representative: Ma Yonghong

Registered capital: RMB 176573.777613 ten thousand

Date of establishment: October 1, 2004

Term of operation: October 1, 2004 to September 30, 2029

Unified social credit code: 91140930736333166M

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; accommodation services; catering services (without generating cooking fumes, odors, or waste gas); power supply business; tap water production and supply (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.) General items: electrical equipment repair; centralized fast-charging stations; artificial afforestation; research and development of greenhouse gas emission control technologies; general equipment repair; cooling supply services; coal and coal products sales; charging pile sales; sales of renewable resources; motor vehicle charging sales; lime and gypsum sales; railway transportation support activities; domestic freight forwarding; photovoltaic power generation equipment leasing; charging control equipment leasing; operation of electric vehicle charging infrastructure; research and development of key technologies for waste heat power generation; energy conservation management services; research and development of emerging energy technologies; technical services for solar power generation; technical services for energy storage; business training (excluding education and training, vocational skills training, and other training that requires permits); heat production and supply; research and development of technologies for utilizing waste heat, waste pressure, and waste gas; manufacture of lime and gypsum (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license.)

As of the Appraisal Reference Date, the Names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-22 Names of Shareholders and Percentages of Capital Contribution

Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Guoyuan Power Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	105944.266568	105944.266568	55.00
2	Beijing Changxin Rongtong Investment Management Co., Ltd.	52972.133284	52972.133284	35.00
3	Jinneng Electric Power Group Co., Ltd.	17657.377761	17657.377761	10.00
	Total	176,573.78	176,573.78	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the parent company's statement showed total assets of RMB 654,429.09 ten thousand, liabilities of RMB 322,611.69 ten thousand, and net assets of RMB 331,817.40 ten thousand. For the period January to July 2025, the parent company's statement reported operating revenue of RMB 244,187.82 ten thousand and net profit of RMB 26,936.21 ten thousand.

Table 1-23 Parent Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	647,554.80	612,443.64	610,473.31
Total liabilities	282,890.95	336,135.77	348,741.80
Net assets	364,663.85	276,307.88	261,731.51
Items	**Year 2023**	**Year 2024**	**Jan-July 2025**
Operating revenue	444,137.46	420,632.58	244,187.82
Total profit	65,542.78	41,979.02	39,382.41
Net profit	48,319.24	31,009.99	26,936.21
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(12) Guoneng (Tianjin) Dagang Power Plant Co., Ltd. (abbreviation: Dagang Power Generation)

Company name: Guoneng (Tianjin) Dagang Power Plant Co., Ltd.

Type: Limited Liability Company

Office address: North of Dongfeng Bridge, West Side of Jinji Highway, Binhai New Area, Tianjin

Legal representative: Wang Song

Registered capital: RMB 95980 ten thousand

Date of establishment: December 11, 2015

Term of operation: December 11, 2015 to indefinite term

Unified social credit code: 91120116MA0746773M

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; installation, maintenance, and testing of power transmission, supply, and receiving facilities; road freight transport (excluding dangerous goods); power supply business (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.) General items: non-residential real estate leasing; leasing of mechanical equipment; technology services, technology development, technical consulting, technology exchange, technology transfer, and technology promotion; technical services for power generation; heat production and supply; business training (excluding education and training, vocational skills training, and other training that requires permits); conference and exhibition services.

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-24 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	90,115.62	90,115.62	93.89
2	Tianjin Jinneng Investment Co., Ltd.	5,864.38	5,864.38	6.11
	Total	95,980.00	95,980.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 299,722.56 ten thousand, liabilities of RMB 233,444.91 ten thousand, and owner's equity of RMB 66,277.65 ten thousand. For the period January to July 2025, the statement reported

operating revenue of RMB 109,278.08 ten thousand and net profit of RMB -3,080.62 ten thousand.

Table 1-25 Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July31, 2025
Total assets	175,017.53	226,888.69	299,722.56
Total liabilities	144,190.06	268,542.47	233,444.91
Net assets	30,827.47	-38,600.82	66,277.65
Items	**Year 2023**	**Year 2024**	**Jan-July 2025**
Operating revenue	231,128.50	230,051.57	109,278.08
Total profit	-48,909.02	6,656.27	-3,080.62
Net profit	-41,427.03	6,656.27	-3,080.62
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(13) Guangdong Jinma Tourism Group Co., Ltd. (Abbreviation: Jinma Tourism)

Company name: Guangdong Jinma Tourism Group Co., Ltd.

Type: Company Limited by Shares (listed, state-controlled)

Office address: Yonghu Road Intersection, Chaozhou City, Guangdong Province

Legal representative: Xiao Chuangying

Registered capital: RMB 100914.8298 ten thousand

Date of establishment: April 8, 1993

Term of operation: April 8, 1993 to indefinite term

Unified social credit code: 91445100282277349L

Business scope: Product development and operation of communication and information networks, computer software/hardware, and automation systems; system design, integration, and technical services; project investment and management in electric power, heat power, and new energy; project investment and management in mining (items subject to approval by law can only be carried out after approval by the relevant authorities.)

As of the Appraisal Reference Date, the names of shareholders,

contribution amounts, and contribution ratios are as follows:

Table 1-26 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	100,693.00	100,814.63	99.78
2	Zi Renren	222.00	222.00	0.22
	Total	100914.8298	100915	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the parent company's statement showed total assets of RMB 313,202.64 ten thousand, liabilities of RMB 2,053.78 ten thousand, and owner's equity of RMB 311,148.86 ten thousand. For the period January to July 2025, the statement reported operating revenue of RMB 0.00 and net profit of RMB 21.53 ten thousand.

Table 1-27 Parent Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec31, 2024	As of July 31, 2025
Total assets	287,628.15	313,181.10	313,202.64
Liabilities	2,053.78	2,053.78	2,053.78
Net assets	285,574.37	311,127.32	311,148.86
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue		0.00	0.00
Total profit	64.12	4.89	28.71
Net profit	64.12	4.89	21.53
Audit Firm	Ernst & Young Hua Ming LLP	Ernst &Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(14) Shenzhen Shandong Nuclear Power Engineering Co., Ltd. (abbreviation: Nuclear Power Engineering)

Company name: Shenzhen Shandong Nuclear Power Engineering Co., Ltd.

Type: Limited Liability Company

Office address: Unit 1801, Block A, Jihao Building, Shennan East Road, Luohu District, Shenzhen

Legal representative: Wang Dongchun

Registered capital: RMB 5197 ten thousand

Date of establishment: November 18, 1991

Term of operation: November 18, 1991 to indefinite term

Unified social credit code: 914403001922037765

Business scope: class I specialized contracting for thermal power equipment installation engineering; installation of civil nuclear pressure equipment; import and export operations; project management; Class I power facility installation and maintenance; engineering design; construction project supervision (subject to obtaining corresponding qualification certificates); construction project cost consulting; house leasing (operations involving pre-establishment administrative permits require obtaining the relevant permit documents before commencement.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-28 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	3,637.90	3,637.90	70.00
2	PowerChina SEPCO Electric Power Construction Co., Ltd.	1,559.10	1,559.10	30.00
	Total	5,197.00	5,197.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 15,384.22 ten thousand, liabilities of RMB 6,085.06 ten thousand, and net assets of RMB 9,299.16 ten thousand. For the period January to July 2025, the company's statement

reported operating revenue of RMB 257.95 ten thousand and net profit of RMB 828.60 ten thousand.

Table 1-29 Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec31,2024	As of July 31, 2025
Total assets	22,582.98	16,044.79	15,384.22
Liabilities	27,567.08	7,574.23	6,085.06
Net assets	-4,984.10	8,470.56	9,299.16
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	404.98	366.32	257.95
Total profit	710.00	13,454.66	828.60
Net profit	714.32	13,454.66	828.60
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(15) Qinhuangdao Power Generation Co., Ltd. (abbreviation: Qinhuangdao Power Generation)

Company name: Qinhuangdao Power Generation Co., Ltd.

Type: other Limited Liability Company

Office address: No. 532 Qinhuang East Street, Haigang District, Qinhuangdao City

Legal representative: Wang Zhenghong

Registered capital: RMB 152436.2 ten thousand

Date of establishment: February 18, 1998

Term of operation: February 18, 1998 to February 17, 2048

Unified social credit code: 91130300700611419P

Business scope: permitted items: power generation business; power transmission business; power supply (distribution) business; heating services; installation, alteration, and repair of special equipment; electrical installation services; installation, maintenance, and testing of power transmission, supply,

and receiving facilities; construction project execution (items subject to approval by law can only be carried out after approval by the relevant authorities, and specific business items are subject to the approval documents or permits of the relevant authorities.) General items: heat production and supply; technical services for solar power generation; technical services for power generation; repair of special equipment; technical engineering services (excluding planning management, survey, design, and supervision); education consulting services (excluding education and training activities requiring permits); business training (excluding education and training, vocational skills training, and other training that requires permits); information system operation maintenance services; information system integration services; sales of building decoration materials; manufacture of building blocks; sales of building blocks; manufacture of bricks and tiles; sales of bricks and tiles; building cleaning services; professional cleaning, washing, and disinfection services; landscaping engineering construction (except for items that must be approved by law, business activities are carried out autonomously in accordance with the business license.)

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-30 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	76,218.10	48,715.05	50.00
2	Hebei Jiantou Energy Investment Co., Ltd.	76,218.10	46,782.00	50.00
	Total	152,436.20	95,497.05	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, the company's statement showed total assets of RMB 302,674.92 ten thousand, liabilities of RMB 224,971.73 ten thousand, and net assets of RMB 77,703.19 ten thousand. For the period January to July 2025, the company's statement reported

operating revenue of RMB 96,202.10 ten thousand and a net loss of RMB -8,965.22 ten thousand.

Table 1-31 Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	191,136.33	236,632.93	302,674.92
Liabilities	133,920.64	169,006.93	221,640.73
Net assets	57,215.69	67,626.01	81,034.19
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	212,898.85	206,931.68	96,172.93
Total profit	-19,761.61	618.2	-4,474.74
Net profit	-15,463.07	105.56	-5,634.22
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(16) Shaanxi Deyuan Fugu Energy Co., Ltd. (abbreviation: Shaanxi Fugu)

Company name: Shaanxi Deyuan Fugu Energy Co., Ltd.

Type: other Limited Liability Company

Office address: Miaogoumen Township, Fugu County, Yulin City, Shaanxi Province

Legal representative: Zhang Ligang

Registered capital: RMB 262000 ten thousand

Date of establishment: August 23, 2005

Term of operation: August 23, 2005 to August 23, 2105

Unified social credit code: 916100007769886696

Business scope: investment, development, and operation management of power projects; power generation production and sales; investment, development, and operation management of coal projects; coal mining and sales; R&D, production, and operation management of new energy projects; consulting for power energy projects; environmental technology development, technology transfer, technical consulting, and technical services (items subject to approval by law can only be carried out after approval by the

relevant authorities).

As of the Appraisal Reference Date, the names of shareholders, contribution amounts, and contribution ratios are as follows:

Table 1-32 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Capital (RMB in ten thousand)	Paid-in Capital (RMB in ten thousand)	Shareholding Percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd	183,400.00	183,400.00	70.00
2	Shaanxi Coal and Chemical Industry Group Fugu Energy Development Co., Ltd.	78,600.00	78,600.00	30.00
	Total	262,000.00	262,000.00	100.00

Assets, financial and operating conditions:

As of the Appraisal Reference Date of July 31, 2025, Fugu Deyuan recorded total assets of RMB 1,170,579.41 ten thousand, liabilities of RMB 48,138.76 ten thousand, and net assets of RMB 849,849.68 ten thousand. For the period January to July 2025, the company's statement reported operating revenue of RMB 357,085.17 ten thousand and net profit of RMB 109,557.58 ten thousand.

Table 1-33 Company Statement Assets, Liabilities and Financial Conditions

Unit: RMB in ten thousand

Items	As of Dec 31, 2023	As of Dec 31, 2024	As of July 31, 2025
Total assets	1,031,004.95	1,042,354.47	1,170,579.41
Liabilities	81,486.92	81,204.07	320,729.73
Net assets	497,959.03	719,292.91	849,849.68
Items	Year 2023	Year 2024	Jan-July 2025
Operating revenue	651,699.75	650,862.65	357,085.17
Total profit	313,925.03	285,058.38	127,501.00
Net profit	262,254.97	239,901.70	109,557.58
Audit Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(V) Relationship between the Client and the Appraised Entity

The primary client for this asset appraisal is China Energy Investment Group Co., Ltd. The secondary client, China Shenhua Energy Co., Ltd., and the Appraised Entity, CHN Energy Guoyuan Power Co., Ltd, are all related

parties controlled by China Energy Investment Group Co., Ltd. China Shenhua Energy Co., Ltd. plans to issue shares and pay cash to acquire the 100% equity stake in CHN Energy Guoyuan Power Co., Ltd held by China Energy Investment Group Co., Ltd.

(VI) Other Users of Asset Appraisal Report

The asset appraisal engagement contract does not stipulate any other report users.

Unless otherwise provided by national laws and regulations, any institution or individual not confirmed by the appraisal firm and the client shall not become a user of the appraisal report by virtue of obtaining it.

II. Appraisal Purpose

'According to the 18th Minutes of the Chairman's Special Meeting of China Energy Investment Corporation Limited (August 8, 2025), China Shenhua Energy Company Limited plans to issue shares and pay cash to acquire coal, pitheads, coal power and other related assets held by China Energy Investment Corporation Limited. For this purpose, it is necessary to assess the market value of the entire equity interests of China Energy Group Guoyuan Power Co., Ltd. held by China Energy Investment Corporation Limited as of the Appraisal Reference Date.

Purpose of this asset appraisal is to reflect the market value of total shareholders' equity of CHN Energy Guoyuan Power Co., Ltd. as of the Appraisal Reference Date, providing a value reference for the aforementioned economic activity.

III. Appraisal Object and Scope

Appraisal object is the total shareholders' equity value of CHN Energy Guoyuan Power Co., Ltd. Appraisal scope encompasses all assets and related

liabilities of CHN Energy Guoyuan Power Co., Ltd.

As of the Appraisal Reference Date, the audited consolidated pro forma statements showed total assets of RMB 6,066,836.04ten thousand, liabilities of RMB 2,801,736.96 ten thousand, owners' equity of RMB3,265,099.08 ten thousand, and owners' equity attributable to the parent company of RMB 2,756,828.35 ten thousand. This included current assets of RMB1,303,246.50 ten thousand, non-current assets of RMB4,763,589.53 ten thousand, current liabilities of RMB 1,571,464.88 ten thousand, and non-current liabilities of RMB 1,230,272.08 ten thousand.

The audited parent company's pro forma statements showed total assets of RMB 2,780,969.61 ten thousand, liabilities of RMB 386,072.15 ten thousand, and owners' equity of RMB 2,394,897.46 ten thousand. This included current assets of RMB 497,052.65 ten thousand, non-current assets of RMB 2,283,916.96 ten thousand, current liabilities of RMB 385,683.34 ten thousand, and non-current liabilities of RMB 388.81 ten thousand.

The aforementioned asset and liability data are extracted from the pro forma financial statements of Guoyuan Power as of July 31, 2025, audited by Ernst & Young Hua Ming Certified Public Accountants (special general partnership) [Ernst & Young Hua Ming (2025) Zhuanzi No. 80021398 A01]. The appraisal is conducted based on the audited figures.

The entrusted appraisal object and scope are consistent with those involved in the economic activity.

(I) Distribution and Characteristics of Physical Assets

As of the Appraisal Reference Date, book value of physical assets of CHN Energy Guoyuan Power Co., Ltd was RMB10,801.19 ten thousand, accounting for 0.39% of the total assets within the consolidation scope. These primarily include inventory, building assets, and equipment assets. These assets have the following characteristics:

1. Distribution and Location of Physical Assets

Physical assets are mainly distributed in the office areas of Guoyuan Electric Power's headquarters and its branches.

2. Usage Status, Technical Characteristics, Overhauls, and Expansion/Retrofitting of Physical Assets:

(1) Inventory

Inventory primarily consists of circulating materials, mainly office supplies required for daily operations. As of the Appraisal Reference Date, they are in good condition.

(2) Buildings and Structures

There are 4 building assets, primarily reinforced concrete structures. These mainly include Huashi Building office space and residential properties, which are office buildings and dormitories for the entity's own use. The certificate holder is the Appraised Entity. As of the Appraisal Reference Date, the buildings are in good physical condition and are in normal use.

(3) Equipment Assets

Equipment assets include machinery, vehicles, and electronic equipment. There are 24 machinery items, purchased between 2017 and 2020, mainly including switchgear, double-cooking single-temperature stoves, etc. There are 18 vehicles, purchased between 2008 and 2023, all used for the entity's daily operations; the certificate holder for all vehicles is the Appraised Entity. There are 1,057 electronic equipment items, purchased between 2008 and 2025, mainly including laptops, multi-function printer/copier/scanners, switches, etc. As of the Appraisal Reference Date, the equipment assets are in good physical condition and are in normal use.

(II) Intangible Assets Recorded or Unrecorded in the Books as Declared by the Enterprise

As of the Appraisal Reference Date, intangible assets recorded in the

books declared by the appraised entity within the consolidated scope primarily include land use rights and software. Unrecorded intangible assets include patents and copyrights. Details are as follows.

1. Intangible Assets Recorded in the Books:

(1) Intangible Assets - Land

Land use right is one parcel of land use rights recorded under the intangible assets-land account. This land is used for the entity's daily operational sites. Key details are shown in the table below:

Table 10-1 Land Use Rights

No.	Land certificate No.	Parcel name	Land location	Expiry date	Land nature	Land use	Approved Term	Area (m²)
1	Jing Yang (2021) Shi Bu Dong Chan Quan No. 0001141	Office land	No. B 26, Financial Street, Xicheng District (Units/Buildings: 1, 2, 8, 9, 12, 13, 15, 16, 22, 26, 29, 32, 35, 38, 40, 42, 44)	2052/12/25	Grant	Commercial land	50	1644.89

(2) Intangible Assets - Other

Included in this appraisal scope are 46 assets recorded under the intangible assets - other account, primarily comprising purchased and self-developed software, including the Coal Production Dispatch Information System (Integrated Monitoring System), Guoshen Group ERP Project Interface, and Operational Indicator Competition Information System, etc. Specific details are as follows:

Table 10-2 Intangible Assets - Other (Book Status)

No.	Descriptions or items	Acquisition date	Book value	Usage status
1	Planned Operation Management System Upgrade & Enhancement	2016/12/27	241,956.66	In normal Use
2	Guoshen Group ERP Project Interface	2019/12/23	163,031.44	In normal Use
3	O&M Monitoring System Expansion Project	2019/12/24	167,754.86	In normal Use

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No.	Descriptions or items	Acquisition date	Book value	Usage status
4	Guoshen Group HQ PI Real-time Database Upgrade Project	2019/12/24	327,043.90	In normal Use
5	Financial Control Historical Data Migration & Storage	2019/12/26	400,629.06	In normal Use
6	Performance Management System Deep Application Project	2020/9/4	455,581.85	In normal Use
7	Information System O&M Support Platform	2020/9/4	378,852.32	In normal Use
8	Operational Indicators Competition Information System	2020/10/28	46,305.01	In normal Use
9	Safety Management Information System	2020/11/4	147,099.01	In normal Use
10	Guoshen Group HQ Virtualization Software	2020/11/4	388,407.21	In normal Use
11	Guoshen Group HQ Application System Security Service & Configuration	2020/11/25	468,042.43	In normal Use
12	Network Information Security Incident Handling Platform	2020/12/18	401,179.84	In normal Use
13	Wear & Explosion Prevention Integrated System	2020/12/18	472,452.80	In normal Use
14	Production & Operation Data Integration Project	2019/12/9	446,995.90	In normal Use
15	Coal Production Dispatch Information System (Integrated Monitoring System)	2017/9/28	983,333.37	In normal Use
16	Guoshen Youth WeChat Platform	2017/5/25	4,996.21	In normal Use
17	Construction PMIS System Interface Software	2017/12/26	65,157.26	In normal Use
18	Shenhua Guoneng Information O&M Integrated Supervision System (Capitalized)	2018/12/4	21,897.40	In normal Use
19	Shenhua Guoneng Intranet Website Function Improvement Project (Capitalized)	2018/12/4	135,849.00	In normal Use
20	Guoneng Construction PMIS System Deep Application Project	2018/12/6	90,615.00	In normal Use
21	HQ Portal System Deep Application Project	2018/12/6	133,962.20	In normal Use
22	Guoneng Production Dispatch Upgrade & Optimization Project	2018/12/6	382,043.24	In normal Use
23	Guoneng Fuel Management System Improvement Project	2018/12/6	122,012.60	In normal Use
24	Shenhua Guoneng Emergency Management System Construction	2018/12/17	235,817.63	In normal Use
25	Guoneng Real-time Database Expansion & Upgrade Project	2018/12/24	62,678.14	In normal Use
26	Guoneng O&M Integrated Monitoring System Project	2018/12/24	685,185.16	In normal Use
27	Guoneng O&M Integrated Monitoring System Project	2018/12/28	271,574.19	In normal Use
28	Video Conference MCU Expansion Project	2018/12/28	96,742.07	In normal Use
29	Mobile Office System Upgrade Project	2019/6/24	325,505.74	In normal Use
30	CSS8200 Computer Room O&M Integrated Management Software	2019/11/18	40,655.95	In normal Use
31	CSS8300 Computer Room Information 3D Simulation Display System	2019/11/18	108,102.34	In normal Use

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No.	Descriptions or items	Acquisition date	Book value	Usage status
32	Visual Integrated Management & Control Platform	2019/11/20	63,134.54	In normal Use
33	Intelligent Communication Terminal Management System	2019/11/20	43,965.46	In normal Use
34	Computer Terminal Secrecy Inspection System	2021/12/31	5,016.38	In normal Use
35	Electric Power Production Lean Management Platform Optimization & Upgrade Project	2021/12/30	680,534.65	In normal Use
36	Smart Logistics Management System	2021/12/31	138,996.98	In normal Use
37	Intelligent Video AI High-Risk Behavior Analysis System	2022/3/1	689,386.78	In normal Use
38	WEB Application Firewall	2022/5/30	183,982.18	In normal Use
39	WEB Application Firewall	2022/5/30	183,982.18	In normal Use
40	Log Automation Security Patrol System	2022/5/30	489,822.92	In normal Use
41	MCU Software	2023/8/18	1,189,380.54	In normal Use
42	Guoshen Company Integrated Data Service Platform Pilot Project	2023/12/31	1,524,371.08	In normal Use
43	Beijing Venus Computer Terminal Secrecy Inspection System (Network Edition)	2024/3/19	113,938.08	In normal Use
44	Vehicle Smart Management System	2024/5/16	122,345.16	In normal Use
45	Relational Database	2025/7/31	273,008.85	In normal Use
46	Facial Recognition System	2019/9/16	41,194.57	In normal Use

2. Unrecorded Intangible Assets

As of the Appraisal Reference Date of July 31, 2025, the enterprise declared a total of 850 unrecorded intangible assets within the appraisal scope, comprising relevant patents and software copyrights. Specifically, these include 105 invention patents, 736 utility model patents, 2 Appearance design patents and 7 software copyrights.

(III) **Types and Quantities of Off-Balance-Sheet Assets Declared by the Appraised Entity**

As of the Appraisal Reference Date of July 31, 2025, there were no off-balance-sheet assets within the scope declared by the appraised entity.

(IV) **Asset Types, Quantities, and Book Amounts Related to Conclusions Cited (or Utilized) from Reports Issued by Other**

Organizations

Book values of various assets and liabilities as of the Reference Date in this appraisal report are based on the audit results from the unmodified opinion Audit Report [Ernst & Young Hua Ming (2025) Zhuanzi No. 80021398_A01] issued by Ernst & Young Hua Ming Certified Public Accountants (special general partnership) on December 16, 2025. The appraisal was conducted based on the audited figures.

Apart from this, no content from reports of other organizations was cited or utilized.

IV. Value Type

In accordance with the purpose of this appraisal, the value type for this appraisal is determined to be market value.

Market value refers to the estimated value of the Appraisal Object in a normal, arm's-length transaction on the Appraisal Reference Date, assuming buyers and sellers acting rationally and voluntarily and without any compulsion.

V. Appraisal Reference Date

The Appraisal Reference Date for this asset appraisal is July 31, 2025.

The Appraisal Reference Date is determined by the Clients after a comprehensive consideration of factors such as the Appraised Entity's asset scale, workload, estimated time required, and compliance requirements.

VI. Basis of Appraisal

The appraisal basis followed for this asset appraisal primarily includes the economic activity basis, legal and regulatory basis, appraisal standards basis, asset ownership basis, as well as pricing basis and other references used during appraisal and estimation, specifically as follows:

(I) Basis for Economic Behavior

1. Minutes of the 18th Chairman's Special Meeting of China Energy Investment Corporation Co., Ltd. for 2025 (August 8, 2025)

(II) Legal and Regulatory Basis

1. Asset Appraisal Law of the People's Republic of China (Promulgated at the Twenty-first Session of the Standing Committee of the Twelfth National People's Congress on July 2, 2016);
2. Company Law of the People's Republic of China (Second Revision, adopted at the Seventh Session of the Standing Committee of the Fourteenth National People's Congress on December 29, 2023);
3. Civil Code of the People's Republic of China (Adopted at the Third Session of the Standing Committee of the Thirteenth National People's Congress on May 28, 2020);
4. Energy Law of the People's Republic of China (passed by the 12th Meeting of the Standing Committee of the 14th National People's Congress on November 8, 2024);
5. Enterprise Income Tax Law of the People's Republic of China (Amended and adopted at the Seventh Session of the Standing Committee of the Thirteenth National People's Congress on December 29, 2018);
6. Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (First revision of the Decision of the State Council on Amending Certain Administrative Regulations promulgated by Decree of the State Council No. 714 of the People's Republic of China on April 23, 2019);
7. Provisional Regulations of the People's Republic of China on Value-added Tax (Decree of the State Council No. 691);
8. Implementation Rules for the Provisional Regulations of the People's Republic of China on Value-added Tax (Decree of the Ministry of Finance

and the State Taxation Administration No. 50);

9. Stamp Tax Law of the People's Republic of China (Adopted at the Third Session of the Standing Committee of the Fourteenth National People's Congress on June 29, 2023);

10. Urban Real Estate Administration Law of the People's Republic of China (Adopted at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on August 26, 2019);

11. Land Administration Law of the People's Republic of China (Adopted at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on August 26, 2019);

12. Provisional Regulations of the People's Republic of China on Urban Land Use Tax (December 31, 2006, Decree of the State Council No. 483);

13. Opinions of the Ministry of Finance of the People's Republic of China on Reforming the Administrative Management Method of State-owned Asset Appraisal and Strengthening the Supervision and Administration of Asset Appraisal (GBF [2001] No. 102);

14. Notice on Issues Concerning Strengthening the Administration of State-owned Enterprise Asset Appraisal (GZWCQ [2006] No. 274);

15. Notice on Matters Concerning the Review and Approval of State-owned Enterprise Asset Appraisal Reports (GZCQ [2009] No. 941);

16. Administrative Measures for State-owned Asset Appraisal (Decree of the State Council No. 91);

17. Implementation Rules for the Administrative Measures for State-owned Asset Appraisal (GZBF [1992] No. 36);

18. Provisional Regulations on the Supervision and Administration of State-owned Enterprise Assets (Decree of the State Council No. 378, revised by Decree of the State Council No. 588);

19. Administrative Measures for the Supervision and Administration of State-owned Enterprise Property Rights Transactions (Decree of the State-

owned Assets Supervision and Administration Commission No. 32);

20. Provisional Measures for the Administration of State-owned Enterprise Asset Appraisal (Decree of the State-owned Assets Supervision and Administration Commission of the State Council No. 12);

21. Guiding Opinions on the Filing Work for State-owned Enterprise Asset Appraisal Projects (GZFCQ [2013] No. 64);

22. Law of the People's Republic of China on State-owned Enterprise Assets (Adopted at the Fifth Session of the Standing Committee of the Eleventh National People's Congress on October 28, 2008);

23. Administrative Measures for the Financial Supervision and Administration of the Asset Appraisal Industry (Decree of the Ministry of Finance of the People's Republic of China No. 86);

24. Notice on Matters Concerning the Agreement Transfer of State-owned Property Rights of Central Enterprises (GZFCQ [2010] No. 11);

25. Notice on Optimizing the Asset Appraisal Management of Central Enterprises (GZFCQG [2024] No. 8);

26. Administrative Measures for the Major Asset Reorganization of Listed Companies (CSRC Order No. 166, revised on March 20, 2020);

27. Implementation Rules for Non-public Issuance of Shares by Listed Companies (CSRC Order No. 73, revised on February 14, 2020);

28. Operational Rules for Transactions of State-owned Enterprise Assets (GZFCQG [2025] No. 17);

29. Other laws, regulations, and rules related to the appraisal work.

(III) Basis of Appraisal Standards

1. Asset Appraisal Standards - Basic Standards (CQ [2017] No. 43);

2. Professional Ethics Standards for Asset Appraisal (CAS [2017] No. 30);

3. Professional Standards for Asset Appraisal - Asset Appraisal Procedures (CAS [2018] No. 36);

4. Professional Standards for Asset Appraisal - Asset Appraisal Report (CAS [2018] No. 35);

5. Professional Standards for Asset Appraisal - Asset Appraisal Engagement Contract (CAS [2017] No. 33);

6. Professional Standards for Asset Appraisal - Asset Appraisal Files (CAS [2018] No. 37);

7. Professional Standards for Asset Appraisal - Utilizing Expert Work and Related Reports (CAS [2017] No. 35);

8. Professional Standards for Asset Appraisal - Enterprise Value (CAS [2018] No. 38);

9. Professional Standards for Asset Appraisal - Appraisal Methods (CAS [2019] No. 35);

10. Guidelines for Business Quality Control of Asset Appraisal Institution (CAS [2017] No. 46);

11. Guiding Opinions on Asset Appraised value Types (CAS [2017] No. 47);

12. Guiding Opinions on Legal Ownership of Asset Appraisal Object (CAS [2017] No. 48);

13. Guidelines for State-owned Enterprise Asset Appraisal Reports (CAS [2017] No. 42).

(IV) Basis for Asset Ownership

1. Vehicle Licenses;

2. Real Property Certificates, Patent Certificates, and related ownership declarations;

3. Contracts or vouchers for the acquisition of significant assets;

4. Other reference documents.

(V) Pricing Basis

1. Notice of the Ministry of Finance and the State Taxation Administration on Comprehensively Launching the Pilot Program for

Replacing Business Tax with Value-added Tax (CS [2016] No. 36);

2. Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Policies Regarding Deepening Value-added Tax Reform (Ministry of Finance, State Taxation Administration, General Administration of Customs Announcement 2019 No. 39);

3. Announcement on the Loan Prime Rate (LPR) Appraisal Reference Date Authorized by the National Interbank Funding Center;

4. 2025 Mechanical and Electrical Products Price Information Inquiry System;

5. Price information database of China United Assets Appraisal Group Co., Ltd.;

6. Future earnings forecast data provided by the Clients and other relevant parties in accordance with the law;

7. Other reference documents.

(VI) Other Reference Documents

1. Audit Report issued by Ernst & Young Hua Ming LLP (Special General Partnership) [Ernst & Young Hua Ming (2025) Zhuanzi No. 80021398_A01];

2. Enterprise Accounting Standards - Basic Standards (Ministry of Finance Order No. 33);

3. Enterprise Accounting Standards - Application Guide (CK [2006] No.18);

4. Enterprise Accounting Standard No. 1 - Inventories and 40 other specific standards (CK [2006] No. 3);

5. Handbook of Common Methods and Parameters for Asset Appraisal (China Machine Press 2011 Edition);

6. iFind Information Financial Terminal;

7. Investment Appraisal (written by Damodaran [US], translated by Lin Qian [Canada], Tsinghua University Press);

8. Appraisal: Measuring and Managing the Value of Companies (4th Edition) (written by Tim. Koller et al. [US], translated by Wei Ping and Zhu Xiaolong, Electronics Industry Press);

9. Asset Appraisal Standards - Terminology 2020;

10. Expert Guidance for Asset Appraisal No. 8 - Verification and Validation in Asset Appraisal (CAS [2019] No. 39);

11. Expert Guidance for Asset Appraisal No. 12 - Measurement of Discount Rate in Enterprise Value Assessment Using the Income Approach (CAS [2020] No. 38);

12. Relevant information on property rights transactions from the official websites of the China Securities Regulatory Commission, Shanghai Stock Exchange, Shenzhen Stock Exchange, and other related bodies;

13. Other reference documents.

VII. Appraisal Methodology

(I) Introduction to Appraisal Methods

In accordance with the Professional Standards for Asset Appraisal - Enterprise Value (CAS [2018] No. 38) and Professional Standards for Asset Appraisal - Asset Appraisal Methods (CAS [2019] No. 35), when engaging in enterprise value appraisal, the applicability of three basic methods, namely, Income Approach, Market Approach, and Asset-based Approach, shall be analyzed, and the appropriate appraisal method is selected based on factors such as the purpose of appraisal, appraisal object, value type, conditions for the application of appraisal methods, and the quality and quantity of data underlying the application of appraisal methods.

The Income Approach in enterprise value appraisal involves determining the value of the appraisal object by capitalizing or discounting expected

returns. Asset appraisers should appropriately assess the applicability of the Income Approach by considering the enterprise nature, asset scale, historical operating performance, predictability of future earnings, and the sufficiency of the appraisal data obtained.

The Market Approach in enterprise value appraisal involves determining the value of the appraisal object by comparing it with comparable listed companies or comparable transaction cases. Asset appraisers should consider the applicability of the Market Approach based on the sufficiency and reliability of the comparable enterprises' operating and financial data obtained, and the number of comparable enterprises available for collection.

The Asset-based Approach in enterprise value appraisal involves determining the value of the appraisal object by appraising the value of identifiable on-balance sheet and off-balance sheet assets and liabilities, based on the Balance Sheet of the Appraised Entity on the Appraisal Reference Date.

(II) Selection of Appraisal Methods

The Purpose of Appraisal can be described as China Shenhua Energy Company Limited's proposed acquisition of 100% equity in CHN Energy Guoyuan Power Co., Ltd held by China Energy Investment Group Co., Ltd. by issuing shares and paying cash.

The Asset-based Approach reflects the enterprise value from a construction perspective, providing a basis for enterprise operation, management, and assessment after the economic activity is realized. Therefore, the Asset-based Approach is selected for this appraisal.

The Appraised Entity possesses the foundation and conditions for going concern, and its future earnings and risks can be predicted and quantified. Therefore, the Income Approach can be adopted for this appraisal.

Before and after the Appraisal Reference Date, as recent transaction cases involving enterprises of comparable scale are unavailable, and there are

few comparable listed companies with similar scale and business structure in the market, the Market Approach was not selected for this appraisal.

In summary, it is determined to adopt the Asset-based Approach and Income Approach for this appraisal.

(III) Asset-based Approach

The Asset-based Approach involves determining the value of the appraisal object by appraising the value of identifiable assets and liabilities, both on and off the Balance Sheet of the Appraised Entity or operating unit as of the Appraisal Reference Date. Specifically, it involves calculating the enterprise value by summing the appraised value of various constituent assets and subtracting the appraised value of the liabilities.

The appraisal methods for assets and liabilities are presented below:

1. Current Assets

(1) Monetary Assets

Monetary assets primarily consist of bank deposits.

Confirmation letters were sent for bank deposit accounts to verify the actual existence of bank deposits, and to check for any unrecorded bank deposits, examining the authenticity of outstanding items in the Bank Reconciliation Statement, and reviewing inflows after the Appraisal Reference Date. For monetary assets denominated in RMB, the Appraised Value is determined based on the verified book value. For foreign currency-based monetary assets, the Appraised Value is determined by multiplying the verified original currency amount by the exchange rate on the Appraisal Reference Date.

(2) Accounts Receivable

For the appraisal of accounts receivable, the appraisers should verify the bookkeeping records, and sample a portion of original vouchers, and other relevant documents. They should confirm the authenticity of transactions, the

age of accounts, business contents and business amounts, and performed confirmations to ensure consistent verification results across the ledger, statements, and detailed list. Based on the verification of accounts receivable, the appraisers should engage in specific analyses on the amount, duration, and reasons for outstanding debts, collection status, debtor's funds, creditworthiness, and operational management status by leveraging historical data and current investigative findings. The appraisal risk loss is then estimated based on the specific circumstances of the Appraised Entity.

For receivables and other amounts from/to related parties where there is sufficient reason to believe they are fully recoverable, the probability of appraisal risk loss is determined to be 0%;

For individually significant accounts receivable where the Appraised Entity and the debtor have agreed upon a repayment plan, the appraisal risk loss is determined by the difference when the present value of future estimated cash flows is lower than the book value. For individually non-significant accounts receivable where the Appraised Entity and the debtor have not determined a repayment plan, the appraisal risk loss is estimated by referencing the method used in corporate accounting for calculating provision for bad debts.

The Appraised Value of accounts receivable is determined by deducting the appraisal risk loss from the verified book value of accounts receivable.

(3) Prepayments

For the appraisal of prepayments, the appraisers should verify bookkeeping records, examine original vouchers and relevant contracts, confirm the authenticity of transactions, the age of accounts, business contents, and business amounts. Confirmations should be obtained to prove that there is no anomaly. Based on the accurate verification of prepayments, and utilizing historical data and insights gathered from field surveys, the appraisers should specifically analyze the amounts, outstanding periods and

reasons, collection status of payments, and the financial, credit, and operational management status of the debtors.

Upon verification, the amounts in the prepayment accounts, statements, and invoices are consistent. No instances were found where suppliers were bankrupt, dissolved, or unable to provide goods on time as per contract. Based on the accurate verification of prepayments, the appraisers determined the Appraised Value using the verified book value.

(4) Dividends Receivable

For appraisal of dividends receivable, appraisers verified the ledger records, checked original vouchers and the dividend distribution documents of the investee enterprise, to verify the authenticity of the matter and the accuracy of the amount. The verification results showed that the ledger, statements, and supporting documents amounts matched. The Appraised value is determined based on the verified book value.

(5) Other Receivables

For appraisal of other receivables, appraisers verified the ledger records, sampled part of original vouchers and other relevant documents, verified the authenticity of transactions, aging, business content, amounts, and performed confirmations. Verification results showed that ledger, statements, and supporting documents amounts matched. Based on the correct verification of other receivables, and utilizing historical data and current investigation, specific analyses were conducted on the amount, aging and reason for the debt, collection status, and the debtor's financial status, credit, and current management status. Based on the specific circumstances of the entity, specific identification method and aging analysis method were used to estimate the appraisal risk loss.

For intercompany balances and other receivables where there is sufficient reason to believe full recovery is assured, the possibility of appraisal risk loss is 0%.

For individually significant other receivables where the Appraised Entity and the debtor have agreed on a repayment plan, appraisal risk loss is determined by the difference between the present value of the expected future cash flows and the book value. For other receivables that are not individually significant and where no repayment plan has been agreed upon, the method used by the enterprise for calculating bad debt provision is referenced to estimate the appraisal risk loss.

Appraised Value of other receivables is determined by subtracting the estimated appraisal risk loss from the verified book amount of other receivables.

(6) Inventory

The inventory consists of circulating materials in use.

Appraisers tested the internal control system for inventory, sampled high-value transactions and original vouchers, purchase and sales contracts with major customers, records of receipts and shipments, and daily production reports to verify authenticity and completeness of book value composition and cost accounting methods. They obtained an understanding of accounting system for inventory receipt, issuance, and storage, and performed physical inventory counting. They inspected the inventory for defects, damage, obsolescence, and scrapping. Market reference prices for inventory and product selling price information were collected to serve as a pricing reference. Appraised value was determined through comprehensive analysis combined with market inquiry data. Quantity is based on the actual quantity as of the Appraisal Reference Date. Specific appraisal methods and process for inventory are as follows:

1) Circulating Materials in Stock

Circulating materials in stock are primarily low-value consumables required for enterprise's daily operations, including items such as keyboards and mice. Turnover is normal, with no instances of overstocking or damage.

For this appraisal, supporting documents such as vouchers and invoices were sampled and compared with their book values, revealing minor discrepancies. Book value essentially reflects the current market value of circulating materials in stock. Therefore, the Appraised value for this portion of circulating materials in stock is determined based on the verified book value.

(7) Other Current Assets

For the appraisal of other current assets, the asset appraisers verified the consistency of the subsidiary ledger with the general ledger and balance sheet balances, checked for consistency with the detailed list of assets to be appraised, reviewed accounting records including transaction amounts, occurrence dates, and business content, and spot-checked original booking vouchers, relevant payment vouchers, and contracts to ascertain the authenticity and completeness of their accounting content. The asset appraisers ascertained the types of taxes, tax rates, payment systems, and other tax policies and expense conditions that the Appraised Entity was obligated to bear as of the Appraisal Reference Date. Based on verified accuracy, the Appraised Value was determined using the verified book value.

2. Long-term Equity Investments

For long-term equity investments, we first gathered evidence and verified the reasons for their formation, their book value, and actual status. We also reviewed investment agreements, resolutions of shareholders' meetings, articles of association, and relevant accounting records to ascertain the authenticity and completeness of these long-term investments.

For wholly-owned subsidiaries and controlled subsidiaries with a shareholding percentage of 50% or more, the overall assets of the investee entity at the Appraisal Reference Date were subjected to appraisal. The Appraised Value was then determined by multiplying the Appraised Value of the investee entity's net assets at the Appraisal Reference Date by the Appraised Entity's shareholding percentage:

Appraised Value of Long-term Equity Investments = Appraised Value of Net Assets after Overall Appraisal of the Investee Entity × Shareholding Percentage

Specifically, if there is a discrepancy between paid-in capital and subscribed capital, then:

Appraised Value of Long-term Equity Investments = (Appraised Value of Shareholders' Equity of the Investee Entity + Unpaid Subscribed Capital Contribution Amount) × Subscribed Capital Contribution Ratio of the Shareholder - Unpaid Subscribed Capital Contribution Amount of the Shareholder

For equity-invested companies, analysis is conducted based on the specific circumstances of the investee. Pursuant to the provisions of the Articles of Association, the appraised entity does not participate in the management affairs of equity-invested companies. Therefore, the appraisal procedures for this engagement are subject to certain limitations.

For subsidiaries where the investor holds a stake but meets the conditions for a comprehensive valuation—such as Shaanxi Binchang Wenjiapo Power Generation Co., Ltd.—the valuation method employed is identical to that used for the controlling shareholder. The total assets of the investee company are valued as of the valuation date, and the appraised value is then calculated by multiplying the net asset value of the investee company as of the valuation date by the investor's equity interest ratio.

For investee enterprises that find it difficult to cooperate in carrying out the work, the Appraised Value was determined by multiplying the net assets shown in the financial statements as of the Appraisal Reference Date by the equity ratio.

In determining the Appraised Value of long-term equity investments, the appraisers did not account for premiums or discounts resulting from factors

such as controlling interest and minority equity, nor did they consider the impact of equity liquidity on the appraisal results.

3. Fixed Assets - Building Assets

(1) According to the requirements of Asset Appraisal Practice Standards-Real Estate, when performing real estate appraisal business, applicability of three basic asset appraisal methods-Market Approach, Income Approach, and cost approach-as well as derived methods such as hypothetical development method and benchmark land price correction method, shall be analyzed based on appraisal purpose, object, value type, data collection, etc., to select the appraisal method.

Based on the structural characteristics and usage nature of the building assets included in the appraisal scope, the appraisers analyzed the applicability of different appraisal methods and ultimately determined the appropriate appraisal methods, as follows: the appraisers analyzed the applicability of different appraisal methods. Considering that the real properties held by the enterprise, in particular the self-use office building of Guoyuan Power, comprise an entire building located in the core area of Beijing Financial Street, where the symbolic significance of this special location has resulted in an imbalance between rental and sales ratios in the area, coupled with the economic downturn in recent years and the cooling of the office leasing market, the future rental growth level in this area is difficult to reasonably estimate; therefore, the Income Approach was not adopted for the appraisal. Similarly, as the Cost Approach cannot reflect the scarcity of real estate in this area, it is also not suitable to adopt the Cost Approach for the appraisal. For commodity residential properties purchased by the enterprise or real estate with the potential for separate transfer, the Market Approach is appropriate for the appraisal.

(2) Introduction to Appraisal Method

Market Approach is a method that estimates the objective reasonable

price or value of the appraisal object by comparing it with similar real estate that has been transacted recently or is being transacted near the Appraisal Reference Date, and making appropriate adjustments to the known prices of these similar real estate. Calculation formula is as follows:

P = P case × A × B × C × D × E

Wherein:

P: Appraised Value of the property under appraisal;

P case: Price of comparable transaction;

A: Transaction condition adjustment coefficient;

B: Transaction date adjustment coefficient;

C: Regional factor adjustment coefficient;

D: Individual factor adjustment coefficient;

E: Equity status factor adjustment coefficient.

4. Fixed Assets-Equipment Assets

According to the purpose of this appraisal and principle of continued use, based on market prices and considering the characteristics of the equipment to be appraised and the data collected, different methods were used to appraise different types of equipment assets:

For equipment in normal operation, replacement cost method was primarily used.

For used equipment whose price could be queried in the second-hand market, Market Approach was used.

(1) Replacement Cost Method

Appraised Value = Full Replacement Cost × Newness Rate

1) Determination of full replacement cost

A. Machinery & equipment full replacement cost

Full replacement cost for domestic machinery and equipment generally includes: equipment purchase price, transportation and miscellaneous costs,

installation and debugging costs, pre-operational and other costs, and capital cost.

Calculation formula for full replacement cost is as follows:

Full Replacement Cost = Equipment Purchase Price + Transportation & Miscellaneous Costs + Installation & Debugging Costs + Pre-operational & Other CostsPre-operational & Other Costs (including tax) + Capital Cost - Deductible VAT

①Purchase Price

For equipment still in production and sale, purchase price was determined mainly by consulting manufacturers for market prices on the Appraisal Reference Date, online searches, referencing recent contract prices for similar equipment near the Appraisal Reference Date, and querying the 2025 Electromechanical Product Quotation Information System.

For equipment being appraised for which current prices could not be obtained, if comparables could be found, the analogy method was used, adjusting the price of similar equipment to determine its purchase price based on the adjusted price.

If neither the current price nor comparables could be obtained, price index method was used, based on the original purchase price of equipment and the price increase index for similar equipment to determine the machinery purchase price. The calculation formula is:

Equipment Purchase Price = Original Cost t_0 × Fixed-base Price Index/ Fixed-base Price Index t_0

Where:

t_0: Equipment Acquisition Time

t: Appraisal Reference Date

②Transportation & Miscellaneous Costs

Based on the tax-inclusive purchase price, these costs were determined with reference to loading, unloading, transportation, storage, insurance, and

other related costs incurred between the manufacturer and the equipment location, referring to the Asset Appraisal Common Data and Parameters Handbook and considering actual situation of the enterprise, applying different rates. The calculation formula is:

Transportation & Miscellaneous Costs for Imported Equipment = CIF Price × Domestic Transportation & Miscellaneous Rate for Imported Equipment

Transportation & Miscellaneous Costs for Domestic Equipment = Domestic Equipment Original Price × Domestic Equipment Transportation & Miscellaneous Rate

As transportation costs for equipment within the scope of this preliminary appraisal were either included in the purchase price or borne by the seller, transportation & miscellaneous costs were not considered in this preliminary appraisal.

③Installation & Debugging Costs

Installation costs were estimated based on equipment characteristics, weight, and installation complexity, using the tax-inclusive purchase price as a base, referring to relevant equipment installation rates in Asset Preliminary Appraisal Common Data and Parameters Handbook, and considering actual situation of the enterprise. Different installation rates were applied.

The calculation formula is:

Installation Cost for Domestic Equipment = Equipment Purchase Cost × Domestic Equipment Installation Rate

Installation Cost for Imported Equipment = CIF Price × Imported Equipment Installation Rate

If installation was the responsibility of supplier (this cost was included in the purchase price), Installation and Debugging Costs were not added separately.

④Pre-operational & Other Costs

Other expenses include construction unit management fees, feasibility study report and appraisal fees, design fees, engineering supervision fees, etc. These were calculated based on the standard for other expenses in construction projects at the equipment's location, combined with the characteristics of the equipment itself.

Pre-operational & Other CostsPre-operational & Other Costs (including tax) = (Equipment Purchase Price + Transportation & Miscellaneous Costs + Installation & Debugging Costs + Foundation Costs) × Inclusive Tax Rate

Pre-operational & Other Costs (excluding tax) = (Equipment Purchase Price + Transportation & Miscellaneous Costs + Installation & Debugging Costs + Foundation Costs) × Exclusive Tax Rate

⑤Capital Cost

Capital cost was calculated based on a reasonable construction period for the entity being appraised, with the loan interest rate determined by reference to the Loan Prime Rate published by the National Interbank Funding Center under the authorization of the People's Bank of China on July 21, 2025. It was calculated based on the total of construction and installation project cost and pre-operational and other costs, assuming uniform fund input. The calculation formula is as follows:

Capital Cost = [Construction and Installation Project Cost (including tax) + Pre-operational and Other Costs (including tax)] ×Reasonable Construction Period ×Loan Interest Rate ×1/2

⑥Deductible VAT

According to provisions of CS [2008] No. 170, CS [2016] No. 36, and State Taxation Administration Announcement [2019] No. 14, for those meeting the conditions for VAT deduction, corresponding VAT was deducted from the replacement cost.

Recoverable Input VAT for Equipment = Equipment Purchase Price / (1+13%) × 13% + (Transportation & Miscellaneous Costs + Installation &

Debugging Costs) / (1+9%) × 9% + Deductible VAT in Other Expenses

B. Vehicle Full Replacement Cost

Based on local automotive market sales information and recent vehicle market price data, current tax-inclusive purchase price of vehicle was determined. Based on this, vehicle purchase tax and license plate fees were added according to the Interim Regulations of the People's Republic of China on Vehicle Purchase Tax.

According to Notice of the Ministry of Finance and the State Taxation Administration on Comprehensively Launching the Pilot Program for Replacing Business Tax with Value-added Tax (CS [2016] No. 36), the Notice of the Ministry of Finance and State Administration of Taxation on Adjusting VAT Rates (CS [2018] No. 32), and the Ministry of Finance, State Taxation Administration, General Administration of Customs Announcement [2019] No. 39, for enterprises eligible for VAT deduction, full replacement cost of the vehicle is:

Full Replacement Cost = Purchase Price + Vehicle Purchase Tax + Miscellaneous Fees (including license registration fee) - Deductible VAT

Deductible VAT = Purchase Price / 1.13 × 13%

① Vehicle Purchase Price

Purchase price for vehicles being appraised was determined based on vehicle market information and recent vehicle market price data from sources such as Pacific Auto Network Car Quotation Database and BitAuto, referencing the latest market transaction prices for similar models in the vehicle's location. For older vehicles where original model specification price could not be found, prices of similar vehicles with the same displacement were referenced as a guide for the appraised vehicle purchase price.

②Vehicle Purchase Tax

According to the relevant provisions of the Vehicle Purchase Tax Law of the People's Republic of China: Vehicle Purchase Tax Payable = Taxable Price

×10%. This "taxable price for taxpayers purchasing vehicles for self-use shall exclude VAT"; therefore: Purchase Tax = Purchase Price ÷(1 + VAT rate) ×10%.

③New Vehicle Registration & License Plate Fees

Determined based on the content and amount of such fees in the vehicle's location.

C. Electronic Equipment Full Replacement Cost

Based on local market information and recent market price data from sources such as ZOL.com.cn and PConline, price of electronic equipment on the Appraisal Reference Date was determined. Generally, manufacturers or distributors provide free transportation, installation, and commissioning. Full replacement cost was determined based on tax-exclusive purchase price.

Full Replacement Cost (excluding tax) = Purchase Price - Deductible VAT

Deductible VAT = Purchase Price/1.13 × 13%

Notes: some electronic equipment was appraised using second-hand market prices.

2) Determination of Newness Rate

A. Machinery & Equipment Newness Rate

For newness rate of machinery and equipment, reference was made to the economic life of equipment. Through site inspection of current condition of equipment and review of relevant equipment operation, repair, and equipment management records, various components of equipment were inspected to comprehensively determine its remaining useful life. Newness rate (N) was calculated based on this:

N = Remaining Useful Life / (Years Already Used + Remaining Useful Life) × 100%

B. Vehicle Newness Rate

According to relevant provisions of Compulsory Vehicle Scrapping

Standards of the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection (Decree [2012] No. 12), newness rate for vehicles is determined by the following methods, taking the smaller value as the final Newness Rate:

Age-based Newness Rate = (1 - Years in Use / Regulatory or Economic Service Life) × 100%

Mileage-based Newness Rate = (1 - Miles Driven / Regulatory Mileage Limit) × 100%

Newness Rate = Min (Age-based Newness Rate, Mileage-based Newness Rate)

Simultaneously, necessary inspection and identification were performed on the vehicle being appraised. If inspection results differed significantly from the newness rate determined by the above method, appropriate adjustments were made. If the results were similar, no adjustment was made. That is:

Newness Rate = Min (Age-based Newness Rate, Mileage-based Newness Rate) + a

a: Special vehicle condition adjustment coefficient

C. Electronic Equipment Newness Rate

For electronic equipment, newness rate was comprehensively determined primarily through site inspection of equipment's usage condition and reference to the economic life of various types of equipment.

Newness Rate = [Remaining Useful Life ÷ (Years Already Used + Remaining Useful Life)] × 100%

Notes: For electronic equipment appraised directly based on second-hand market prices, no newness rate calculation was required.

3) Determination of Appraised Value

Appraised Value is obtained by multiplying the full replacement cost by the newness rate.

Appraised Value = Full Replacement Cost × Newness Rate

5. Right-of-Use Assets

Right-of-use assets primarily represent the right of the Appraised Entity to use related leased assets during the lease term. Book cost of right-of-use assets is mainly composed of the initial measurement amount of the lease liability and direct costs incurred at the commencement of the lease.

Right-of-use asset is the right of a lessee to use an underlying asset during the lease term. The enterprise accounts for it according to the provisions of Accounting Standards for Business Enterprises No. 21-Leases (Revised), recognizing both a right-of-use asset and a lease liability.

Appraisers investigated and obtained the understanding of the relevant leased items, reviewed relevant lease contracts, verified the lease term, remaining lease period, rental level, and unpaid lease payments, and obtained the understanding of the existence of purchase options, renewal rights, and early termination rights. Upon verification, initial cost measurement of right-of-use assets was accurate, and depreciation was reasonably accrued. For this appraisal, the Appraised Value of right-of-use assets is determined based on the verified book value.

6. Intangible Assets-Other

(1) Purchased Software

For purchased software, appraisers reviewed relevant supporting documents, obtained the understanding of composition of original entry value, amortization method and period, and reviewed original contracts, invoices, and payment vouchers. Verification indicated that the ledger and statement amounts matched. Based on the characteristics of other intangible assets, appraised value type, data collection status, and other relevant conditions, Market Approach was used for the appraisal, as follows:

1) For purchased software available on the market as of the Appraisal Reference Date, market price as of the Appraisal Reference Date is used as the Appraised Value.

2) For custom-developed software, quotations from the software developer are used as the Appraised Value.

(2) Technology-based Intangible Assets

Common appraisal methods for technology-based intangible assets include Market Approach, Income Approach, and cost approach.

As the market for technology-based intangible assets in China is still in its early stages, obtaining relevant fair transaction data is relatively difficult. Therefore, Market Approach is not applicable for appraising these technology-based intangible assets.

The Appraised Entity is a thermal power generation enterprise. Its core earnings primarily depend on external macro factors such as feed-in tariff policies of national and local governments, market price of major fuels like coal, and dispatch plans of power grid. A stable and identifiable correlation between specific patent assets and future cash flows cannot be established for the technology-based intangible assets within the scope of this appraisal, nor has a direct relationship with the earnings of the Appraised Entity been formed; income split situation is uncertain. Therefore, Income Approach is not applicable for appraising these technology-based intangible assets.

Consequently, cost approach was used to appraise the technology-based intangible assets in this appraisal.

Appraised Value of Technology-based Intangible Assets = Replacement Cost × Newness Rate

Replacement Cost = Labor Cost + Other Shared Costs + Opportunity Cost + Registration Cost

Opportunity Cost = (Labor Cost + Other Shared Costs) × Opportunity Cost Rate + Registration Fees

Opportunity Cost Rate = Return on Invested Capital (ROIC)

Newness Rate = Remaining Useful Life / (Years in Use + Remaining Useful Life) × 100%

7. Development Expenditure

Development expenditure primarily relates to projects such as core switch upgrade project, real-time monitoring of coal mine slopes, vehicle operation real-time monitoring system construction project, and coal mine integrated monitoring system upgrade project. As of the Appraisal Reference Date, these projects were still in subsequent development and testing phases.

Development expenditure is appraised at the verified book value.

8. Other Non-current Assets

For appraisal of other non-current assets, appraisers checked whether the subsidiary ledger balances matched the general ledger and statement balances, and verified consistency with the provided detailed list. They reviewed accounting records including amounts, transaction dates, and business content, and sampled original entry vouchers, contracts, agreements, and other documents to confirm the authenticity and completeness of other non-current assets. Based on correct verification, the Appraised Value is determined based on the verified book value.

9. Liabilities

Each liability item was examined and verified to identify actual obligor and liability amount after appraisal purpose is realized. The Appraised Value is determined based on the liability items and amounts that the actual owner of property rights would need to bear after appraisal purpose is realized.

(IV) Income Approach

1. Overview

According to the Professional Standards for Asset Appraisal - Enterprise Value, the Income Approach in enterprise value appraisal, also known as the discounted cash flow method, involves forecasting the future cash flows and their associated risks for an enterprise or a revenue-generating unit, selecting a corresponding discount rate, and then discounting and summing these future

cash flows. The fundamental principle of the Income Approach is to estimate the future anticipated net cash flow of the assets and convert them into present value using an appropriate discount rate to derive the Appraised Value. The fundamental conditions for applying the Income Approach are described below: the enterprise possesses the basis and conditions for going concern; there is a relatively stable correlation between its operations and earnings; its future earnings and risks can be predicted and quantified. The primary challenge in utilizing the discounted cash flow method lies in forecasting future expected cash flows, as well as ensuring the objectivity and reliability of data collection and processing. When the forecast of future expected cash flows is relatively objective and fair, and an appropriate discount rate is adopted, the appraisal result will demonstrate strong objectivity.

2. Appraisal Ideas

Based on the findings of this due diligence and the asset composition and principal business characteristics of the Appraised Entity, the equity capital value of the Appraised Entity is appraised based on the audited financial statements of the Appraised Entity. The fundamental appraisal approach for this appraisal is described as follows:

(1) For assets and principal businesses within the scope of the report, expected returns (net cash flow) are projected based on historical operating trends and business types, then discounted to derive the value of the operating assets;

(2) Current assets (liabilities) such as monetary assets, and dividends receivable (payable) existing on the Appraisal Reference Date, which are within the scope of the report but not included in the expected returns (net cash flow) forecast, as well as non-current assets (liabilities), and construction in progress not recognized in profit and loss, are defined as redundant or non-operating assets (liabilities) existing on the Appraisal Reference Date, and their value is estimated separately;

(3) The value of long-term equity investments that are included within the scope of the financial statements but are not factored into the estimation of expected returns are separately calculated;

(4) Summing the values of the aforementioned assets and liabilities yields the enterprise value of the Appraised Entity. After deducting the value of interest-bearing debt as of the Appraisal Reference Date, the equity capital (Shareholders' Equity) value of the Appraised Entity is obtained.

In determining the value of Shareholders' Equity, the appraisers have not considered premiums or discounts arising from factors such as controlling interest and minority equity, nor has the appraisers considered the impact of equity liquidity on the appraisal results.

3. Appraisal Model

(1) Basic Model

The basic model for this appraisal is:

$$E = B - D \quad (1)$$

Wherein:

E: Shareholders' Equity (Net Assets) Value of the Appraised Entity;

B: Enterprise Value of the Appraised Entity;

D: Interest-Bearing Debt Value of the Appraised Entity;

$$B = P + C \quad (2)$$

Wherein:

P: Operating Assets Value of the Appraised Entity;

C: Value of Surplus or Non-Operating Assets (Liabilities) of the Appraised Entity on the Appraisal Reference Date;

$$P = \sum_{i=1}^{n} [R_i \times (1+r)^{-i}] + p_n \times (1+r)^{-n} \quad (3)$$

Wherein:

Ri: Expected returns (Free Cash Flow) of the Appraised Entity in the i-th future year;

Pn: Terminal value, net of the recoverable value of working capital, fixed assets, intangible assets, and other relevant assets;

r：Discount rate;

n：The future operating period of the Appraised Entity;

$$C = C_1 + C_2 \quad (4)$$

C_1: The value of surplus or non-operating assets (liabilities) classified as current at the Appraisal Reference Date;

C_2: The value of surplus or non-operating assets (liabilities) classified as non-current at the Appraisal Reference Date.

(2) Income Indicator

The enterprise's free cash flow is adopted as the income indicator for the Appraised Entity's operating assets, which is fundamentally defined as:

R = Net Profit + Depreciation & Amortization + After-Tax Interest - Additional Capital + Terminal Asset Recovery (5)

Based on the Appraised Entity's operating history and future market development, its free cash flow for the future operating period is estimated. The value of the enterprise's operating assets is obtained by discounting and summing the free cash flow over the future operating period.

(3) Discount Rate

This appraisal adopts the weighted average cost of capital (WACC) model to determine the discount rate r.

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Wherein:

W_d: The debt ratio of the comparable company;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: the equity ratio of the comparable company;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt;

r_e: Cost of equity capital; this appraisal determines the cost of equity capital re according to the Capital Asset Pricing Model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Wherein:

r_f: Risk-free rate of return;

r_m: Market expected rate of return;

ε: The specific risk adjustment coefficient of the Appraised Entity;

β_e: The expected market risk coefficient for the equity capital of the Appraised Entity;

$$\beta_e = \beta_u \times (1 + (1 - t) \times \frac{D}{E}) \quad (10)$$

β_u: The expected unlevered market risk coefficient for comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stock (assets) of comparable companies;

$$\beta_t = 1/3K + 2/3\beta_x \quad (12)$$

Wherein:

K: The average risk value of the stock market over a certain period, usually assumed K=1;

β_x: The historical average market risk coefficient for the stock (assets) of comparable companies;

D_i, E_i: The interest-bearing debt and equity capital of comparable companies, respectively.

4. Earnings Period

According to the Appraised Entity's Articles of Association, the business term of the enterprise is long-term. As the Appraised Entity was operating

normally on the Appraisal Reference Date, there are no restrictions on the useful life of core assets affecting the enterprise's continued operation, nor on the enterprise's production and operation term or the investors' ownership term. Alternatively, such restrictions can be lifted, and the enterprise can operate in perpetuity through extensions. Therefore, it is assumed that the Appraised Entity will operate as a going concern beyond the Appraisal Reference Date, with a corresponding indefinite earnings period.

VIII. Implementation Process and Status of Appraisal Procedures

The entire appraisal work is divided into four stages:

(I) Appraisal Preparation Stage

Appraisal Preparation Stage was in early September 2025, and the main tasks of this stage are described below:

1. Project Negotiation and Acceptance of Project Engagement

In this stage, we understand the basic information of the Appraised Entity and the Appraisal Object involved in the proposed engagement, and clarify the Purpose of Appraisal, Appraisal Object, Scope of Appraisal, and Appraisal Reference Date; Based on specific circumstances, including the purpose of appraisal and the transaction background, a comprehensive analysis and appraisal of professional competence, independence, and business risks are conducted, leading to the signing of an asset appraisal engagement contract.

2. Determination of the Appraisal Plan and Preparation of the Work Schedule

After thorough communication with the Clients and all relevant intermediaries for the project, and further confirming the fundamental aspects of the asset appraisal, as well as the Appraised Entity's assets and operating status, basic policies, laws, and regulations pertinent to the Appraised Entity's industry are collected, along with market operating conditions. Building upon

this, a preliminary work plan is drafted, and an appraisal plan is formulated.

3. Submittal of the Document Checklist and Interview Outline

Based on the characteristics of the assets to be appraised, a targeted due diligence document checklist is submitted, including sample forms for asset lists and profit forecasts, requiring the Appraised Entity to undertake appraisal preparation work.

4. Guidance on Form Completion and Appraisal Data Preparation

We liaise with relevant staff of the Appraised Entity to guide them in preparing the necessary data and completing the relevant forms in accordance with asset appraisal requirements.

(II) On-site Appraisal Stage

The project team's on-site work period is scheduled for mid-September 2025, with the following main tasks during this stage:

1. Preliminary Understanding of the Overall Situation

We receive briefings from the Clients and relevant personnel of the Appraised Entity regarding the Appraised Entity's overall situation and the history and current status of the assets to be valued. This includes understanding the Appraised Entity's historical evolution, financial system, operating status, and technical conditions of its fixed assets.

2. Reviewing and Verifying Materials

The declaration materials provided by the Appraised Entity are reviewed and authenticated. Property rights certificates for the assets to be valued are thoroughly collected and verified, and cross-referenced with the enterprise's relevant financial records. Any discrepancies identified are addressed and adjusted in coordination with the enterprise.

3. Key Inventory Check

Based on the declared materials, comprehensive inventory check and verification are conducted for the primary assets and operational and office

premises. For the reported bank deposits and intercompany balances, bank statements and various business contracts are verified to confirm their authenticity and analyze associated risks. On-site inspections are performed for the declared physical assets. Physical inventory of electronic equipment and machinery was conducted on a sampling basis, while a thorough on-site inventory and inspection was performed for the buildings. Furthermore, for the buildings, we gained an understanding of the management systems, maintenance, and renovation/expansion activities, and collected relevant documentation. For specialized equipment, we reviewed technical data. For leased premises, we examined the lease agreements.

4. Due Diligence Interview

Through due diligence and interviews with senior executives, we gain an understanding of the enterprise's cost and expense, and its future development trends are analyzed. For the profit forecast data declared by the enterprise, discussions are held with enterprise management personnel to reach a consensus on future development trends as much as possible. This is then verified and checked by inquiring about the principal business, gross profit situation, and other relevant aspects of enterprises in the same industry and field.

5. Determining Appraisal Methods

Based on the actual conditions and characteristics of the assets to be valued, the specific asset appraisal model and methods are determined.

6. Estimation and Appraisal

Based on the agreed-upon understanding, the appraisal model is determined, the appraisal results are calculated, and relevant written explanations are drafted.

(III) Appraisal Summary Stage

We analyze and summarize the preliminary appraisal results for various

assets and liabilities, and implement necessary adjustments, modifications, and improvements to the appraisal results.

(IV) Report Submission Stage

Based on the foregoing work, a preliminary asset appraisal report is drafted; following an initial review, opinions on the appraisal results are exchanged with the Clients. After an independent analysis of relevant opinions, revisions and adjustments are made in accordance with the Appraisal Institution's internal asset appraisal report review system and procedures, culminating in the issuance of the official asset appraisal report.

IX. Appraisal Assumptions

In this appraisal, the appraisers adhered to the following appraisal assumptions:

(I) General Assumptions

1. Transaction Assumption

The transaction assumption posits that all assets to be valued are already in the process of transaction, and the appraiser performs appraisal based on Pro forma market conditions, including the transaction terms of the assets to be valued. The transaction assumption is one of the most fundamental prerequisite assumptions for asset appraisal.

2. Open Market Assumption

The open market assumption posits that for assets traded or intended to be traded in the market, both parties to the asset transaction are in equal positions and have the opportunity and time to obtain sufficient market information to make rational judgments regarding the asset's function, intended use, and transaction price. The open market assumption is predicated on the basis that assets can be openly bought and sold in the market.

3. Going Concern Assumption of the Enterprise

The going concern assumption for an enterprise is an appraisal premise made by treating the enterprise's entire assets as the appraisal object. This implies that the enterprise, as an operating entity, will continue its operations within its external environment in accordance with its business objectives. Enterprise management is responsible for and capable of fulfilling its duties; The enterprise operates lawfully and is able to generate appropriate profits to sustain its ongoing operational capability. Regarding the various operating assets of the enterprise, they are assumed to continue to be used in their current purpose, manner, scale, frequency, and environment, or to be utilized following certain modifications.

(II) Special Assumptions

1. There are no significant changes in the current relevant laws, regulations, and policies, nor in the national macroeconomic situation; there are no significant changes in the political, economic, and social environment of the regions where all parties to this transaction are located;

2. There are no significant changes in the socio-economic environment in which the enterprise operates, nor in relevant interest rates, exchange rates, tax bases and tax rates, or policy-related levies;

3. The enterprise's future operational management team performs its duties diligently and maintains its existing operational management model;

4. The appraisal is based solely on the existing operational capacity as of the Appraisal Reference Date. No consideration is given to potential future expansions in operational capacity resulting from changes in management, operational strategies, or additional investments, nor to subsequent changes in production and operations that may occur;

5. All assets in this appraisal are predicated on their actual inventory as of the Appraisal Reference Date, with the current market prices of relevant assets based on prevailing domestic prices as of the Appraisal Reference Date;

6. This appraisal assumes that the fundamental and financial data provided by the Clients and the Appraised Entity are true, accurate, and complete;

7. The appraisal scope is strictly limited to the appraisal declaration forms furnished by the Clients and the Appraised Entity; it does not account for any potential contingent assets or contingent liabilities beyond the lists provided by the Clients and the Appraised Entity;

8. This appraisal assumes that, throughout the prospective forecast period, the categories and proportions of the Appraisal Object's various period expenses will not deviate significantly from their current structure but will maintain their recent trends, adjusting proportionally with shifts in operational scale;

9. Given the frequent and significant fluctuations in the enterprise's monetary assets, including bank deposits, during its operations, the appraisal of financial expenses in this report does not account for interest income from deposits or uncertain gains and losses such as exchange differences;

10. There are no other force majeure or unforeseen factors that would have a significant adverse impact on the enterprise;

11. It is assumed that, subsequent to the appraisal Reference Date, the Appraised Entity's cash inflows and outflows occur at an average rate.

Should the aforementioned conditions change, the appraisal results would generally become invalid.

X. Appraisal Conclusion

Based on the assessment of future development trends and business plans by the Clients and the enterprise's management, and in accordance with relevant laws, regulations, and asset appraisal standards, the total shareholders' equity of CHN Energy Guoyuan Power Co., Ltd. was valued as of the Appraisal Reference Date of July 31, 2025, using both the Asset-based Approach and the Income Approach. This appraisal followed established

procedures, including inventory checks, on-site inspections, market surveys and confirmations, and assessment and estimation.

(I) Appraisal Conclusion from Asset-based Approach

Using the Asset-based Approach, Appraisal Conclusions for Appraised Entity as of Appraisal Reference Date are as follows:

Pro forma total assets have a book value of RMB 2,780,969.61 ten thousand, an appraised value of RMB 4,844,271.44 ten thousand, an appraisal increment of RMB 2,063,301.83 ten thousand, and an appreciation rate of 74.19%.

Pro forma liabilities have a book value of RMB 386,072.15 ten thousand, an appraised value of RMB 386,072.15 ten thousand, with no change in value.

Pro forma total shareholders' equity has a book value of RMB 2,394,897.46 ten thousand, an appraised value of RMB 4,458,199.29 ten thousand, an appraisal increment of RMB 2,063,301.83 ten thousand, and an appreciation rate of 86.15%. For details, see the table below:

Table 10-1 Asset Appraisal Results

Unit: RMB in ten thousand

Items		Book value	Appraised value	Increase/decrease in value	Appreciation rate %
		A	B	C=B-A	D=C/A×100
1	Current assets	497,052.65	497,052.65	-	-
2	Non-current assets	2,283,916.96	4,347,218.79	2,063,301.83	90.34
3	Including: long-term equity investments	2,003,662.96	3,978,677.56	1,975,014.60	98.57
5	Fixed assets	10,799.74	99,941.44	89,141.70	825.41
7	Intangible assets	2,328.74	1,474.27	-854.47	-36.69
7-1	Including: land use rights	927.29	-	-927.29	-100.00
8	Other non-current assets	267,125.52	267,125.52	-	-
9	**Total assets**	**2,780,969.61**	**4,844,271.44**	**2,063,301.83**	**74.19**
10	Current liabilities	385,683.34	385,683.34	-	-
11	Non-current liabilities	388.81	388.81	-	-
12	**Total liabilities**	**386,072.15**	**386,072.15**	**-**	**-**
13	**Net assets (owner's equity)**	**2,394,897.46**	**4,458,199.29**	**2,063,301.83**	**86.15**

(II)Appraisal Conclusion from Income Approach

Using the Income Approach, Appraisal Conclusions for Appraised Entity as of Appraisal Reference Date of July 31, 2025, are as follows:

Pro forma book value of total shareholders' equity on a parent-company basis for CHN Energy Guoyuan Power Co., Ltd. is RMB 2,394,897.46 ten thousand, while the appraised value of total shareholders' equity is RMB 4,170,437.72ten thousand, resulting in an appraisal increment of RMB1,775,540.26 ten thousand and an appreciation rate of 74.14 %.

(III) Analysis of Differences in Appraisal Results

Pro forma total shareholders' equity value calculated using the Income Approach in this appraisal is RMB 4,170,437.72 ten thousand, which is RMB 287,761.57ten thousand lower than the pro forma total shareholders' equity value of RMB 4,458,199.29 ten thousand calculated using the Asset-based Approach, representing a difference rate of 6.45%. Main reasons for differences between the two appraisal methods are as follows:

1. The Asset-based Approach Appraisal uses the replacement cost of assets as the value standard, reflecting the socially necessary labor consumed by asset investment (construction cost). This construction cost typically fluctuates with changes in the national economy;

2. The Income Approach Appraisal uses the expected returns of assets as the value standard, reflecting the operating capacity (profitability) of the assets. This profitability is typically influenced by various factors such as the macro economy, government control, and the effective utilization of assets.

In summary, this leads to a discrepancy between the two appraisal methods.

(IV) Selection of Appraisal Results

Income Approach employs the method of discounting expected future returns to appraise enterprise value. This Approach is significantly influenced

by company's future profitability, asset quality, operational capability, and operational risks. The Appraisal using Income Approach involves forecasting multiple factors such as future electricity prices, utilization hours, coal prices, and national energy policies. These key parameters carry considerable uncertainty in the current market environment, leading to relatively low accuracy in profit forecasts.

Asset-based Approach reflects the fair market value of assets from the perspective of replacement cost. Given the circumstances of this Appraisal, the Appraised Entity is a capital-intensive enterprise. Its industry, power and energy sector, has a clear asset structure, and its core value is primarily embodied in tangible assets such as large-scale power generation units, transmission networks, and land and buildings. The enterprise provided detailed information on its assets and liabilities, and the appraiser also collected sufficient external data required for the Asset-based Approach. We conducted a comprehensive inventory and appraiser of the Appraised Entity's assets and liabilities. Therefore, comparatively, the appraisal result derived from Asset-based Approach is more reliable. Consequently, the result from the Asset-based Approach is adopted as the final appraisal conclusion in this Appraisal.

Based on the above analysis, value of total equity of Guoyuan Power as of the Reference Date is determined to be RMB4,458,199.29 ten thousand.

XI. Instructions on Special Matters

(I) Circumstances Involving Citation of Conclusions from Reports Issued by Other Institutions.

None.

(II) Incomplete Property Rights Documentation or Property Rights Deficiencies

Among the assets declared for appraisal by the Appraised Entity, certain buildings and land use rights either lack property ownership certificates or have certificates not registered under the current owner's name. The enterprise has warranted that it owns these assets and assumes that any disputes arising from the ownership of these assets are unrelated to the appraisal agency. Property rights deficiencies for Guoyuan Power and its subsidiaries/branches are as follows:

Table 10-2 House Deficiencies

No.	Subject Company	Area of buildings without certificates（㎡）
1	CHN Energy Guoyuan Power Co., Ltd. Beijing Materials Branch	211.41
2	Guoneng Energy Hami Coal & Power Co., Ltd.	272,895.57
3	Guoneng Baoqing Coal, Power & Chemical Co., Ltd.	70,129.18
4	Shaanxi Deyuan Fugu Energy Co., Ltd.	104,919.28
5	Qinhuangdao Power Generation Co., Ltd.	367,00.60
6	Guoneng Shanxi Hequ Power Generation Co., Ltd	6,600.25
7	Guoneng (Tianjin) Dagang Power Plant Co., Ltd	177,288.14

Table 10-3 Land Deficiencies

No.	Subject Company	Area of land plots without certificates（㎡）
1	Guoneng Baoqing Coal, Power & Chemical Co., Ltd.	94,570.56
2	Guoneng Bozhou New Energy Co., Ltd.	632,312.33
3	Guoneng (Tianjin) Dagang Power Plant Co., Ltd.	252,967

(III) Circumstances where Appraisal Procedures are Restricted or Appraisal Data is Incomplete

There were no restrictions in appraisal procedures or incompleteness of appraisal data for this Appraisal.

(IV) Outstanding Legal and Economic Matters Existing on the Appraisal Reference Date

1. As of the Appraisal Reference Date, major litigation involving subsidiary Guoneng Energy Hami Coal & Power Co., Ltd. is listed below:

No.	Phase	Plaintiff	Defendant	Amount involved	Claims

Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Guoyuan Power Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

				(in ten thousand)	
1	First instance	Zhongheng Construction Group Co., Ltd.	Guoneng Energy Hami Coal & Power Co., Ltd.	570.50	Zhongheng Construction Group Co., Ltd. filed a lawsuit with Hami Yizhou People's Court, demanding that Guoneng Energy Hami Coal & Power Co., Ltd. pay RMB219.99 ten thousand plus interest for material, labor, and machinery cost adjustments, and RMB5.299 ten thousand plus interest for epidemic prevention and control costs. Subsequently, after the case was accepted on November 1, 2024, Guoneng Energy Hami Coal & Power Co., Ltd. filed a counterclaim, demanding that Zhongheng Construction Group Co., Ltd. pay liquidated damages for project delay and court acceptance fees. Claims of Zhongheng Construction Group Co., Ltd.: 1. To order the Defendant to pay the Plaintiff RMB 2.19992582 million for cost adjustments, plus interest (interest to be calculated from the completion date of each respective project until the date of full payment, based on the benchmark interest rate for similar loans published by the People's Bank of China). 2. To order the Defendant to pay the Plaintiff RMB 52,990.43 for epidemic prevention and control costs, plus interest (interest to be calculated from the completion date of each respective project until the date of full payment, based on the benchmark interest rate for similar loans published by the People's Bank of China). 3. To order the Defendant to bear the litigation costs of this case. Claims of Guoneng Energy Hami Coal & Power Co., Ltd. (Counterclaim): 1. To order Zhongheng Construction Group Co., Ltd. to pay Guoneng Energy Hami Coal & Power Co., Ltd. RMB 2.080261.4 million in liquidated damages for project delay. 2. To order that the court acceptance fees be borne by Zhongheng Construction Group Co., Ltd.
4	First instance	Liu Hui	Guoneng Energy Hami Coal & Power Co., Ltd., China Railway 12th Bureau Group Co., Ltd., Gan Lu, Hami Kangjian Engineering Construction Co., Ltd., Xinjiang Yihang Construction Engineering Co., Ltd.	1000	Claims: 1. To order the Defendant China Railway 12th Bureau Group Co., Ltd. to pay the Plaintiff RMB1,000 ten thousand in construction project payments, plus interest (this claimed amount is provisional; final amount will be determined after judicial appraisal commissioned by the court determines the project value involved in the case; interest shall be calculated on the base amount of the project payment, from February 1, 2024, until the date of full payment, based on the one-year Loan Prime Rate). 2. To order the Defendant Guoneng Energy Hami Coal & Power Co., Ltd. to bear payment liability to the Plaintiff within the scope of any unpaid project payments it owes to the Defendant China Railway 12th Bureau Group Co., Ltd. To order the Defendants to bear the litigation costs, preservation fees, preservation insurance fees, and service fees of this case.

(V) Nature, Amount, and Relationship with the Appraisal Object Regarding Guarantees, Leasing, Contingent Liabilities (Contingent Assets), and Other Related Matters

As of the Appraisal Reference Date, part of the office premises currently used by the Appraised Entity are leased. Details of the right-of-use assets are presented in the table below:

Table 10-4 List of Right-of-Use Assets

No.	Asset name	Commencement date	Expiry date	Lease term	Periodic Rent (Yuan)
1	9th Floor, Jiangong Office Area (leased)	2024/9/1	2026/9/30	2 years	5,408,937.14

(VI) Significant Subsequent Events

Subsequent events refer to significant matters occurring after the Appraisal Reference Date but prior to the issuance of the Appraisal Report.

No significant subsequent events of the company were identified.

(VII) Defects in the Economic Activity Corresponding to This Appraisal that May Significantly Impact the Appraisal Conclusion

1. For the exploration rights included within the scope of this Appraisal, as geological exploration data, preliminary design documents, overall mine area plans, formal feasibility study reports, and other information required for mining right valuation could not be obtained, it was impossible to model and calculate the market value of these exploration rights as demonstrated on the Appraisal Reference Date in accordance with mining right valuation standards system and mining right valuation theory. This appraisal covers the coal exploration rights for the No. 3 Coalfield in the West District of the Dananhu Mining Area of State Grid Energy Hami Coal Power Co., Ltd., the coal exploration rights for the East Exploration Area of the No. 1 Coalfield in the West District of the Dananhu Mining Area, and the coal exploration rights for the F1 South Coalfield in the West District of the Dananhu Mining Area. It also includes the coal exploration (reserved) prospecting rights for the Data Mining Area of Shanxi Luneng Hequ Thermal Coal Development Co., Ltd., and the coal exploration (reserved) prospecting rights for the Huangbo Mining Area, totaling five prospecting rights, shall retain their costs based on the audited book value.

(VIII) **Other Matters Requiring Disclosure**

1. This assessment includes five mining rights in the valuation calculations.four of which have not yet been fully disposed of for consideration. These are: the mining right for the Sandagao Coal Mine in Fugu County held by Shaanxi Deyuan Fugu Energy Co., Ltd.; the mining right for the Dananhu No. 2 Open-Pit Coal Mine held by State Grid Energy Hami Coal & Power Co., Ltd.; the mining right for the Shangyuquan Coal Mine held by Shanxi Luneng Hequ Thermal Coal Development Co., Ltd.; and the mining right for the Renjiazhuang Coal Mine held by Ningxia Ninglu Coal & Power Co., Ltd., a subsidiary of State Energy Group Ningxia Coal Industry Co., Ltd. According to Article 15 of the Notice of the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration on Issuing the Measures for the Collection of Mining Rights Transfer Revenue (Cai Zong [2023] No. 10), "For mining rights that have been established and have undergone compensated disposal, when utilizing resource reserves within the mining rights area that have not been compensated, mining rights transfer revenue shall be collected by analogy with the agreement transfer method according to the following principles: For mineral types listed in the Catalogue of Mineral Types, mining rights transfer revenue shall be levied annually based on the mining rights transfer revenue rate applicable at the time of mineral product sales." This assessment calculates the mining rights transfer revenue for the undistributed resource reserves using coal's transfer revenue rate of 2.4% and records it as a cash outflow. As of the valuation benchmark date, the undistributed extracted volumes for the four mining rights are as follows:

No.	Mining Right Name	Extracted Volume (10,000 tons)	Uncompensated Extraction Volume (10,000 tons)
1	Shaanxi Deyuan Fugu Energy Co., Ltd. Fugu County Sandagao Coal Mine Mining Rights	59,768.27	45,784.24
2	State Grid Energy Hami Coal Power Co., Ltd. Dananhu No. 2 Open-Pit Coal Mine Mining Rights	137,459.77	101,019.39
	Shanxi Luneng Hequ Thermal Coal	35,979.08	815.70

3	Development Co., Ltd. Shangyuquan Coal Mine Mining Rights		
4	State Energy Group Ningxia Coal Industry Co., Ltd. Ningxia Ninglu Coal & Power Co., Ltd. Renjiazhuang Coal Mine Mining Rights	12,127.62	3,685.58

3. The mining rights conclusion in this appraisal report is based on the mining rights appraisal report issued by Zhonglian Asset Appraisal Group Co., Ltd. The valuation purpose and valuation benchmark date stated in the mining rights appraisal report are consistent with those of this asset valuation. As the mining rights valuation is consolidated into the asset appraisal report issued by our company, we have verified the ownership of the mining rights and related assets. Concurrently, we have performed necessary review procedures regarding the valuation procedures, methods, assumptions, and selection of key parameters adopted in the mining rights appraisal report. The specific details of the report reference are as follows:

	Project	Report Reference Number
1	State Grid Energy Hami Coal Power Co., Ltd. Dananhu No. 2 Open-Pit Coal Mine Mining Rights	Zhonglian Mining Evaluation Report No. [2025] 5364
2	Shaanxi Deyuan Fugu Energy Co., Ltd. Fugu County Sandagao Coal Mine	Zhonglian Mining Evaluation Report No. [2025] 5366
3	State Energy Group Ningxia Coal Industry Co., Ltd. Ningxia Ninglu Coal Power Co., Ltd. Renjiazhuang Coal Mining Rights	Zhonglian Mining Evaluation Report No. [2025] 5367
4	State Energy Baoqing Coal-Electricity-Chemical Co., Ltd. Chaoyang Open-Pit Coal Mine Mining Rights	Zhonglian Mining Evaluation Report No. [2025] 5368
5	Shanxi Luneng Hequ Thermal Coal Development Co., Ltd. Shangyuquan Coal Mine	Zhonglian Mining Evaluation Report No. [2025] 5363

4. The legal liability of the appraiser and Appraisal Institution is to render professional judgments on the asset Value for the Purpose of Appraisal as described in this report, and does not extend to the appraiser and Appraisal Institution making any judgments regarding the economic activity corresponding to this Purpose of Appraisal. The asset appraisal process is, to

a significant extent, dependent on the relevant information provided by the Clients and the Appraised Entity. Therefore, the appraisal work is predicated on the authenticity and legality of the economic activity documents, asset ownership documents, certificates, accounting vouchers, and legal documents provided by the Clients and the Appraised Entity.

5. During the appraisal process, the appraisers observed the exterior of the valued buildings and structures and, where feasible, inspected their interior finishes and usage, without conducting any structural or material tests. During physical inspection of equipment, due to limitations in testing methods and the fact that some equipment was in operation, the appraisal of equipment conditions primarily relied on the appraiser' visual observations, recent inspection data provided by the Appraised Entity, and inquiries made to relevant equipment operators.

6. The objective of the appraisers in performing asset appraisal services is to estimate the value of the Appraisal Object and render a professional opinion, without assuming responsibility for the decisions made by the relevant parties. The Appraisal Conclusion should not be considered a guarantee of the Realizable Price of the Appraisal Object.

7. The profit forecast of the Appraised Entity obtained by the Appraisal Institution forms the basis for the Income Approach Appraisal in this Appraisal Report. Regarding the profit forecast provided by the Appraised Entity, the appraisers conducted necessary investigations, demonstrations, analyses, and judgments, considering the outstanding orders as of the Appraisal Reference Date, as well as other supporting materials furnished by the Appraised Entity's business and financial departments. After multiple discussions with the Appraised Entity's Management and its major shareholders, and subsequent revisions and refinements by the Valued Entity, the Appraisal Institution accepted the relevant data from the Appraised Entity's profit forecast. The Appraisal Institution's use of the Appraised

Entity's profit forecast does not constitute a guarantee of the Appraised Entity's future profitability.

8. This Appraisal Conclusion represents the value of the total Shareholders' Equity of the Appraised Entity. The Valuer has not considered the impact of factors such as equity liquidity, controlling interest, and minority equity.

9. The Clients and the Appraised Entity are responsible for the authenticity and completeness of the data, statements, and relevant information provided by the Appraised Entity, which fall within the scope of this appraisal.

10. The certificates of ownership and related information referenced in the Appraisal Report are provided by the Appraised Entity. The Clients and the Appraised Entity shall bear legal liability for their authenticity and legality.

11. Should the number of assets and pricing standards change during the validity period after the Appraisal Reference Date, the following principles shall apply:

(1) When the number of assets changes, the amount of assets shall be adjusted accordingly based on the original appraisal methods;

(2) When asset pricing standards change and materially affect the asset appraisal results, the Clients shall promptly engage a qualified asset appraisal institution to re-determine the Appraised Value.

(3) After the Appraisal Reference Date, the Clients shall give full consideration to and make corresponding adjustments for changes in the number of assets and pricing standards when establishing the actual pricing of the assets.

12. The Appraisal Scope is limited to the asset appraisal detailed schedule provided by the Clients and the Appraised Entity, and does not encompass potential contingent assets and contingent liabilities beyond the lists provided by the Clients and the Appraised Entity.

XII. Instructions on Usage Restrictions of the Appraisal Report

(I)This Appraisal Report shall only be used for the specific purpose and uses stipulated within this report. Concurrently, the appraisal conclusion of this appraisal reflects the current fair market price, determined according to open market principles for the valued entity under the purpose of this appraisal. It does not account for the impact on the appraisal price from potential future mortgages, guarantees, or additional payments that may be made by specific transacting parties. Furthermore, this report does not consider the impact on asset prices resulting from changes in national macroeconomic policies, natural forces, or other force majeure events. The appraisal conclusion will generally become invalid if the aforementioned conditions, the going concern principle followed in the appraisal, or other circumstances change. The Appraisal Institution shall not bear relevant legal liability for any invalidation of the Appraisal Results caused by changes in these conditions.

(II) The precondition for the validity of this Appraisal Report is that this economic activity complies with the relevant provisions of national laws and regulations and has obtained approval from the relevant departments.

(III) This Appraisal Report may only be used by designated users specified therein. The right to use this Appraisal Report belongs to the Clients. Without the Clients' permission, this Asset Appraisal Institution will not disclose it to others.

(IV) The Asset Appraisal Institution and its appraisers shall not be held liable if the Clients or other users of the Asset Appraisal Report fail to use it within the scope specified by laws, administrative regulations, and the Asset Appraisal Report itself.

(V) No entities or individuals other than the Clients, the other users of

the Asset Appraisal Report as stipulated in the Asset Appraisal Engagement Contract, and the users of the Asset Appraisal Report as prescribed by laws and administrative regulations, shall be permitted to use the Asset Appraisal Report.

(VI) Without the consent and review of this Appraisal Institution, no part or all of the Appraisal Report may be excerpted, cited, or disclosed in public media, except where otherwise stipulated by laws and regulations or agreed upon by the relevant parties.

(VII) Users of the Asset Appraisal Report shall correctly understand and utilize the Appraisal Conclusion. The Appraisal Conclusion is not equivalent to the realizable price of the Appraisal Object, and the Appraisal Conclusion shall not be construed as a guarantee of the realizable price of the Appraisal Object.

(VIII) Validity Period of the Appraisal Conclusion: In accordance with relevant asset appraisal laws and regulations, for asset appraisal reports pertaining to statutory appraisal engagements, the Clients must utilize the report only after completing the asset appraisal supervision and administration procedures as mandated by laws and regulations. The appraisal results are valid for one year, calculated from the Appraisal Reference Date of July 31, 2025 until July 30, 2026. If this period is exceeded, a new asset appraisal will be required.

XIII. Date of the Appraisal Report

Date of Appraisal Report is December 16, 2025.

This report is prepared in accordance with the Chinese Asset Appraisal Standards

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Xinjiang Energy Chemical Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

ZH.Q.H.P.B.Z. (2025) No. 6665

(Volume 1 of 1)

China Enterprise Appraisals Co., Ltd.

16 December 2025

Declaration

I. This asset appraisal report is prepared based on the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

II. The asset appraisal agency and its professional appraisers comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and fairness, and bear legal responsibility for the asset appraisal report they issue.

III. The client or other users of the asset appraisal report shall use the report in accordance with the laws, administrative regulations, and the scope of use stated in the asset appraisal report. If the client or other users of the report misuse the report in violation of the foregoing regulations, the asset appraisal agency and its appraisers shall not bear any responsibility.

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by laws or administrative regulations. Other institutions or individuals shall not use this asset appraisal report.

The asset appraisal agency and the appraisers remind the users of the asset appraisal report to correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

IV. The asset and liability lists, and business forecasts related to the subject asset are provided by the client and the appraised entity, and confirmed through their signatures, seals, or other legally permitted means. The client and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

V. The asset appraisers have conducted on-site investigations of the subject asset and the assets involved. They have paid necessary attention to the legal ownership status of the subject asset and its assets, verified the ownership documents, disclosed any discovered issues truthfully, and urged the client and other relevant parties to rectify any property right issues to meet the requirements for issuing the asset appraisal report.

VI. The asset appraisal agency and its appraisers have no current or anticipated interests in the subject asset in the asset appraisal report, nor any current or anticipated interests with the relevant parties, and are unbiased towards the relevant parties.

VII. The analysis, judgment, and results in the asset appraisal report issued by the asset appraisal agency are subject to the assumptions and limitations specified in the report. Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

VIII. The asset appraisers' investigation of physical assets such as buildings and structures, equipment, construction in progress, and inventories is generally limited to observation of use and maintenance conditions. Internal, hidden, or difficult-to-access parts are not inspected. We do not possess professional qualifications nor have we been engaged to conduct technical inspections or appraisals of the internal quality of these assets. Our appraisal is based on the information provided by the client and other relevant parties. If there are defects in the internal quality of these assets, the appraisal conclusions may be affected to varying degrees.

Summary of the Asset Appraisal Report

Important Notice

This summary is extracted from the main text of the asset appraisal report. To understand the details of the appraisal project and properly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read carefully.

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

In accordance with the laws, administrative regulations, and asset appraisal standards, China Enterprise Appraisals Co., Ltd. has accepted your engagement to appraise the entire shareholders' equity of CHN Energy Xinjiang Energy Chemical Co., Ltd., while adhering to the principles of independence, objectivity, and fairness, and following the necessary appraisal procedures. The summary of the asset appraisal report is hereby presented as follows:

Appraisal purpose: China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Xinjiang Energy Chemical Co., Ltd. on the valuation benchmark date is appraised, providing a value reference for the above economic activities.

Subject asset: The entire shareholders' equity value of the shareholders in CHN Energy Xinjiang Energy Chemical Co., Ltd.

Appraisal scope: The total assets and liabilities of CHN Energy Xinjiang Energy Chemical Co., Ltd.

As at the valuation benchmark date, assets within the appraisal scope included current assets, long-term equity investments, fixed assets, construction in progress, intangible assets, long-term prepaid expenses, deferred tax assets, etc. The book value of total assets under the parent company's standard was RMB19,146,567,300; liabilities comprised current liabilities and non-current liabilities, with total liabilities having a book value of RMB13,279,028,700; the book value of net assets was RMB5,867,538,600.

The consolidated book value of total assets was RMB30,245,781,100, the book value of total liabilities was RMB19,260,165,300., and the book value of shareholders' equity was RMB10,985,615,800, of which RMB9,491,294,800 represented the shareholders' equity attributable to the parent company.

Valuation benchmark date: 31 July 2025

Value type: Market value

Appraisal methods: Asset-based approach and income approach

Appraisal conclusion: This asset appraisal report adopts the results from the asset-based approach as the appraisal conclusion. The specific appraisal conclusion is as follows:

As at the valuation benchmark date, the book value of the total assets of CHN Energy Xinjiang Energy Chemical Co., Ltd. under the parent company's standard was RMB19,146,567,300, with an appraised value of RMB25,283,070,600, an increase of

RMB6,136,503,300, and an appreciation rate of 32.05%. The book value of total liabilities was RMB13,279,028,700, with an appraised value of RMB13,161,643,000, a decrease of RMB117,385,700, and a depreciation rate of 0.88%. The book value of net assets was RMB5,867,538,600, with an appraised value of RMB12,121,427,600, an increase of RMB6,253,889,000, and an appreciation rate of 106.58%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-Based Approach

Valuation benchmark date: 31 July 2025 Currency unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	669,281.34	669,281.34	0.00	0.00
Non-current assets	2	1,245,375.39	1,859,025.72	613,650.33	49.27
Of which: Long-term equity investments	3	668,275.86	1,228,100.56	559,824.70	83.77
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	337,308.28	274,888.29	-62,419.99	-18.51
Construction in progress	6	30,258.64	29,622.58	-636.06	-2.10
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	181,541.12	298,422.80	116,881.68	64.38
Including: Land use right	9	8,468.35	174,033.44	165,565.09	1,955.10
Other non-current assets	10	27,991.49	27,991.49	0.00	0.00
Total assets	**11**	**1,914,656.73**	**2,528,307.06**	**613,650.33**	**32.05**
Current liabilities	12	1,014,452.44	1,014,452.44	0.00	0.00
Non-current liabilities	13	313,450.43	301,711.86	-11,738.57	-3.74
Total liabilities	**14**	**1,327,902.87**	**1,316,164.30**	**-11,738.57**	**-0.88**
Net assets	**15**	**586,753.86**	**1,212,142.76**	**625,388.90**	**106.58**

As of the valuation benchmark date, the book value of consolidated total assets for CHN Energy Xinjiang Energy and Chemical Co., Ltd. was RMB30,245,781,100, the book value of total liabilities was RMB19,260,165,300, and the book value of shareholders' equity was RMB10,985,615,800, of which RMB9,491,294,800 represented the shareholders' equity attributable to the parent company, with an appraised value of RMB12,121,427,600, an increase of RMB2,630,132,800, with an appreciation rate of 27.71%.

Unless otherwise stated, all amounts in this report are expressed in Renminbi (RMB).

This asset appraisal report is solely for providing value reference for the economic activities described in the report. The validity period of the appraisal conclusion is one year from the valuation benchmark date.

Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

The content above is extracted from the main text of the asset appraisal report. To understand the details of the appraisal business and correctly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read.

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Xinjiang Energy Chemical Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. has accepted your engagement. In accordance with the laws, administrative regulations, and asset appraisal standards, and adhering to the principles of independence, objectivity, and fairness, we have employed both the asset-based approach and the income approach to assess the market value as of 31 July 2025 of the entire shareholders' equity in CHN Energy Xinjiang Energy Chemical Co., Ltd. held by China Energy Investment Corporation Co., Ltd. for China Shenhua Energy Company Limited's proposed issuance of shares and cash payment for asset acquisition. The asset appraisal information is hereby reported as follows:

I. Client, Appraised Entity, and Other Users of the Asset Appraisal Report as Defined in the Asset Appraisal Engagement Contract

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity is CHN Energy Xinjiang Energy Chemical Co., Ltd. Other users of the asset appraisal report, as specified in the asset appraisal agreement, include the higher-level competent authorities of the clients and other asset appraisal report users as defined by national laws and regulations.

i. Profile of client 1

Name: China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "CHN Energy")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB132,094,661,150

Type: Limited liability company (state-owned)

Unified social credit code: 91110000100018267J

Date of incorporation: 23 October 1995

Business term: From 23 October 1995 to indefinite period

Business scope: Management of state-owned assets within the scope authorised by the State Council; investment and management in industries such as coal and other resource-based products, coal-to-liquid, coal chemical, electricity, heat, ports, various transport industries, finance, domestic and foreign trade, logistics, real estate, high technology, and information consultancy; planning, organising, coordinating, and managing the production and business activities of the group companies in the above industries; sales of chemical materials and products (excluding hazardous chemicals), textiles, building materials, machinery, electronic equipment, and office equipment. (Market entities independently choose their business projects and conduct operations. Projects subject to approval must be carried out only after receiving approval from

relevant authorities, and no operations may be conducted that are prohibited or restricted by national or local industrial policies.)(Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

ii. Profile of client 2

Name: China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lyu Zhiren

Registered capital: RMB19,868,519,955

Type: Other joint stock company (listed)

Unified social credit code: 91110000710933024J

Date of incorporation: 8 November 2004

Business term: From 8 November 2004 to indefinite period

Stock code: 601088.SH, 01088.HK

Business scope: Coal mining (validity subject to the expiration of related permits for each mine); wholesale coal business; project investment; coal washing, processing; development and operation of mining products; internal railway transportation; electricity generation; provision of supporting services for coal, railway, and electricity operations; ship repair; development and use of energy and environmental protection technologies, technology transfer, consulting, and services; import and export business; sale of chemical products, chemical materials, building materials, machinery and equipment (excluding hazardous chemicals); property management. (Market entities independently choose their business projects and conduct operations. Projects subject to approval must be carried out only after receiving approval from relevant authorities, and no operations may be conducted that are prohibited or restricted by national or local industrial policies.)(Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

iii. Profile of the appraised entity

1. Company overview

Name: CHN Energy Xinjiang Energy Chemical Co., Ltd. (hereinafter referred to as "Xinjiang Energy")

Address: 518 Mid Midong Road, Midong District, Urumqi, Xinjiang

Legal representative: Yang Shuan

Registered capital: RMB9,124,881,990

Type: Limited liability company (wholly owned by a legal person, not invested in or controlled by natural persons)

Unified social credit code: 91650000228860955P

Date of incorporation: 29 December 2000

Business term: 29 December 2000 to indefinite period

Business scope: Coal mining and sales; power generation; catering services; accommodation (limited to branch operations); production and sales of chemical products; import and export of general goods and technologies; general contracting for mining engineering construction; machinery manufacturing and maintenance; agricultural and forestry development; sales of mining products, hardware, electrical appliances, and construction materials; airline ticket sales agency; leasing of buildings, premises, and equipment; labour dispatch; mining consulting services; loading and unloading; transportation agency; general freight road transportation (excluding hazardous goods); road freight terminal operations; railway freight transportation; other auxiliary railway transportation activities; general freight storage; wholesale of petroleum and petroleum products; wholesale of non-metallic minerals and products; sales of steel and non-ferrous metals; general contracting for construction projects; property management services; staff training; healthcare services; heating services; (for projects requiring approval in accordance with the law, operations can only commence after approval from relevant authorities).

2. Shareholders, their shareholding ratios and equity changes

Xinjiang Energy's coal mining began with the Liudaowan Coal Mine in 1951. In 1979, based on six former state-owned local coal mines and small coal mines operated by the Xinjiang Production and Construction Corps, the Urumqi Mining Bureau was established.

On 24 February 2001, Urumqi Mining Bureau was restructured and reorganised into Xinjiang Urumqi Mining Group Co., Ltd.

On 4 August 2005, Shenhua Group restructured Xinjiang Urumqi Mining Group Co., Ltd. and established Shenhua Xinjiang Energy Co., Ltd.

On 28 November 2019, CHN Energy restructured and integrated Shenhua Xinjiang Energy Co., Ltd. and State Grid Xinjiang Electric Power Co., Ltd. to form CHN Energy Xinjiang Energy Co., Ltd.

On 26 August 2024, the company underwent a reform and restructuring into the CHN Energy Xinjiang Energy and Chemical Co., Ltd. (referred to as Xinjiang Energy) and Guoneng Xinjiang Electric Power New Energy Co., Ltd. (referred to as Xinjiang Electric Power). After this restructuring, the company's shareholding structure is as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	China Energy Investment Corporation Co., Ltd.	921,269.20	100.00	Currency
Total		921,269.20	100.00	/

As at the valuation benchmark date, Xinjiang Energy's shareholding structure has remained unchanged.

3.Ownership and management structure of the company

(1) Ownership structure

Xinjiang Energy has 18 subsidiaries, including 11 wholly-owned and controlled subsidiaries, and 7 equity-participation companies. Specific details are shown in the table below:

Unit: RMB'0,000

No.	Name of investee	Tier	Shareholding percentage (%)	Investment cost	Status
1	Guoneng Xinjiang Zhundong Energy Co., Ltd.	Level 1	100	192,086.41	In operation
2	CHN Energy Xinjiang Mining Co., Ltd.	Level 1	100	70,390.17	In operation
2-1	Guoneng Xinjiang Mining Hongshaquan No. 2 Coal Mine Co., Ltd.	Level 2	75	36,844.68	In operation
2-2	Guoneng Toksun New Energy Co., Ltd.	Level 2	100	1923.5	In operation
3	Guoneng Xinjiang Toksun Energy Co., Ltd.	Level 1	75	105,000.00	In operation
4	Guoneng Xinjiang Hongshaquan Energy Co., Ltd.	Level 1	100	110,000.00	In operation
5	Guoneng Xinjiang Coal-to-Gas Co., Ltd.	Level 1	50	20,000.00	In operation
6	Guoneng (Guazhou) Coal Trading Co., Ltd.	Level 1	100	2,200.00	In operation
7	Xinjiang Tianshan Railway Co., Ltd.	Level 1	51	31,374.47	In operation
8	Guoneng Xinjiang Yimian Supply Chain Co., Ltd.	Level 1	55	1,650.00	In operation
9	Guoneng Xinjiang Zhundong Economic and Technological Development Zone Logistics Co., Ltd.	Level 1	55	4,125.00	In operation
10	Xinjiang Shenxing Energy Co., Ltd.	Level 1	50.97	611.64	In operation
11	Xinjiang Wuhu Railway Co., Ltd.	Level 1	100	0.00	In operation
12	Xinjiang Guoneng Zhongshun Logistics Co., Ltd.	Level 1	40	20,000	In operation
13	Xinjiang Jiuhuatian Logistics Co., Ltd.	Level 1	40	7,200.00	In operation
14	Xinjiang Anshunda Mining Technology Engineering Co., Ltd.	Level 1	31.33	1,950.00	In operation
15	Wuzhun Railway Co., Ltd.	Level 1	10.6581	36,835.25	In operation
16	Xinjiang Zhongyou Guoneng Oil Products Sales Co., Ltd.	Level 1	24.5	245.00	In operation
17	Guoneng Tuoli New Energy Co., Ltd.	Level 1	100	0	In operation
18	Guoneng Xuefeng Shaya New Energy Co., Ltd.	Level 1	90	0	In operation
Total		/	/	552,083.04	/

(2) Management structure

Xinjiang Energy has established a Party committee, a board of directors, and a management team. The board of directors currently consists of six directors, including three external directors. There are four specialised committees of the board of directors: the nomination committee, the audit and supervision committee, the compensation and assessment committee, and the strategy and investment committee.

4. Asset, financial, and operating status for the last two years and the current period

The financial condition of the appraised entity over the last two years and the current period is as follows (consolidated basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	2,651,669.40	3,052,092.05	3,024,578.11
Total liabilities	1,604,075.65	1,896,669.48	1,926,016.53
Owner's equity	1,047,593.75	1,155,422.57	1,098,561.58
Attributable to the parent company Owner's equity	886,408.24	999,389.52	949,129.48

The operating condition of the appraised entity over the last two years and the current period is as follows (consolidated basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	1,942,290.57	1,823,190.10	698,977.59
Total profits	207,722.29	154,452.56	9,687.34
Net profit	139,458.21	98,699.68	-8,413.07
Net profit attributable to equity holders of the parent company	112,762.96	103,371.30	-11,208.18

The financial condition of the appraised entity over the last two years and the current period is as follows (parent company basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	1,864,144.76	1,984,400.00	1,914,656.73
Total liabilities	1,123,444.23	1,353,130.91	1,327,902.87
Owner's equity	740,700.52	631,269.09	586,753.86

The operating condition of the appraised entity over the last two years and the current period is as follows (parent company basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	207,197.15	211,335.94	78,358.92
Total profits	139,953.60	80,289.53	17,077.13
Net profit	139,953.60	80,289.53	17,077.13

The financial statements of the appraised entity as of the valuation benchmark date and for the years 2024 and 2023 have been audited by Ernst & Young Hua Ming LLP , which expressed unqualified audit opinions.

5.Relationship between the client and the appraised entity

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity, CHN Energy Xinjiang Energy Chemical Co., Ltd., is a wholly-owned subsidiary of China Energy Investment Corporation Co., Ltd., one of the clients. The second client is the intended purchaser of the appraised entity.

iv. Other users of the asset appraisal report as stipulated in the asset appraisal engagement contract

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by national laws and regulations. It shall not be used or relied upon by any third party.

II. Appraisal Purpose

China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Xinjiang Energy Chemical Co., Ltd. on the valuation benchmark date is appraised, providing a value reference for the above economic activities.

On 1 August 2025, China Energy Investment Corporation Limited convened the 18th Chairman's Special Meeting of 2025. The meeting reviewed and approved the

aforementioned matters, mandated the initiation of an assessment, and produced the "Minutes of the Chairman's Special Meeting."

III. Subject Asset and Appraisal Scope

i. Subject asset

The subject asset is the entire shareholders' equity value of the shareholders in CHN Energy Xinjiang Energy Chemical Co., Ltd.

ii. Appraisal scope

The appraisal scope includes all assets and liabilities of CHN Energy Xinjiang Energy Chemical Co., Ltd. As at the valuation benchmark date, the assets under the parent company's standard within the appraisal scope included current assets, long-term equity investments, fixed assets, construction in progress, intangible assets, long-term prepaid expenses, deferred tax assets, etc. The book value of total assets was RMB19,146,567,300; liabilities comprised current liabilities and non-current liabilities, with total liabilities having a book value of RMB13,279,028,700; the book value of net assets was RMB5,867,538,600. As of the valuation benchmark date, the appraisal scope is as follows:

Unit: RMB'0,000

Item		Book value
Current assets	1	669,281.34
Non-current assets	2	1,245,375.40
Of which: Long-term equity investments	3	668,275.86
Investment properties	4	0.00
Fixed assets	5	337,308.28
Construction in progress	6	30,258.64
Oil and gas assets	7	0.00
Intangible assets	8	181,541.12
Including: Land use right	9	8,468.35
Other non-current assets	10	27,991.49
Total assets	11	1,914,656.73
Current liabilities	12	1,014,452.44
Non-current liabilities	13	313,450.43
Total liabilities	14	1,327,902.87
Net assets	15	586,753.86

As at the valuation benchmark date, the consolidated book value of total assets was RMB30,245,781,100, the book value of total liabilities was RMB19,260,165,300, and the book value of shareholders' equity was RMB10,985,615,800, of which RMB9,491,294,800 represented the shareholders' equity attributable to the parent company.

The subject and scope of the engaged appraisal align with the subject asset and scope involved in the economic activities. As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has been audited by Ernst & Young Hua Ming LLP , which expressed an unqualified audit opinion.

iii. Main assets within the appraisal scope

1. Inventories

The inventories declared by the enterprise to be included in this appraisal scope consist of raw materials and finished products.

The raw materials mainly consist of production-related raw materials, spare parts, and cafeteria supplies, including A-grade coal - Xinneng purchased No. 4, chutes (1,200 × 1,200mm, Q235), general trough rollers (GP159-700-6306), etc.

2. Buildings and structures

The assets related to buildings and structures within the appraisal scope include the buildings, structures, and other auxiliary facilities held by subsidiaries of CHN Energy Xinjiang Energy Chemical Co., Ltd., including Wudong Coal Mine, Changji Mining Branch, Kashgar Sales Branch, Mechanical and Electrical Management Centre, Washing and Selection Centre, Material Supply Centre, Accounting Service Centre, Production Preparation Centre, Logistics Service Centre, and Fukang Huangzhu Hotel. The aforementioned buildings and structures were constructed between 1977 and 2025, with the main types of buildings and structures being frame-shear wall, frame, bent-frame, steel, brick-concrete, and mixed structures.

As at the valuation benchmark date, except for some buildings that have been demolished, await scrapping, have been disposed of, or have been handed over, the buildings and structures of various subsidiary units were under generally in normal condition with routine maintenance and management in place. The foundations of the principal buildings were stable, with no significant uneven settlement observed, and the joints of the main load-bearing components were secure, showing no signs of tilting, deformation, or cracking. The associated auxiliary facilities and equipment were functioning normally, with no abnormal damage detected.

3. Equipment assets

The equipment assets declared by the enterprise within the appraisal scope include machinery, vehicles, and electronic devices owned by subsidiaries of CHN Energy Xinjiang Energy Chemical Co., Ltd., including Wudong Coal Mine, Changji Mining Branch, Kashgar Sales Branch, Mechanical and Electrical Management Centre, Washing and Selection Centre, Material Supply Centre, Accounting Service Centre, Production Preparation Centre, Logistics Service Centre, and Fukang Huangzhu Hotel. The basic overview of the equipment assets is as follows:

The enterprise declared a total of 10,774 items of machinery and equipment purchased and put into use from 2005 to 2025 within the appraisal scope, including belt conveyors, scraper conveyors, box transformers, tunneling machines, hoists, crushers, and other coal mining and supporting equipment. As at the valuation benchmark date, except for some equipment awaiting scrapping or being idle, all equipment was in normal use.

The enterprise declared a total of 738 vehicles purchased and put into use from 2005 to 2025 within the appraisal scope, including buses, water trucks, mining flatbed trucks, and cargo trucks. As at the valuation benchmark date, except for some vehicles awaiting scrapping, all vehicles were in normal use.

The enterprise declared a total of 6,307 items of electronic equipment purchased and put into use from 2005 to 2025 within the appraisal scope, including various types of computers, printers, air conditioners, cameras, servers, etc. As at the valuation benchmark date, except for some equipment awaiting scrapping and being idle, all equipment was in normal use.

4. Construction in progress

The construction in progress within the appraisal scope includes civil engineering, equipment installation works, and capital investments under construction by the subsidiaries of CHN Energy Xinjiang Energy Chemical Co., Ltd., including Wudong Coal Mine, Changji Mining Branch, Tashkurgan Branch, Yarkant Branch, Mechanical and Electrical Management Centre, Washing and Selection Centre, Material Supply Centre, Accounting Service Centre, Production Preparation Centre, Logistics Service Centre, and Fukang Huangzhu Hotel.

The construction in progress consists of 48 items, with a book value of RMB257,592,136.94, impairment provision of RMB23,459.34, and a net book value of RMB257,568,677.60. The project contents mainly include raw coal feed yards and supporting projects, Wudong Coal Mine second-level extension project, ecological and environmental comprehensive governance project, Wudong Coal Mine + 300m level development extension project (Phase I), 200,000-ton coal storage and transportation base project in Yarkant County, and other ongoing projects in subsidiary companies. The progress of these construction projects is on track.

The construction of equipment includes eight items, with a book value of RMB44,124,943.57, and no impairment provision. The project contents mainly include key information infrastructure network security construction projects, Xinjiang Company washing and selection centre unmanned loading intelligent loading station service projects, and the intelligent mining project for Tunbao Coal Mine's integrated intelligent platform. The progress of the construction of the above equipment is on track.

The construction of pending investment projects includes two items, with a book value of RMB892,829.51. The expenses mainly include feasibility studies, design fees, and other preliminary costs.

5. Long-term equity investments

As at the valuation benchmark date, the company had 18 long-term equity investments, including those in 11 wholly-owned and controlled subsidiaries, and seven equity-participation companies. The details of the long-term equity investments are shown in the table below:

Unit: RMB'0,000

No.	Investee	Shareholding percentage	Investment amount	Book value	Status
1	Guoneng Xinjiang Zhundong Energy Co., Ltd.	100.00%	192,086.41	192,086.41	In operation
2	CHN Energy Xinjiang Mining Co., Ltd.	100.00%	70,390.17	70,390.17	In operation
3	Guoneng Xinjiang Toksun Energy Co., Ltd.	75.00%	105,000.00	105,000.00	In operation
4	Guoneng Xinjiang Hongshaquan Energy Co., Ltd.	100.00%	110,000.00	110,000.00	In operation
5	Guoneng Xinjiang Coal-to-Gas Co., Ltd.	50.00%	20,000.00	20,000.00	In operation
6	Guoneng (Guazhou) Coal Trading Co., Ltd.	100.00%	2,200.00	2,200.00	In operation
7	Xinjiang Tianshan Railway Co., Ltd.	51.00%	31,374.47	31,374.47	In operation
8	Guoneng Xinjiang Yimian Supply Chain Co., Ltd.	55.00%	1,650.00	1,650.00	In operation
9	Guoneng Xinjiang Zhundong Economic and Technological Development Zone Logistics Co.,	55.00%	4,125.00	4,125.00	In operation

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No.	Investee	Shareholding percentage	Investment amount	Book value	Status
	Ltd.				
10	Xinjiang Shenxing Energy Co., Ltd.	50.97%	611.64	611.64	In operation
11	Xinjiang Wuhu Railway Co., Ltd.	/	0.00	0.00	In operation
12	Xinjiang Guoneng Zhongshun Logistics Co., Ltd.	40.00%	0.00	29,608.62	In operation
13	Xinjiang Jiuhuatian Logistics Co., Ltd.	40.00%	7,200.00	8,256.96	In operation
14	Xinjiang Anshunda Mining Technology Engineering Co., Ltd.	31.33%	0.00	2,188.12	In operation
15	Wuzhun Railway Co., Ltd.	10.6581%	0.00	90,318.19	In operation
16	Xinjiang Zhongyou Guoneng Oil Products Sales Co., Ltd.	24.50%	245.00	466.29	In operation
17	Guoneng Tuoli New Energy Co., Ltd.	100.00%	0.00	0.00	In operation
18	Guoneng Xuefeng Shaya New Energy Co., Ltd.	90.00%	0.00	0.00	In operation

The subscribed capital and paid-in capital of long-term equity investments are shown in the table below:

Unit: RMB'0,000

No.	Investee	Shareholding percentage	Subscribed capital	Paid-in capital
1	Guoneng Xinjiang Zhundong Energy Co., Ltd.	100.00%	192,086.41	192,086.41
2	CHN Energy Xinjiang Mining Co., Ltd.	100.00%	151,423.50	74,644.68
3	Guoneng Xinjiang Toksun Energy Co., Ltd.	75.00%	140,000.00	140,000.00
4	Guoneng Xinjiang Hongshaquan Energy Co., Ltd.	100.00%	110,000.00	110,000.00
5	Guoneng Xinjiang Coal-to-Gas Co., Ltd.	50.00%	300,000.00	42,450.00
6	Guoneng (Guazhou) Coal Trading Co., Ltd.	100.00%	14,193.00	2,200.00
7	Xinjiang Tianshan Railway Co., Ltd.	51.00%	58,000.00	61,518.56
8	Guoneng Xinjiang Yimian Supply Chain Co., Ltd.	55.00%	3,000.00	3,000.00
9	Guoneng Xinjiang Zhundong Economic and Technological Development Zone Logistics Co., Ltd.	55.00%	7,500.00	7,500.00
10	Xinjiang Shenxing Energy Co., Ltd.	50.97%	1,300.00	0.00
11	Xinjiang Wuhu Railway Co., Ltd.	/	10,000.00	0.00
12	Xinjiang Guoneng Zhongshun Logistics Co., Ltd.	40.00%	50,000.00	20,000.00
13	Xinjiang Jiuhuatian Logistics Co., Ltd.	40.00%	18,000.00	18,000.00
14	Xinjiang Anshunda Mining Technology Engineering Co., Ltd.	31.33%	6,224.49	1,950.00
15	Wuzhun Railway Co., Ltd.	10.6581%	210,487.12	36,835.00
16	Xinjiang Zhongyou Guoneng Oil Products Sales Co., Ltd.	24.50%	1,000.00	1,000.00
17	Guoneng Tuoli New Energy Co., Ltd.	100.00%	200.00	0.00
18	Guoneng Xuefeng Shaya New Energy Co., Ltd.	90.00%	36,800.00	0.00

6. Land use rights assets

A total of 37 land use rights were included in the appraisal scope, with 36 having received state-owned land use certificates. Specific details are shown in the table below:

No.	**Parcel name**	**Registered owner**	**Land title certificate No.**	**Nature of rights**	**Land Usage**	**Area (m^2)**
1	Logistics Service Centre Land	CHN Energy Xinjiang Energy Co., Ltd.	Xinjiang (2021) Urumqi City Real Estate No. 0061704	Authorised operation	Industrial land	193,212.23
2	Wudong West Area Land (Original Jiangou)	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2015) No. 0042990	Capital contribution by land	Industrial land	1,021,499.82

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Land Usage	Area (m²)
				value		
3	Tiechangou Coal Mine Land Use Rights (Tiechangou Explosives Storage)	Shenhua Xinjiang Energy Company Limited	Midong National Land Use (2009) No. 9591	Authorised operation	Industrial land	27,423.64
4	Xiaohonggou Coal Mine Land Use Rights	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0008261	Authorised operation	Industrial land	320,640.40
5	Dahonggou Coal Mine Land Use Rights	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0008262	Authorised operation	Industrial land	223,660.02
6	Tiechangou Coal Mine Land Use Rights	Shenhua Xinjiang Energy Company Limited	Midong National Land Use (2009) No. 9590	Authorised operation	Industrial land	9,092,827.44
7	Dahonggou Non-Coal Area	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0008167	Authorised operation	Industrial land	318,272.20
8	Xiaohonggou Coal Mine	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2012) No. 0037028	Capital contribution by land value	Industrial land	54,071.70
9	Tiechangou Coal Mine Non-Coal Industry Area	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0008152	Authorised operation	Industrial land	41,215.18
10	Tiechangou Coal Mine Commercial Service Storefront	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2012) No. 0037026	Capital contribution by land value	Commercial land	1,261.58
11	Tiechangou Coal Mine Garage (Production Service Centre)	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2012) No. 0037027	Capital contribution by land value	Industrial land	15,739.53
12	Jiangou Industrial Land	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0008325	Authorised operation	Industrial land	87,531.58
13	Jiangou Coal Mine West Slope Land-1	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2015) No. 0042516	Allocated	Industrial	147,654.40
14	Jiangou Coal Mine West Slope Land-2	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0009052	Allocated	Industrial	184,080.03
15	Xiaohonggou Coal Yard	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0008263	Authorised operation	Industrial land	19,989.61
16	Wudong Coal Mine Railway Dedicated Line	CHN Energy Xinjiang Energy Co., Ltd. Wudong Coal Mine	Xinjiang (2023) Urumqi Real Estate No. 1102505	Allocated	Railway land	30,687.45
17	Kashgar Sales Branch Railway Spur Line, Coal Yard Project Land-1	Shenhua Xinjiang Energy Co., Ltd. Kashgar Sales Branch	Kashgar National Land Use (2008) No. 007758	Allocated	Storage land	1,066.07
18	Kashgar Sales Branch Railway Dedicated Line, Coal Yard Project Land-2	Shenhua Xinjiang Energy Co., Ltd. Kashgar Sales Branch	Kashgar National Land Use (2008) No. 007757	Allocated	Storage land	2,340.10
19	Kashgar Sales Branch Railway Dedicated Line, Coal Yard Project Land-3	Shenhua Xinjiang Energy Co., Ltd. Kashgar Sales Branch	Kashgar National Land Use (2008) No. 007759	Allocated	Storage land	81,423.79
20	Tashkurgan County State-Owned Construction Land Use Rights	Nil	Not yet processed	Transferred	Industrial land	6,337.00

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Land Usage	Area (m²)
21	Shenhua City Commercial Land	Shenhua Xinjiang Energy Co., Ltd. Xinjiang Jingcheng Real Estate Development Co., Ltd.	Urumqi National Land Use (2012) No. 0038916	Transferred	Commercial land	17,718.01
22	Liudaowan Coal Mine Inclined Shaft Road Market	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2009) No. 0026085	Capital contribution by land value	Commercial land	6,360.35
23	Liudaowan Coal Mine Water Source Well	Xinjiang Urumqi Mining (Group) Co., Ltd.	Urumqi National Land Use (2004) No. 0008187	Authorised operation	Industrial land	1,214.29
24	Liudaowan Industrial Square	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2009) No. 0026091	Capital contribution by land value	Industrial land	142,736.08
25	Liudaowan North Baijiahu Non-Coal Industry Area	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2009) No. 0026084	Capital contribution by land value	Industrial land	9,607.29
26	Government Office Building Land	CHN Energy Xinjiang Energy Co., Ltd.	Xinjiang (2024) Urumqi Real Estate No. 0188012	Authorised operation	Other commercial land	175,321.08
27	Yarkant County Coal Storage and Transportation Base Project Land	/	Xinjiang (2025) Yarkant County Real Estate No. 0000247	Transferred	Industrial land	69,672.10
28	Changji Branch Industrial Land	Xinjiang Changji City Tunbao Mining Co., Ltd.	Changji National Land Use (2005) No. 20050602	Transferred	Industrial land	4,525.00
29	Changji Branch Dormitory Building Land No. 4	Xinjiang Changji City Tunbao Mining Co., Ltd.	Xinjiang (2020) Changji City Real Estate No. 0011440	Transferred	Residential land	8,030.82
30	Changji Branch Allocated Industrial Land	Xinjiang Changji City Tunbao Mining Co., Ltd.	Changji National Land Use (2006) No. 20060050	Allocated	Industrial land	141,450.68
31	Jianye Coal Mine Land	Shenhua Xinjiang Energy Company Limited	Urumqi National Land Use (2008) No. 00000401	Transferred	Others	23,354.00
32	Huangzhu Hotel Land 1	Shenhua Xinjiang Energy Company Limited	Fukang National Land Use (2013) No. 73	Authorised operation	Other garden land	8,110.04
33	Huangzhu Hotel Land 2	Shenhua Xinjiang Energy Company Limited	Fukang National Land Use (2013) No. 74	Authorised operation	Other garden land	2,533.35
34	Huangzhu Hotel Land 3	Shenhua Xinjiang Energy Company Limited	Fukang National Land Use (2013) No. 75	Authorised operation	Other garden land	142,409.38
35	Huangzhu Hotel Land 4	Shenhua Xinjiang Energy Company Limited	Fukang National Land Use (2013) No. 76	Authorised operation	Accommodation and catering land	69,107.00
36	Huangzhu Hotel Land 5	Shenhua Xinjiang Energy Company Limited	Fukang National Land Use (2013) No. 77	Authorised operation	Accommodation and catering land	66,243.68
37	Activated Carbon Project Land	CHN Energy Xinjiang Energy Co., Ltd.	Xinjiang (2023) Urumqi Real Estate No. 1008541	Transferred	Industrial land	237,342.24

7. Mining rights

The enterprise declared a total of 11 mining rights within the appraisal scope, including 6 mining rights and 5 exploration rights. Specific details are shown in the table below:

(1) Mining rights

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No.	Name of mining rights	Licence number	Mining right holder	Mining type	Production scale
1	Shenhua Xinjiang Energy Co., Ltd. Wudong Coal Mine	C1000002012051120124915	Shenhua Xinjiang Energy Company Limited	Coal	6 million tonnes per year
2	CHN Energy Xinjiang Energy Co., Ltd. Changji Tunbao Coal Mine	C6500002009121120054802	CHN Energy Xinjiang Energy Co., Ltd.	Coal	2.7 million tonnes per year
3	CHN Energy Xinjiang Energy Chemical Co., Ltd. Toksun County Heishan Open-pit Coal Mine	C650000201711111010145786	CHN Energy Xinjiang Energy Chemical Co., Ltd.	Coal	16 million tonnes per year
4	Xinjiang Shenhua Mining Co., Ltd. Hongshaquan No.1 Open-pit Coal Mine	C650000201711111010145789	CHN Energy Xinjiang Mining Co., Ltd.	Coal	30 million tonnes per year
5	Xinjiang Qitai County Xiheishan Mining Area Hongshaquan No.2 Open-pit Coal Mine	C650000202311111010156003	CHN Energy Xinjiang Mining Co., Ltd.	Coal	10 million tonnes per year
6	Guoneng Xinjiang Zhundong Energy Co., Ltd. Zhundong Open-pit Coal Mine	C650000201801111010145785	Guoneng Xinjiang Zhundong Energy Co., Ltd.	Coal	35 million tonnes per year

(2) Exploration rights

No.	Exploration right name	Licence number	Exploration right holder	Acquisition date	Expiration date
1	Exploration of Open Pit Mine No. 5 in Wucaiwan Mining Area, Zhundong, Xinjiang	Being renewed	CHN Energy Xinjiang Energy Chemical Co., Ltd.	Being renewed	Being renewed
2	Exploration of No. 4 Coalfield in Liuhuanggou Coal Mining Area, Changji City, Xinjiang	T650000200901101002431 1	CHN Energy Xinjiang Energy Co., Ltd.	2024/05	2026/05
3	Exploration of Jiangjunmiao Coal Mine in Qitai County, Xinjiang	T650000200907101003189 2	CHN Energy Xinjiang Mining Co., Ltd.	2023/11	2028/11
4	Exploration of No. 3 Mine in Wucaiwan Mining Area, Jimsar County, Zhundong Coalfield, Xinjiang	T650000200908101003351 7	Guoneng Xinjiang Zhundong Energy Co., Ltd.	2023/05	2026/07
5	Exploration of No. 2 Mine in Wucaiwan Mining Area, Jimsar County, Zhundong	T650000200908101003344 0	Guoneng Xinjiang Zhundong Energy Co., Ltd.	2023/05	2026/07

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No.	Exploration right name	Licence number	Exploration right holder	Acquisition date	Expiration date
	Coalfield, Xinjiang				

8. Patents and proprietary technologies

The enterprise declared a total of 531 patents and proprietary technologies within the appraisal scope, including 216 invention patents and 315 utility model patents. These include items such as safety flat car frames, devices for overhead personnel car steel rope replacement, and methods for point vertical water-conducting passage curtain interception in submerged aquifers. All of these patents were independently developed and have been applied in practice, and their annual patent fees have been paid on time. Detailed information can be found in the "Asset-based Approach Appraisal Details Table".

Regarding the jointly owned patents and patents whose registered owner's name has not yet been changed, the appraised entity has provided a statement and guarantees that these patents are either solely owned or co-owned with other companies, and there are no ownership disputes or potential disputes. For jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

9. Other intangible assets

(1) Externally purchased software

There are 45 items of externally purchased software, including UMC Unified Management Software (sw-umc-plat), ZW CAD Software V2017, Artificial Intelligence Middleware Software, and the Xinjiang Company Team Building Information Management System, among others. All of the above software has been purchased by the appraised entity and is in normal use.

(2) Software copyrights

The enterprise declared a total of 10 software copyrights within the appraisal scope, all of which have obtained certificates of rights. These copyrights are solely owned by the appraised entity, with the registered owner being CHN Energy Xinjiang Energy Co., Ltd. The software copyrights were all developed and obtained through self-development or outsourced engagement by the appraised entity. For detailed information, refer to the Asset-based Appraisal Details Sheet.

iv. Off-balance-sheet assets declared by the company

Except for software copyrights and patent assets, the enterprise has not declared any other off-balance-sheet assets.

v. Relevant assets referenced from other reports

The appraised value of the mining rights in this asset appraisal report was determined with refer-ence to the mining rights appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. The referenced appraisal report is summarised as follows:

1) Shenhua Xinjiang Energy Co., Ltd. Wudong Coal Mine

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1060
Subject asset	Mining rights for Shenhua Xinjiang Energy Co., Ltd. Wudong Coal Mine
Valuation benchmark date	31 July 2025
Appraisal scope	The mining area and resource quantities within the scope of the mining rights as indicated

	in the mining licence
Appraisal methods	Discounted cash flow method

2) CHN Energy Xinjiang Energy Co., Ltd. Changji Tunbao Coal Mine

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1061
Subject asset	Mining rights for National Energy Group Xinjiang Energy Co., Ltd. Changji Tunbao Coal Mine
Valuation benchmark date	31 July 2025
Appraisal scope	The mining area and resource quantities within the scope of the mining rights as indicated in the mining licence
Appraisal methods	Discounted cash flow method

3) Guoneng Xinjiang Zhundong Energy Co., Ltd. Zhundong Open-pit Coal Mine

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1062
Subject asset	Mining rights for Guoneng Xinjiang Zhundong Energy Co., Ltd. Zhundong Open-pit Coal Mine
Valuation benchmark date	31 July 2025
Appraisal scope	The mining area and resource quantities within the scope of the mining rights as indicated in the mining licence
Appraisal methods	Discounted cash flow method

4) Xinjiang Shenhua Mining Co., Ltd. Hongshaquan No.1 Open-pit Coal Mine

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1063
Subject asset	Mining rights for CHN Energy Xinjiang Mining Co., Ltd. Hongshaquan No.1 Open-pit Coal Mine
Valuation benchmark date	31 July 2025
Appraisal scope	The mining area and resource quantities within the scope of the mining rights as indicated in the mining licence
Appraisal methods	Discounted cash flow method

5) Xinjiang Qitai County Xiheishan Mining Area Hongshaquan No.2 Open-pit Coal Mine

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1064
Subject asset	Mining rights for Xinjiang Qitai County Xiheishan Mining Area Hongshaquan No.2 Open-pit Coal Mine
Valuation benchmark date	31 July 2025
Appraisal scope	The mining area and resource quantities within the scope of the mining rights as indicated in the mining licence
Appraisal methods	Discounted cash flow method

6) CHN Energy Xinjiang Energy Chemical Co., Ltd. Toksun County Heishan Open-pit Coal Mine

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1065
Subject asset	Mining rights for CHN Energy Xinjiang Energy Chemical Co., Ltd. Toksun County Heishan Open-pit Coal Mine
Valuation benchmark date	31 July 2025
Appraisal scope	The mining area and resource quantities within the scope of the mining rights as indicated in the mining licence
Appraisal methods	Discounted cash flow method

IV. Value Type

Based on the appraisal purpose, market conditions, and the specific conditions of the subject asset, the value type of the subject asset is determined to be market value.

Market value refers to the estimated value of the subject asset in normal and fair transactions as of the valuation benchmark date, between a willing buyer and a willing seller, each acting rationally and without coercion.

V. Valuation benchmark date

The Valuation benchmark date for this report is 31 July 2025.

The Valuation benchmark date is determined by the client. The selection of the Valuation benchmark date mainly considers the realisation of economic activities and end-of-accounting-period factors. Asset appraisal provides a value reference for assets at a specific point in time. By choosing the end of the accounting period as the valuation benchmark date, it can comprehensively reflect the overall status of the subject assets. At the same time, adhering to the principles of ensuring the appraisal results effectively serve the appraisal purpose, accurately delineating the appraisal scope, conducting precise and efficient verification of assets, and rationally selecting the basis for appraisal, this date was selected as the valuation benchmark date.

VI. Appraisal Basis

i. Basis for economic activities

Minutes of the 18th Chairman’s Special Meeting of China Energy Investment Corporation Limited in 2025 (1 August 2025)

ii. Legal and regulatory basis

1. *Asset Appraisal Law of the People's Republic of China* (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. *Company Law of the People's Republic of China* (second amendment at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. *Civil Code of the People's Republic of China* (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020)

4.*Securities Law of the People's Republic of China* (second amendment at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019)

5. *Law of the People's Republic of China on State-Owned Enterprise Assets* (adopted on 28 October 2008 at the 5th Session of the Standing Committee of the 11th National People's Congress);

6. *Vehicle Purchase Tax Law of the People's Republic of China* (approved at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

7. *Law of the People’s Republic of China on Enterprise Income Tax* (second amendment at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

8. *Law of the People's Republic of China on the Administration of Urban Real Estate* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

9. *Land Administration Law of the People's Republic of China* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

10. *Resource Tax Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019)

11. *Patent Law of the People's Republic of China* (fourth amendment at the 22nd Session of the Standing Committee of the 13th National People's Congress on 17 October 2020);

12. *Copyright Law of the People's Republic of China* (third amendment at the 23rd Session of the Standing Committee of the 13th National People's Congress on 11 November 2020);

13. *Energy Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024, effective from 1 January 2025)

14. *Mineral Resources Law of the People's Republic of China* (revised and promulgated on 8 November 2024);

15. *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (amended by State Council Order No. 714 on 23 April 2019);

16. *Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises (*second amendment by State Council Order No. 378 on 2 March 2019);

17. *Interim Regulations of the People's Republic of China on City and Town Land Use Tax* (fourth amendment by State Council Order No. 17 on 2 March 2019);

18. *Interim Regulations on Value-Added Tax of the People's Republic of China* (second amendment by State Council Order No. 134 on 19 November 2017);

19. *Regulations on the Assets Appraisal and Management of State-owned Assets (*amended by State Council Order No. 91 on 29 November 2020);

20. I*nterim Measures for the Assessment and Management of Enterprises* (Order No. 12 of the SASAC);

21. *Measures for Supervision and Administration of State-owned Assets of Enterprises* (Order No. 32 of the SASAC and the Ministry of Finance);

22. *Notice on Strengthening the Matters Related to the Appraisal Management of the State-owned Assets* (G.Z.W.CH.Q. [2006] No. 274);

23. *Notice on Matters Related to the Review of Appraisal Report of State-owned Assets of Enterprises* (G.Z.CH.Q. [2009] No. 941);

24. *Guidelines for the Approval of Asset Appraisal Projects in Central Enterprises* (G.Z.F.CH.Q. [2010] No. 71);

25. *Guideline for the Filing for the Appraisal Project of State-owned Assets of Enterprises* (G.Z.F.CH.Q. [2013] No. 64);

26. *Notice on Optimising the Management of Asset Appraisal of State-Owned Enterprises* (G.Z.F.CH.Q.G. [2024] Document No. 8);

27. *Notice on Issuing the Rules for the Implementation of Regulations on the Assets Appraisal and Management of State-owned Assets* (G.Z.B.F. [1992] No. 36);

28. *Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Regarding the National Implementation of VAT Reform* (C.SH. [2008] No. 170);

29. *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner* (C.SH. [2016] No. 36);

30. *Notice of the Ministry of Finance and the State Taxation Administration on Adjusting VAT Rate* (C.SH. [2018] No. 32);

31. *Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China* (Order No. 65 of the Ministry of Finance and the State Administration of Taxation);

32. *Announcement on Policies Relevant to Deepening VAT Reform* (Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs);

33. *Financial Supervision and Management Measures for the Asset Appraisal Industry* (MOF Order No. 86, amended by MOF Order No. 97);

34.*Accounting Standards for Business Enterprises - Basic Standards*, *Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 33, MOF Order - No. 76)

35. *Notice on Further Standardising Bank Letters and Reply Letters* (C.K. [2020] No. 12);

36. *Regulations on the Transfer of State-Owned Land Use Rights* (MLR Order No. 21);

37. *Interim Regulations on Mining Rights Transfer and Assignment Management* (G.T.Z.F. [2000] No. 309);

38.*Notice on the Mining Rights Appraisal Management Measures (Trial) (G.T.Z.F. [2008] No. 174);*

39. *Notice of the* Ministry of Finance*, the Ministry of Natural Resources and the* State Taxation Administration on the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue (C.Z. [2023] No. 10);

40. *Announcement on the Implementation Criteria for Relevant Issues on Resource Tax (Announcement* [2020] No. 34 of the Ministry of Finance and the State Taxation Administration);

41. *Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on Extending the Corporate Income Tax Policy for the Western Development* (Ministry of Finance Announcement No. 23, 2020);

42. Other relevant Laws, regulations, and notices.

iii. Basis of appraisal standards

1. *Basic Rules for Asset Appraisal* (C.Z. [2017] No. 43);

2. *Code of Professional Ethics for Asset Appraisal* (ZH.P.X. [2017] No. 30);

3. *Asset Appraisal Practice Standards – Appraisal Report* (ZH.P.X. [2018] No. 35);

4. *Asset Appraisal Practice Standards – Appraisal Procedures* (ZH.P.X. [2018] No. 36);

5. *Asset Appraisal Practice Standards – Appraisal Methods* (ZH.P.X. [2019] No. 35);

6. *Asset Appraisal Practice Standards – Engagement Contract* (ZH.P.X. [2017] No. 33);

7. *Asset Appraisal Practice Standards – Appraisal Archives* (ZH.P.X. [2018] No. 37);

8. *Asset Appraisal Practice Standards – Utilisation of Expert Work and Relevant Reports* (ZH.P.X. [2017] No. 35);

9. *Asset Appraisal Practice Standards – Enterprise Value* (ZH.P.X. [2018] No. 38);

10. *Asset Appraisal Practice Standards – Intangible Assets* (ZH.P.X. [2017] No. 37);

11. *Asset Appraisal Practice Standards – Real Estate* (ZH.P.X. [2017] No. 38);

12. *Asset Appraisal Practice Standards – Machinery and Equipment* (ZH.P.X. [2017] No. 39);

13. *Asset Appraisal Practice Standards – Intellectual Property* (ZH.P.X. [2023] No. 14);

14. *Guidelines for Appraisal Reports of State-owned Enterprise Assets* (ZH.P.X. [2017] No. 42);

15. *Guidelines for Quality Control of Asset Appraisal Institutions* (ZH.P.X. [2017] No. 46);

16. *Guidance on Types of Asset Appraisal Value* (ZH.P.X. [2017] No. 47);

17. *Guidance on Legal Ownership of Subject Asset* (ZH.P.X. [2017] No. 48).

18. *Guidelines on Patent Asset Appraisal* (ZH.P.X. [2017] No. 49);

19. *Guidelines on Copyright Asset Appraisal* (ZH.P.X. [2017] No. 50);

20. *Guidance on Determining Mining Rights Appraisal Parameters* (Chinese Association of Mineral Resources Appraisers, October 2008);

21. *Chinese Mining Rights Appraisal Standards* (Chinese Association of Mineral Resources Appraisers, August 2008);

22. *Chinese Mining Rights Appraisal Standards* (ii) (Chinese Association of Mineral Resources Appraisers, September 2010);

23. *Guiding Opinions on the Mineral Rights Appraisal Standard issued by the Chinese Association of Mineral Resources Appraisers (CMV 13051-2007) — Determination of Types of Solid Mineral Resource Reserves*.

iv. Basis of ownership

1. State-owned Property Registration Certificates;

2. Real Estate Certificates;

3. Mining Licences;

4. Patent Certificates;

5. Copyright (Intellectual Property) Ownership Documentation;

6. Motor Vehicle Registration Certificates;

7. Relevant Ownership Transfer Contracts;

8. Other relevant ownership certificates.

v. Basis for price determination

1. *Financial Rules for Basic Construction* (MOF Order No. 81);

2. *Regulations on the Management of Construction Costs for Basic Construction Projects* (C.J. [2016] No. 504);

3. *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection);

4. LPR (loan prime rate) on the valuation benchmark date;

5. *Ground Building Engineering Consumption Quotas for Coal Construction* (2015, After-tax Base Price);

6. *Coal Construction Cost Quotas and Price Management Regulations* (2015);

7. *Coal Construction Engineering Cost Quotas and Other Regulations for Coal Construction* (NB/T 51064-2016);

8. *Electromechanical Product Price Information Query System (2025)*;

9. *Guiding Opinions on the Notice of the National Development and Reform Commission on Further Liberalising Professional Service Prices for Construction Projects* (F.G.J.G. [2015] No. 299) (ZH.D.L.D.E. [2015] No. 162);

10. Project feasibility study reports, project investment estimates, design estimates, and other materials provided by the appraised entity;

11. Relevant engineering budget and final accounts data provided by the company;

12. Engineering contract agreements signed by the company with relevant parties;

13. Payment progress statistics and related payment vouchers for ongoing projects provided by the company;

14. Financial statements, audit reports, and data from previous years provided by the company;

15. Future business plans provided by relevant departments of the company;

16. Market forecast data for the main products of the company for the current and future years;

17. Raw material purchase contracts signed by the company with relevant parties;

18. Records of on-site inspection by the appraisers and other relevant appraisal information collected;

19. WIND Financial Information;

20. iFinD financial terminal;

21. Other materials related to the asset appraisal.

vi. Other reference sources

1. *Terminology of the Rules for Asset Appraisal 2020* (ZH.P.X. [2020] No. 31);

2. *Expert Guidance No. 8 – Verification in Asset Appraisal* (ZH.P.X. [2019] No. 39);

3. *Expert Guidance No. 12 - Measurement of Rate of Discount for the Enterprise Value by the Income Approach* (ZH.P.X. [2020] No. 38);

4. *Expert Guidance No. 16 – Computer Software Copyright Asset Appraisal* (ZH.P.X. [2023] No. 23);

5. *Common Parameters Manual for Asset Appraisal*;

6. *Regulations for Appraisal on Urban Land* (GB/T 18508-2014);

7. *Regulations for Gradation and Classification on Urban Land* (GB/T 18507-2014);

8. *Current Land Use Classification* (GB/T21010-2017);

9. *Regulations for Standardised Price of Land* (TD/T1052-2017);

10. *Technical Specifications for Dynamic Monitoring of Urban Land Prices* (TD/T1009-2007);

11. *Technical Specifications for the Appraisal of State-owned Construction Land Use Rights* (G.T.Z.T.F. [2018] No. 4);

12. *Code for Real Estate Appraisal* (GB/T 50291-2015);

13. *Building Condition Rating Standards* (Trial) (CH.ZH.Z. [1984] No. 678);

14. *General Requirements for Mineral Exploration* (GB/T 13908-2020);

15. *Specifications for coal exploration – Coal* (DZ/T 0215-2020);

16. *Classifications for Mineral Resources and Mineral Reserves* (GB/T 17766-2020);

17. Asset list and appraisal declaration form provided by the appraised entity;

18. Audit Report issued by Ernst & Young Hua Ming LLP ;

19. Mining rights appraisal report issued by China Enterprise Appraisals Co., Ltd.;

20. Information database of China Enterprise Appraisals Co., Ltd.

VII. Appraisal methods

Income approach refers to various appraisal methods that capitalise or discount the expected income of the subject asset to determine its value.

Market approach refers to various appraisal methods that compare the subject asset with comparable references, using the market price of the comparable references as a basis to determine the value of the subject asset.

Asset-based approach refers to an appraisal method where the value of the subject asset is determined based on the balance sheet of the appraised entity or business on the valuation benchmark date, assessing the value of identifiable on-balance-sheet and off-balance-sheet assets and liabilities.

The methods selected for this appraisal are income approach and asset-based approach.

i. Reasons for the selection of appraisal methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

ii. Introduction to the appraisal methods

1. Income approach

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

1) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC);

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

The free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) + Depreciation and amortisation - capital expenditures - Increase in working capital

Of which, the discount rate (WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Wherein: K_e: Cost of equity capital;

K_d: Cost of debt capital;

E: Market value of equity;

D: Market value of debt;

t: Tax rate.

The cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). Of which, the calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: r_f: Risk-free rate of return;

MRP: Market risk premium;

β_L: Systematic risk coefficient of equity;

r_c: Company-specific risk adjustment coefficient.

2) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

3) Value of non-operating asset and liabilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operational assets and liabilities of the appraised entity include accounts receivable, other receivables, inventories and fixed assets in abnormal condition, accounts payable, and other payables. The cost method was adopted for this appraisal.

4) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date.

2. Asset-based approach

(1) Current assets

1) Monetary funds, including bank deposits and other cash funds, were appraised at their verified book value through verification of bank statements, and bank confirmations.

2) For notes receivable, the appraisers reviewed the appraised entity's reference ledger for notes receivable, verifying each entry's details including the type, serial number, issuance date, face value, transaction contract number, and the names or entity designations of the payer, acceptor, and endorser, as well as maturity date. The verified book value was used as the appraised value.

3) For accounts receivable and other receivables, the appraisers conducted inquiries with the appraised entity regarding its sales credit policies, customer composition and creditworthiness, as well as the historical recovery of accounts receivable. Following the principle of materiality, the appraisers conducted confirmations for some of the accounts receivable and reviewed relevant contracts. Based on the verification of accounts receivable, the appraisers determined the appraised value based on the amount that is likely to be collected for each item. For amounts believed to be fully recoverable, the total receivables are used to calculate the appraised value. For amounts that are likely to be unrecoverable, the appraisers estimated the amount based on historical data and on-site investigations, considering factors such as the amount, overdue time, reasons for non-payment, the debtor's financial status, creditworthiness, and operational management. The appraisal value is then calculated after deducting the estimated risk loss. Simultaneously, the "Provision for Bad Debts" item on the balance sheet is considered as zero.

4) For prepayments, the appraisers conducted inquiries with the relevant personnel of the appraised entity to understand the reasons for the formation of the prepayments and the creditworthiness of the counterparties. Following the principle of materiality, the appraisers conducted confirmations for some of the prepayments and reviewed relevant contracts. Based on the verification of prepayments, the appraisers determined the value based on the goods or relevant rights that are likely to be collected for each item. For amounts believed to be fully recoverable, the total prepaid amounts are used to calculate the appraised value. For amounts that are likely to be unrecoverable, the appraisers estimated the goods or related rights that may not be recovered using historical data and on-site investigations. The appraised value is then calculated after deducting the estimated risk loss. Simultaneously, the "Provision for Bad Debts" item on the balance sheet is considered as zero.

5) Inventories

For raw materials, most of the raw materials were purchased close to the valuation benchmark date, and the book value mainly consists of material purchase costs, transportation, and miscellaneous expenses. The appraised value is determined by verifying the quantity of each type of raw material and the market price as of the valuation benchmark date, considering reasonable transportation costs and reasonable losses.

For finished products, the appraised entity uses actual cost accounting, including purchase costs, processing costs, and other costs. As of the valuation benchmark date , the finished products are normal sales items. The appraised value is determined based on the sales price at the valuation benchmark date, minus sales expenses, taxes and surcharges, and an appropriate amount of after-tax net profit. The specific appraisal calculation formula is as follows:

The appraised value of finished goods for normal sales = Quantity of finished goods × After-tax unit selling price × (1 - Sales tax and surcharge rate - Selling expense rate - Income tax rate - Net profit margin).

Under normal circumstances, a reasonable profit deduction rate of 0.5 is applied for normal sales finished products. The sales price for finished products is taken as the average recent sales price of the appraised entity as of the valuation benchmark date.

6) Other current assets. The appraisers investigated and understood the formation reasons of other current assets and reviewed the relevant evidence, contracts, and books. After verification, the book values of other current assets are used as the appraised values.

(2) Long-term equity investments

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity. The appraisal methods used for the investees and the reasons for selecting the appraisal methods are detailed in the corresponding technical appraisal notes.

For non-controlling long-term equity investments, as there are no conditions for an overall appraisal, the appraised value was determined by the net assets as of the valuation benchmark date multiplied by the shareholding percentage.

(3) Buildings and structures assets

Based on the characteristics of the various types of building and structure assets, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraisal. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

A. Determination of replacement cost

Based on the characteristics, nature, and situation of the building and structure assets within the appraisal scope, the calculation formula for replacement cost in this appraisal is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

a. Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

b. Pre-construction and other costs

Pre-construction and other costs are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations.

c. Capital costs

Capital costs are calculated based on the sum of construction and installation engineering costs, pre-construction and other costs, using uniform capital investment over the reasonable construction period. The calculation formula of capital costs is as follows:

Capital costs = (Construction and installation engineering costs + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1 / 2

Based on the scale and nature of the construction project in which the appraised buildings and structures are located and the relevant construction period quotas, the reasonable construction period and interest rate for the subsidiaries of CHN Energy Xinjiang Energy Chemical Co., Ltd. were determined by referring to the effective Loan Prime Rate (LPR) on the valuation benchmark date as published by the National Interbank Funding Centre authorised by the People's Bank of China.

d. Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

2) Determination of composite depreciation rate

A. For important buildings (and structures), the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

For mining enterprises, the remaining service life of buildings is closely related to the mine's remaining service life. The remaining service life is determined based on the lower of the mine's remaining service life and the building's remaining economic service life.

B. For low-value buildings (and structures), the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic

service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

3) Determination of appraised value

Appraised value= Replacement cost × Composite depreciation rate

(4)Shaft engineering

Based on the characteristics of various shaft engineering projects, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraising shaft engineering projects. The cost method calculation formula is as follows:

Appraised value = Full replacement value × Composite depreciation rate

A. Determination of full replacement value

Replacement cost = Engineering cost + Pre-construction and other costs + Capital costs - Deductible input tax

a. Engineering cost

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

For large-scale, high-value, and critical shaft engineering project, the comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

Engineering cost = Base price of engineering quotas + Measure fees + Company management fees + Profits + Regulatory fees + Other project fees + Regional price differences

Where:

Base price of engineering quotas - The base price is calculated based on the shaft engineering's lifting method, lifting depth, tunnel cross-section, support method, materials, and thickness. *The Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* and *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering (2015, After-tax Base Price)* are applied. This includes wages, material consumption, machine usage fees, etc., with adjustments made according to relevant regulations;

Other fees — determined in accordance with the Notice issued by the China Coal Construction Association on *Adjustment of Pricing Basis for Coal Construction Projects under the VAT Reform for the Construction Industry* (ZH.M.J.X.Z. [2016] No. 46) and the *Notice on Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis* (ZH.M.J.X.Z. [2019] No. 37), together with the *Notification on Release of the Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* (ZH.M.J.X.Z. [2016] *No.* 115) and the *Supplementary Provisions on the Implementation of the Valuation Standards for Coal-Construction Projects* (ZH.M.J.X.Z. [2016] No. 116), and calculated in combination with the actual construction conditions of the mine.

Labour, materials, and equipment price differences – Adjusted according to the *Notice on Adjusting Coal Construction Engineering Quotation Standards (2015 Base Price)*

for Labour Unit Prices and Related Regulations (ZH.M.J.X.Z. [2021] No. 125), *Urumqi City Construction Engineering Material Information Price List* (Q2 2025), and materials price information provided by the enterprise for the valuation benchmark date.

For general shaft engineering projects, or when final settlement data is incomplete, or when the value is small and the structure is simple, the Analogy Method is used to determine the construction cost.

b. Preliminary and Other Costs

Preliminary and other costs include construction unit management fees, engineering supervision fees, surveying and design fees, environmental evaluation fees, and soil and water conservation consulting service fees. These costs are calculated based on the engineering construction investment amount, according to industry, national, or local government fee standards. Preliminary and Other Costs Calculation Formula:

Preliminary and other costs = Engineering cost × Fee rate

c. Capital costs

Financing costs are calculated based on the appraised entity's reasonable construction period, referencing the LPR published by the People's Bank of China on the valuation benchmark date, and considering the appraised entity's loan interest rate adjustments. The total sum of engineering costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The reasonable construction period for Wudong Coal Mine is 4 years, and the reasonable construction period for Tunbao Coal Mine (Changji Branch) is 3 years. The calculation formula of capital costs is as follows:

Financing cost = (Engineering cost + Preliminary and other fees) × Reasonable construction period × Interest rate / 2

d. Deductible input tax

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

B. Determination of composite depreciation rate

Shaft engineering in coal mines differs from surface buildings in that it is a special structure attached to coal resources. Its economic lifespan is closely linked to the coal reserves that can be mined. As coal resources are depleted, the economic lifespan shortens, and when coal resources are exhausted, the economic lifespan ends.

Underground engineering has a complex geological structure, many unpredictable factors, and poor construction conditions. The stability of the tunnels depends on their location, rock layer properties, and mining methods. The service life of each type of tunnel is determined by the coal reserves in the service area.

Therefore, before determining the depreciation rate, the appraisers first reviewed geological reports, mine design data, and understood the position, rock properties, support methods, geological structures, and the impact of mining on the tunnels. They then visited representative tunnels underground to inspect the support conditions and maintenance status and consulted with on-site engineering personnel to verify and review the maintenance records and methods. Finally, based on the coal reserves, remaining reserves, recoverable reserves, and production capacity provided by the geological survey department, the remaining service life of each tunnel was calculated,

and the composite depreciation rate was determined. The calculation formula is as follows:

Composite depreciation rate = Remaining service life / (Service life + Remaining service life) × 100%

C. Appraised value

Appraised value = Full replacement value × Composite depreciation rate

(5) Equipment assets

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the appraisal scope, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost method is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Depreciation rate

A. Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

a. Machinery and equipment

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

I. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the Valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

II. Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry*

Construction Project Budgeting Method and Indices, taking into account factors such as transportation distance, weight, and volume.

III. Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T 51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

IV. Pre-construction and other costs

Pre-construction and other costs include project construction management fees, bidding agency fees, environmental impact assessment fees, surveying and design fees, engineering supervision fees, joint trial operation fees, and others. The rates for these expenses are determined by investigating the average cost levels of similar projects and referring to the *Standards for Other Expenses of Coal Mining Construction Project* (NBT 51064-2016) and other related standards, as well as the specific conditions of this project.

V. Capital costs

Capital costs are calculated based on the normal construction period of the project where the equipment is located, using the Loan Prime Rate (LPR) in effect on the valuation benchmark date. The total of the equipment purchase costs, transport and handling fees, installation fees, pre-construction and other costs is used as the base, with the capital costs calculated based on uniform capital investment. The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Reasonable construction period × Annual loan interest rate / 2

VI. Deductible VAT

According to the regulations in "C.SH [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the input VAT includes VAT on the equipment purchase price (tax rate 13%), VAT on transport and handling fees (tax rate 9%), and VAT on pre-construction and other costs (tax rate 6%).

b. Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase cost / (1 + 13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

c. Electronic equipment

For electronic equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electronic equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

2) Determination of composite depreciation rate

A. For specialised and general machinery, the depreciation rate is primarily determined based on the equipment’s economic service life, used lifespan, and on-site inspections of the equipment’s condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

B. For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

C. For vehicles, according to the *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection), the theoretical depreciation rate was determined using either vehicle mileage or service life, based on the lower of the two methods. For vehicles without a prescribed service life, the remaining service life method was used. Adjustments were made based on on-site inspection results. The calculation formula is as follows:

Composite depreciation rate = Depreciation rate × Adjustment coefficient

3) Determination of the appraised value

Appraised value= Replacement cost × Composite depreciation rate

(6) Construction in progress

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost method was adopted for the appraisal.

1) Completed projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

2) Unfinished projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period. If the book value differs significantly from the price level on the valuation benchmark date, the construction costs are adjusted to the Valuation benchmark date price level.

3) Pure expense type ongoing projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

(7) Land use rights assets

According to the requirements of the *Asset Appraisal Practice Standards - Real Estate*, the main appraisal methods for land use rights include the market approach, income approach, hypothetical development method, cost method, and benchmark land price method. The appropriate appraisal method is selected based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the above basic appraisal methods.

This appraisal uses the market comparison method, cost method, and benchmark land price method to appraise the value of the land use rights.

1) Market comparison method

The market comparison method refers to the comparison of the subject asset with similar land transaction examples under the same market conditions, using the substitution principle. Adjustments are made for differences in transaction conditions, transaction dates, regional factors, individual factors, floor area ratio, remaining useful life, and other relevant aspects between the two. The method used to determine the price of the subject asset on the valuation benchmark date. The basic formula for the Market Comparison Method is as follows:

$P = PB \times A \times B \times C \times D \times E$

Wherein: P: appraised value of the subject asset;

PB: Price of the comparable transaction;

A: Transaction situation index for the appraised land parcel / transaction situation index

for comparative example land parcels;

B: Land price index on the Valuation benchmark date for the appraised land parcel / land price index on the transaction date for comparative example land parcels;

C: Regional factors condition index for the appraised land parcel / regional factors condition index for comparative example land parcels;

D: Individual factors condition index for the appraised land parcel / individual factors condition index for comparative example land parcels;

E: Duration adjustment index of the subject asset / Duration adjustment index of the comparable

2) Cost approaching method

The basic idea of the cost approaching method is to treat all investments in land, including land acquisition costs and infrastructure development costs, as the "basic cost." Using economic principles and the investment theory of equal return on equal investment, the "basic cost" is added to the profit and interest that should be generated by such an investment, forming the base part of the land price. Additionally, the required return on land ownership is included, and the land price is derived. The basic formula for the cost approaching method is:

Basic formula: $V = (E_a+E_d + T+R_1 + R_2+R_3)x(1+K_1)$

Where: V = Land price

E_a = Land acquisition cost

E_d = Land development cost

T = Taxes

R_1 = Interest

R_2 = Profit

R_3 = Land appreciation

K_1 = Regional and individual factors adjustment

3) Benchmark land price method

The benchmark land price adjustment method uses urban benchmark land prices and benchmark land price adjustment tables to assess the value of land. According to the principle of substitution, the regional and individual conditions of the subject asset are compared with the average conditions of the region, and the corresponding adjustment coefficients are selected from the coefficient adjustment table to modify the benchmark land price. This method determines the value of the subject asset on the valuation benchmark date.

The calculation formula for the Benchmark Land Price Adjustment Method is as follows:

$V = V1 \times (1 \pm \sum K) \times Kr \times Km \times Kq \times Kk$

The formula is:

V — The adjusted land price of the appraised land;

V1 — The benchmark land price of land with the same usage in the region where the appraised land is located;

∑K — The sum of the regional factors and individual factors adjustment coefficients for the appraised land;

Km — The usage period adjustment coefficient;

Kq — The date adjustment coefficient;

Kr — The floor area ratio adjustment coefficient;

Kk — The land development degree adjustment coefficient.

(8) Mining rights

1) For mining rights, China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited entrusted China Enterprise Appraisals Co., Ltd. to conduct independent appraisals; the mining rights appraisals in this asset appraisal report reference the appraisal conclusions issued by China Enterprise Appraisals Co., Ltd.

2) For exploration rights, due to the inability to obtain geological survey, preliminary design, mine area general plan, formal feasibility report, and other documents required for mining rights appraisal, it is not possible to model and calculate the market value of the exploration rights as of the Valuation benchmark date according to mining rights appraisal standards and theories. Therefore, the related costs for exploration rights are retained based on the audited book value.

3) Mining rights usage fees

Some mining rights holders collect “mining rights usage fees” by granting mining rights to subsidiaries for extraction and operation.

This appraisal does not consider projected future cash flows from mining rights at the rights holders’ level, assigning a valuation of zero. Instead, it calculates the mining rights usage fee income solely based on the unit tonnage fee charged and expected production volume. After deducting applicable income tax expenses, the appraisal value of the “mining rights usage fees” is calculated by discounting using the discount rate adopted for the mining rights appraisal.

The operating rights holder enjoys the mining and operating income. Therefore, when considering the projected future cash flows derived from mining rights at the level of the actual operator, the intangible asset - mining rights appraisal for the target company is summarised using the mining rights appraisal report’s appraisal conclusion. Concurrently, the net value (negative value) of the “mining rights usage fees” payable by the actual operator is listed.

(9) Patent rights assets

As the market for technical intangible assets in China is still in its early stages, collecting relevant fair transaction data is relatively difficult. Therefore, the market approach is not operable for this appraisal;

As the patent rights owned by the appraised entity were verified as being developed in the production process, and some patent rights have been held for a long time without being used in relevant production operations, the income approach is not operable in this appraisal;

As a result, the cost method was considered in this appraisal. The appraisal mainly considered the patent replacement cost, which includes application fees, printing fees, patent registration, printing, and substantial review fees, etc.

(10) Other intangible assets

Based on the characteristics of other intangible assets, the appraised value type, data collection conditions, and other related factors, the market approach is used for appraisal as follows: 1) For software in normal use, since most software was not recently purchased, this market inquiry serves as the software's appraisal; 2) For software that has stopped being used, after verifying with the enterprise that the software has no use value, the appraised value is zero; 3) For software copyrights, the appraisal is based on the related agency fees and registration fees incurred during the software copyright application process; 4) For purchased capacity indicators that have already been appraised within mining rights, the appraised value is confirmed as zero in this appraisal.

(11) Long-term deferred expenses

The appraisers investigated the reasons for the long-term deferred expenses and reviewed the accounting vouchers for the long-term deferred expenses. After verification, the original amount of the long-term deferred expenses was found to be true and accurate, and the amortisation balance was correct. The long-term deferred expenses can still provide corresponding rights or assets during the remaining benefit period, and the appraisal value is determined based on the remaining balance to be amortised over the remaining benefit period.

(12) Other non-current assets

The appraisers investigated the reasons for the occurrence of other non-current assets and reviewed the relevant contracts and accounting vouchers. Other non-current assets are valued at the verified book value.

(13) Liabilities

The liabilities of CHN Energy Xinjiang Energy Chemical Co., Ltd. include accounts payable, advance receipts, contract liabilities, taxes payable, other payables, non-current liabilities, other current liabilities, and non-current liabilities. The appraisers first checked the consistency between the subsidiary accounts and the general ledger, and examined the detailed items. They also sampled relevant accounting vouchers and documents to confirm the accuracy of the debt book values. For current and non-current liabilities, the appraised values are determined based on the actual liabilities borne by the company as verified.

VIII. Implementation Process and Information of the Appraisal Procedure

The appraisers carried out the appraisal of the assets involved in the subject asset from 9 August 2025 to 16 December 2025. The main appraisal procedures and process are as follows:

i. Acceptance of engagement

On 9 August 2025, the client and us reached an agreement on the basic matters of the appraisal, including the appraisal purpose, the subject asset, the appraisal scope, the valuation benchmark date, and the rights and obligations of each party. We then negotiated with the client and developed the corresponding appraisal plan.

ii. Preliminary preparation

After accepting the engagement, the project team, based on the appraisal purpose, the characteristics of the subject asset, and the time plan, formulated a specific appraisal work plan and formed the appraisal team. Simultaneously, the team drafted a list of required materials and appraisal forms based on the actual needs of the project.

iii. On-site investigation

The appraisers conducted the necessary asset and liability verification of the subject asset from 15 August 2025, to 31 October 2025, and conducted the necessary investigation into the operating and management conditions of the appraised entity.

1. Asset verification

(1) Guiding the appraised entity to complete forms and prepare materials to be provided to the asset appraisal institution

The appraisers guided the financial and asset management personnel of the appraised entity to carefully and accurately complete the asset information based on the "Assets Appraisal Details Sheet" and its requirements, the material checklist, etc., after their own inventory. They also collected and prepared property ownership certificates and documents reflecting performance, condition, economic, and technical indicators of the assets.

(2) Preliminary review and improvement of the Assets Appraisal Details Sheet submitted by the appraised entity

The appraisers reviewed the relevant documents, understood the detailed status of the assets included in the appraisal scope, and then carefully reviewed the "Assets Appraisal Details Sheet" to check for incomplete or incorrect entries, unclear asset items, and other issues. Based on experience and the gathered information, the appraisers ensured the accuracy of the sheet and provided feedback to the appraised entity to improve them.

(3) On-site inspection

Based on the type, quantity, and distribution of assets included in the appraisal scope, the appraisers, with the cooperation of the relevant personnel of the appraised entity, conducted on-site inspections in accordance with the relevant provisions of the asset appraisal standards. Different inspection methods were applied depending on the nature and characteristics of the various assets.

(4) Supplementing, modifying, and improving the Assets Appraisal Details Sheet

Based on the results of the on-site inspection and after thorough communication with the relevant personnel of the appraised entity, the appraisers further refined the "Assets Appraisal Details Sheet" to ensure consistency between the accounts, sheet, and actual assets.

(5) Verification of ownership certificate documents

The appraisers verified the ownership proof documents for the assets within the appraisal scope, including buildings, vehicles, land use rights, mining rights, and other intangible assets. In cases where ownership information was incomplete or unclear, the appraisers requested the enterprise to verify or provide relevant ownership clarification documents.

2. Due diligence

To fully understand the operational and management status of the appraised entity and the risks it faces, the appraisers conducted necessary due diligence. The main contents of the due diligence were as follows:

(1) The history of the appraised entity, its major shareholders and their shareholding ratios, and the necessary ownership and management structure;

(2) The asset, financial, and operational management status of the appraised entity;

(3) The business plan, development plan, and financial forecast information of the appraised entity;

(4) Previous appraisals and transactions related to the subject asset and appraised entity;

(5) Macro and regional economic factors affecting the production and operation of the appraised entity;

(6) The development status and prospects of the industry in which the appraised entity operates;

(7) Other relevant information.

iv. Data collection

The appraisers collected appraisal materials according to the specifics of the appraisal project, including data independently obtained from markets and other channels, data acquired from the client and other relevant parties, and data from government departments, professional institutions, and other relevant bodies. They then analysed, summarised, and organised the collected materials to form the basis for estimation.

v. Preliminary estimation

Based on the specific conditions of the various assets, the appraisers selected the appropriate formulas and parameters according to the chosen appraisal methods, performing analysis, calculations, and judgments to form preliminary appraisal conclusions. The project leader summarised the preliminary conclusions for each asset appraisal and drafted the preliminary asset appraisal report.

vi. Internal review

According to our company’s appraisal business process management regulations, the project leader submitted the preliminary asset appraisal report for internal review after completion. After the internal review, the appraisers communicated with the client or other relevant parties, as agreed, on the contents of the asset appraisal report, ensuring that the independence of the appraisal conclusions was maintained. After completing the above appraisal procedures, the formal asset appraisal report was issued and submitted.

IX. Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

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

ii. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

iii. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining useful life of the mine;

iv. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

v. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations throughout the remaining useful life of the mine;

vi. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

vii. It is assumed that the management of the appraised entity after the Valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

viii. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

ix. It is assumed that after the valuation benchmark date , there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

x.It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

xi. It is assumed that after the valuation benchmark date , the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

xii. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

xiii. As at the valuation benchmark date, the subsidiaries of the appraised entity enjoy preferential enterprise income tax policies under the Western Development Programme, with corporate income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;

xiv. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

xv. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

xvi. It was assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

xvii. It was assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts.

xviii. It is assumed that starting from 2034, Shenhua Xinjiang Energy Company Limited Wudong Coal Mine will begin to pay mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C.Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration.

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

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

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

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

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

xix. It is assumed that the Xinjiang Shenhua Mining Company Limited Hongshaquan No. 1 Open-Pit Coal Mine held by the subsidiary CHN Energy Xinjiang Mining Co., Ltd., will obtain approval for the capacity expansion in 2026 and will commence production at an annual capacity of 31 million tonnes from 2027.

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

xxi. It is assumed that CHN Energy Xinjiang Energy Chemical Co., Ltd. will continue to charge Guoneng Xinjiang Toksun Energy Co., Ltd. mining rights usage fees at the current level, and CHN Energy Xinjiang Mining Co., Ltd. will charge Guoneng

Xinjiang Hongshaquan Energy Co., Ltd. and Guoneng Xinjiang Mining Hongshaquan No. 2 Coal Mine Co., Ltd. mining rights usage fees at the current level.

The conclusions of this asset appraisal report are valid under the above assumptions as of the valuation benchmark date. If there are significant changes in these assumptions, the signing asset appraisers and this asset appraisal agency will not bear responsibility for deriving different appraisal conclusions due to changes in assumptions.

X. Appraisal conclusion

i. Income approach appraisal results

As at the valuation benchmark date, the book value of total assets under the parent company's standard of CHN Energy Xinjiang Energy Chemical Co., Ltd. was RMB19,146,567,300, with total liabilities having a book value of RMB13,279,028,700, and book value of net assets was RMB5,867,538,600. Under the income approach, the entire shareholders' equity value of shareholders was RMB12,049,738,200, with an increase of RMB6,182,199,600, resulting in an increase rate of 105.36%.

As at the valuation benchmark date, the consolidated book value of total assets of CHN Energy Xinjiang Energy Chemical Co., Ltd. was RMB30,245,781,100, the book value of total liabilities was RMB19,260,165,300, and the book value of shareholders' equity was RMB10,985,615,800, of which RMB9,491,294,800 represented the shareholders' equity attributable to the parent company, with an appraised value of RMB12,049,738,200. The increase in value amounted to RMB2,558,443,400, with an appreciation rate of 26.96%.

ii. Asset-Based Approach Appraisal Results

As at the valuation benchmark date, the book value of the total assets of CHN Energy Xinjiang Energy Chemical Co., Ltd. under the parent company's standard was RMB19,146,567,300, with an appraised value of RMB25,283,070,600, an increase of RMB6,136,503,300, and an appreciation rate of 32.05%. The book value of total liabilities was RMB13,279,028,700, with an appraised value of RMB13,161,643,000, a decrease of RMB117,385,700, and a depreciation rate of 0.88%. The book value of net assets was RMB5,867,538,600, with an appraised value of RMB12,121,427,600, an increase of RMB6,253,889,000, and an appreciation rate of 106.58%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-Based Approach

Valuation benchmark date: 31 July 2025 Currency unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	669,281.34	669,281.34	0.00	0.00
Non-current assets	2	1,245,375.39	1,859,025.72	613,650.33	49.27
Of which: Long-term equity investments	3	668,275.86	1,228,100.56	559,824.70	83.77
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	337,308.28	274,888.29	-62,419.99	-18.51
Construction in progress	6	30,258.64	29,622.58	-636.06	-2.10
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	181,541.12	298,422.80	116,881.68	64.38
Including: Land use right	9	8,468.35	174,033.44	165,565.09	1,955.10
Other non-current assets	10	27,991.49	27,991.49	0.00	0.00

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Xinjiang Energy Chemical Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Total assets	**11**	**1,914,656.73**	**2,528,307.06**	**613,650.33**	**32.05**
Current liabilities	12	1,014,452.44	1,014,452.44	0.00	0.00
Non-current liabilities	13	313,450.43	301,711.86	-11,738.57	-3.74
Total liabilities	**14**	**1,327,902.87**	**1,316,164.30**	**-11,738.57**	**-0.88**
Net assets	**15**	**586,753.86**	**1,212,142.76**	**625,388.90**	**106.58**

As of the valuation benchmark date, the book value of consolidated total assets for CHN Energy Xinjiang Energy and Chemical Co., Ltd. was RMB30,245,781,100, the book value of total liabilities was RMB19,260,165,300, and the book value of shareholders' equity was RMB10,985,615,800, of which RMB9,491,294,800 represented the shareholders' equity attributable to the parent company, with an appraised value of RMB12,121,427,600, an increase of RMB2, 630,132,800, with an appreciation rate of 27.71%.

iii. Appraisal conclusion

Under the income approach, the entire shareholders' equity value of shareholders was RMB12,049,738,200, under the asset-based approach, the total equity value of shareholders was RMB12,121,427,600, with a difference of RMB71,689,400, representing a variance rate of 0.59%.

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The income approach estimates the value of the subject asset by discounting the expected future earnings of the appraised entity from the perspective of the enterprise's future profitability. The asset-based approach, on the other hand, estimates the value of the subject asset based on a reasonable assessment of the enterprise's assets and liabilities, considering the method of asset replacement. The appraised entity's core business is coal mining and sales, and its key assets are mining rights. In this appraisal, the asset-based approach uses the discounted cash flow method to assess the mining rights, which aligns closely with the approach used in the income approach. Moreover, the appraisal of the mining rights is based on the coal market conditions, using objective market benchmarks. The results from the asset-based approach reflect the contribution of the mining rights to the company's future earnings, therefore the asset-based approach can more objectively reflect the market value of the appraised entity.

Based on the above analysis, the conclusion of this asset appraisal report adopts the result of the asset-based approach, i.e., the entire shareholders' equity value of shareholders of CHN Energy Xinjiang Energy Chemical Co., Ltd. was RMB12,121,427,600.

Due to objective limitations, this asset appraisal report does not take into account any premium or discount that may arise due to control or lack of control, nor does it consider the impact of liquidity on the value of the subject asset.

XI. Special Notes

The following matters were identified during the appraisal process that may affect the appraisal conclusion but cannot be assessed or estimated by the professional expertise and ability of the appraisers:

i. In this asset appraisal report, if there is a discrepancy between the total values and the sum of the individual items in any tables or written statements (expressed in RMB10,000), it is due to rounding.

ii. This appraisal refers to the Audit Report EY Hua Ming (2025) Special Letter No. 80028121_A01 issued by Ernst & Young Hua Ming LLP on 16 December 2025. We obtained the audit report through legal channels, and after analyzing and reviewing the contents of the audit report in accordance with the relevant asset appraisal standards, we have prudently used the relevant contents of the audit report. The audited financial data in the audit report forms the basis for the asset appraisal. If this financial data changes, the conclusions of this appraisal may become invalid. According to Article 12 of the *Asset Appraisal Practice Standards – Enterprise Value*: Asset appraisers analyse and assess the use of financial statements based on the chosen appraisal methods. However, it is not the responsibility of the asset appraisers to offer professional opinions on whether the financial statements fairly reflect the financial status, operating results, or cash flow of the appraised entity as at the valuation benchmark date. We only bear responsibility for improper referencing that may arise in the use of the audit report during the appraisal process.

iii. The appraisal of intangible assets—mining rights within the scope of this appraisal refers to the appraisal conclusions from China Enterprise Appraisals Co., Ltd. on 16 December 2025, including the *Report on the Mining Rights for Shenhua Xinjiang Energy Company Limited Wudong Coal Mine* (ZH.Q.H.K.P.B.Z. [2025] No. 1060), the *Report on Mining Rights for CHN Energy Xinjiang Energy Co., Ltd. Changji Tunbao Coal Mine* (ZH.Q.H.K.P.B.Z. [2025] No. 1061), the *Report on Mining Rights for Guoneng Xinjiang Zhundong Energy Co., Ltd. Zhundong Open-pit Coal Mine* (ZH.Q.H.K.P.B.Z. [2025] No. 1062), the *Report on Mining Rights for CHN Energy Xinjiang Mining Co., Ltd. Hongshaquan No.1 Open-pit Coal Mine* (ZH.Q.H.K.P.B.Z. [2025] No. 1063), the *Report on Mining Rights for Xinjiang Qitai County Xiheishan Mining Area Hongshaquan No.2 Open-pit Coal Mine* (ZH.Q.H.K.P.B.Z. [2025] No. 1064), and the *Report on Mining Rights for CHN Energy Xinjiang Energy Chemical Co., Ltd. Tuokexun County Heishan Open-pit Coal Mine* (ZH.Q.H.K.P.B.Z. [2025] No. 1065).

During this appraisal process, the appraisers communicated and coordinated with mining rights appraisers, who adopted the discounted cash flow method for the appraisal of the mining right. After verifying that the mining rights appraisal report's subject asset, scope, purpose, base date, value type, and other aspects were consistent with this asset appraisal report and in line with the requirements of the economic transaction, the mining rights value involved in this appraisal report directly references the appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

iv. According to the *Asset Appraisal Law* and the *Guidance on Legal Ownership of Subject Asset*, the client and relevant parties engaging the asset appraisal are responsible for the authenticity, completeness, and legality of the ownership certificates, financial accounting information, and other materials they provide. The purpose of conducting asset appraisal is to estimate the value of the subject asset and provide professional opinions. Confirming the legal ownership or providing opinions on the legal status of the assets goes beyond the scope of professional asset appraisal. Asset appraisers do not provide guarantees on the legal ownership of the subject asset.

v. Explanation regarding ownership defects

1. The appraised entity owns 37 land use rights, which are registered under the name of CHN Energy Xinjiang Energy Co., Ltd., Shenhua Xinjiang Energy Company Limited, Xinjiang Urumqi Mining (Group) Co., Ltd., CHN Energy Xinjiang Energy Co., Ltd. Wudong Coal Mine, Shenhua Xinjiang Energy Company Limited Kashgar Sales Branch, Xinjiang Changji Tunbao Mining Co., Ltd. and CHN Energy Xinjiang Energy Chemical Co., Ltd. Tashkurgan Branch (formerly used name or branch). These have not been processed for changes, and the company assures that the above lands are actually owned by the company, with no disputes over ownership.

There are 350 buildings and structures included in the appraisal scope, of which 156 have not been registered for property ownership, with a total building area of 137,852.33 square metres; 78 properties have been demolished or disposed of, and 1 is an underground parking garage; 111 properties are registered under the name of CHN Energy Xinjiang Energy Co., Ltd., Urumqi Mining Bureau's Multiple Operations Bureau, Shenhua Xinjiang Energy Company Limited (the former or previous name), and have not been processed for change procedures. The company assures that these properties are actually owned by the company, with no disputes over ownership. There are 735 vehicles within the appraisal scope, 549 of which are factory vehicles without vehicle registration certificates; 22 vehicles have registered owners' names that do not match the company's name and have not been processed for changes. The company assures that these vehicles are actually owned by the company, with no disputes over ownership.

2. The subsidiary Guoneng Xinjiang Zhundong Energy Co., Ltd. declared 3 land use rights within the appraisal scope, for which state-owned construction land transfer contracts or allocation decisions have been obtained but the certificates of land use rights have not yet been issued. This will be appraised based on the transferred or allocated land use rights.

Guoneng Xinjiang Zhundong Energy Co., Ltd. owns 20 land use rights, of which 3 have not been processed for certificates of land use rights, and 8 are registered under the name of Shenhua Xinjiang Energy Company Limited and Shenhua Jimsar Energy Co., Ltd. (the former or parent company). These have not been processed for changes, and the company assures that the above lands are actually owned by the company, with no disputes over ownership. There are 77 buildings and structures included in the appraisal scope, all of which have not been registered for property ownership, with a total building area of 124,413.14 square metres. The company assures that these properties are actually owned by the company, with no disputes over ownership. There are 99 vehicles within the appraisal scope, 40 of which are factory vehicles without vehicle registration certificates. The company assures that these vehicles are actually owned by the company, with no disputes over ownership.

3. The subsidiary Guoneng Xinjiang Toksun Energy Co., Ltd. declared 36 properties within the appraisal scope, all of which have not been registered for property ownership, with a total building area of 67,617.24 square metres. The company assures that these properties are actually owned by the company, with no disputes over ownership. There are 69 vehicles within the appraisal scope, 23 of which are factory vehicles without vehicle registration certificates. The company assures that these vehicles are actually owned by the company, with no disputes over ownership.

4. The subsidiary Guoneng Xinjiang Hongshaquan Energy Co., Ltd. declared seven

land use rights within the scope of the assessment, for which state-owned construction land transfer contracts or allocation decisions have been obtained but the land use rights certificates have not yet been issued. This will be appraised based on the transferred or allocated land use rights.

Guoneng Xinjiang Hongshaquan Energy Co., Ltd. owns nine land use rights, of which two have not been processed for certificates of land use rights. The company assures that these lands are actually owned by the company, with no disputes over ownership. There are 50 properties included in the appraisal scope, all of which have not been registered for property ownership, with a total building area of 65,396.51 square metres. The company assures that these properties are actually owned by the company, with no disputes over ownership. There are 74 vehicles within the appraisal scope, 14 of which are factory vehicles without vehicle registration certificates; 3 vehicles have registered owners' names that do not match the company's name and have not been processed for changes. The company assures that these vehicles are actually owned by the company, with no disputes over ownership.

5. The subsidiary Xinjiang Tianshan Railway Co., Ltd. declared one land use right within the appraisal scope, for which a state-owned construction land transfer contract has been obtained but the certificate of land use rights has not yet been issued. This will be appraised based on the transferred land use rights. The company confirms that the above land is actually owned by it, with no ownership disputes. There are eight buildings and structures included in the appraisal scope, none of which have been registered for property ownership. The total building area is 1,408.20 square metres. The company assures that these properties are actually owned by the company, with no disputes over ownership. There are 11 vehicles within the appraisal scope, 2 of which have registered owners' names that do not match the company name and have not been processed for changes. The company assures that these vehicles are actually owned by the company, with no disputes over ownership.

6. The subsidiary Guoneng Xinjiang Yimian Supply Chain Co., Ltd. declared seven buildings within the scope of the assessment, four of which have not been registered for property ownership. The total building area is 2,907.00 square metres. The company assures that these properties are actually owned by the company, with no disputes over ownership. There are four vehicles within the scope of the assessment, one of which is a factory vehicle without a vehicle registration certificate. The company assures that these vehicles are actually owned by the company, with no disputes over ownership.

vi. Explanation regarding assets in an abnormal use state

Some assets within the appraisal scope declared by the appraised entity are lack physical presence, or are awaiting scrapping. The details are as follows:

1. The appraised entity, CHN Energy Xinjiang Energy Chemical Co., Ltd., declared 84 buildings and structures, with a book value of RMB4,094,500, 69 structures with a book value of RMB1,121,600, 927 machinery and equipment items with a book value of RMB1,651,200, 12 vehicles with a book value of RMB265,600, and 230 electronic devices with a book value of RMB1,400. For the aforementioned assets awaiting scrapping, the appraisal is based on their recoverable value. For assets without physical presence, the appraised value is zero. For idle assets, normal appraisal procedures are applied.

2. The subsidiary Guoneng Xinjiang Toksun Energy Co., Ltd. declared 7 buildings and structures, with a book value of RMB7,783,400, 5 machinery and equipment items with

a book value of RMB2,068,700. For the aforementioned assets awaiting scrapping, the appraisal is based on their recoverable value. For assets without physical presence, the appraised value is zero. For idle assets, normal appraisal procedures are applied.

3. The Xinjiang Energy's subsidiary Guoneng Xinjiang Zhundong Energy Co., Ltd. declared 241 machinery and equipment items with a book value of RMB6,780,900. For the aforementioned assets awaiting scrapping, the appraisal is based on their recoverable value. For assets without physical presence, the appraised value is zero. For idle assets, normal appraisal procedures are applied.

4. The subsidiary Guoneng Xinjiang Hongshaquan Energy Co., Ltd. declared 1 building and structure, with a book value of RMB1,437,300, and 159 machinery and equipment items with a book value of RMB9,921,100. For the aforementioned assets awaiting scrapping, the appraisal is based on their recoverable value. For assets without physical presence, the appraised value is zero. For idle assets, normal appraisal procedures are applied.

5. The subsidiary Xinjiang Jiuhuatian Logistics Co., Ltd. declared 12 machinery and equipment items, with a book value of RMB4,321,600, and 15 electronic devices with a book value of RMB2,900. For the aforementioned assets awaiting scrapping, the appraisal is based on their recoverable value. For assets without physical presence, the appraised value is zero. For idle assets, normal appraisal procedures are applied.

vii. Explanation regarding mining rights capacity indicators

The mining rights held by the subsidiary CHN Energy Xinjiang Mining Co., Ltd. at Xinjiang Shenhua Mining Company Limited Hongshaquan No.1 Open-pit Coal Mine had its approved capacity changed to 30 million tonnes per year in 2023, with 20 million tonnes per year of the increased capacity still awaiting capacity indicators.

The mining rights held by the subsidiary Guoneng Xinjiang Zhundong Energy Co., Ltd. at Zhundong Open-pit Coal Mine had its approved capacity changed to 35 million tonnes per year in 2023, with 15 million tonnes per year of the increased capacity still awaiting capacity indicators.

According to confirmation by the appraised entity, Xinjiang Shenhua Mining Company Limited Hongshaquan No.1 Open-pit Coal Mine plans to resolve the capacity indicator gap by "reconstruction and expansion to increase production scale". Specifically, the production capacity will be increased to 40 million tonnes per year through reconstruction, but 30% of the production capacity will be reserved. Relevant materials for the reconstruction and expansion were submitted to the National Energy Administration for review in October 2025. This appraisal assumes that the mine will complete capacity expansion by 2026, and production will be organised at 31 million tonnes per year from 2027.

Guoneng Xinjiang Zhundong Energy Co., Ltd. Zhundong Open-pit Coal Mine also plans to resolve the capacity indicator gap by "reconstruction and expansion to increase production scale". Specifically, the production capacity will be increased to 45 million tonnes per year through reconstruction, although relevant materials have not yet been submitted to the National Energy Administration. This appraisal assumes that the mine will complete capacity expansion by 2028, and production will be organised at 35 million tonnes per year in the future.

viii.Explanation regarding discrepancies between mining rights holders and operators

Within the appraisal scope, CHN Energy Xinjiang Energy Chemical Co., Ltd. has 6 mining rights, three of which have discrepancies between the mining rights holder and the operator. Specifically, the mining rights holders transfer the mining rights to subsidiaries or affiliated units for extraction and operation by collecting "mining rights usage fees." The specific details are as follows:

No.	Mineral rights name	Mining rights holder	Operator
1	CHN Energy Xinjiang Energy Chemical Co., Ltd. Toksun County Heishan Open-pit Coal Mine	CHN Energy Xinjiang Energy Chemical Co., Ltd.	Guoneng Xinjiang Toksun Energy Co., Ltd.
2	Xinjiang Shenhua Mining Co., Ltd. Hongshaquan No.1 Open-pit Coal Mine	CHN Energy Xinjiang Mining Co., Ltd.	Guoneng Xinjiang Hongshaquan Energy Co., Ltd.
3	Xinjiang Qitai County Xiheishan Mining Area Hongshaquan No.2 Open-pit Coal Mine	CHN Energy Xinjiang Mining Co., Ltd.	Guoneng Xinjiang Mining Hongshaquan No. 2 Coal Mine Co., Ltd.

For the above-mentioned cases, the appraisal, assessed the book value of the mining rights held by the rights holders as zero on the Valuation benchmark date and was conducted separately for the mining rights holder and operator based on the "mining rights sage fee" at the same time, as detailed in the appraisal method.

ix. Explanation regarding non-compensatory transfer of assets and subsidiaries

According to the project arrangement, after the valuation benchmark date, CHN Energy Xinjiang Energy Chemical Co., Ltd. plans to transfer equity of 12 subsidiaries, 1 exploration right, 1 mining right, and 2 asset groups to other parties for free. The specific details are as follows:

No.	Name	Type
1	Guoneng Xinjiang Kuan'gou Mining Co., Ltd.	Equity
2	Guoneng Urumqi New Energy Development Co., Ltd.	Equity
3	Guoneng Zhongji Qitai New Energy Co., Ltd.	Equity
4	Guoneng Xinjiang Wenquan Power Co., Ltd.	Equity
5	Guoneng Urumqi Photovoltaic Power Co., Ltd.	Equity
6	Guoneng Kuitun New Energy Development Co., Ltd.	Equity
7	Guoneng Qira Energy Co., Ltd.	Equity
8	Guoneng Lop Energy Co., Ltd.	Equity
9	Guoneng Karakax Energy Co., Ltd.	Equity
10	Guoneng Bole Energy Co., Ltd.	Equity
11	Guoneng Xinjiang Ganquanbu Comprehensive Energy Co., Ltd.	Equity
12	CHN Energy Xinjiang Energy Chemical Co., Ltd. Manasi County Laobawan Coal Mine Branch	Asset group
13	CHN Energy Xinjiang Energy Chemical Co., Ltd. Activated Carbon Branch	Asset group
14	Kuangou mining rights	Mining rights
15	Laobawan exploration rights	Exploration rights

The audit report used in this appraisal has simulated the stripping of the above assets through non-compensatory transfers.

x. Explanation regarding discrepancies between subscribed and paid-in capital ratios of subsidiaries

CHN Energy Xinjiang Energy Chemical Co., Ltd. and CHN Energy Western Energy Investment Co., Ltd. each hold 50% equity in Guoneng Xinjiang Coal-to-Gas Co., Ltd. As at the valuation benchmark date, the subscribed capital by both shareholders has not been fully paid, and the paid-in ratio differs from the subscribed ratio. This appraisal adjusts the net asset value by assuming that both shareholders have fully contributed capital, and the adjusted appraised value is calculated based on the subscribed equity ratio of Xinjiang Energy, deducting the unpaid amount to confirm the final appraised

value of this long-term equity investment. The calculation formula is as follows:

Appraised value of long-term equity investment = (Guoneng Xinjiang Coal-to-Gas Co., Ltd.'s net asset appraisal + All shareholders' unpaid capital) × Xinjiang Energy's subscribed equity ratio - Xinjiang Energy's unpaid capital

Users of the asset appraisal report should pay attention to the impact of the above special matters on the appraisal conclusion.

XII. Statement of the Limitations on the Use of the Asset Appraisal Report

i. Scope of use of the asset appraisal report

1. The users of the asset appraisal report are the client and those specified by national laws and administrative regulations.

2. The appraisal conclusion in the asset appraisal report is only valid for the economic activities related to this project.

3. The validity period of the conclusion in the asset appraisal report is one year from the valuation benchmark date. The client or other users of the asset appraisal report should use the report within the stated validity period of the appraisal conclusions.

4. Without the written consent of the client, the asset appraisal agency and its professionals shall not provide or disclose the contents of the asset appraisal report to any third parties, except as required by laws or administrative regulations.

5. Without the consent of the asset appraisal agency, the contents of the asset appraisal report shall not be copied, quoted, or disclosed in public media, except as required by laws, administrative regulations, or as agreed by the relevant parties.

ii. If the client or other users of the asset appraisal report do not use the asset appraisal report in accordance with the laws, administrative regulations, and the use scope outlined in the asset appraisal report, the asset appraisal agency and its professionals shall not bear any responsibility.

iii. Except for the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and those specified by laws or administrative regulations, no other institution or individual may become a user of the asset appraisal report. This asset appraisal report contains several appendices and appraisal detail forms, all of which are an integral part of this report. However, they are only valid when used together with the main body of the report.

iv. The asset appraisal agency and asset appraisers shall not bear any obligations or responsibilities to users of this report who are not authorised, such as those who obtain the report through presentation or other means, outside the scope of its intended use. They will not provide further consultancy based on this report, nor will they provide testimony or attend hearings in court or other legal proceedings, and they reserve the right to hold non-authorised users liable for any losses incurred as a result.

v. Users of the asset appraisal report shall correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

vi. An asset appraisal report refers to a professional report issued by the asset appraisal agency, based on the law, administrative regulations, and asset appraisal standard requirements, after carrying out the necessary appraisal procedures as entrusted. It reflects the value of the subject asset for a specific purpose on the valuation benchmark

date. This report must be signed by the appraisers responsible for the appraisal and stamped with the asset appraisal agency's official seal. It can only be formally used after being filed with the state-owned asset supervision and management authority or the enterprise that provided funding.

Project Regarding Proposed Issuance of Shares and Payment of Cash by China Shenhua Energy Company Limited to Acquire the 100% Equity Interests in China Shenhua Coal to Liquid and Chemical Co., Ltd. held by China Energy Investment Group Co., Ltd.

Asset Appraisal Report

ZLPBZ No. [2025] 5357

China United Assets Appraisal Group Co., Ltd.

December 16, 2025

Statement

I. This Asset Appraisal Report is prepared in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance of the People's Republic of China, and the Practice Standards and Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

II. The Clients or other users of the Asset Appraisal Report shall use the Report in accordance with applicable laws and regulations, and within the scope of use specified herein. Should the Client or other users of the Asset Appraisal Report fail to do so, the Asset Appraisal Institution and its professional asset appraisers shall not be liable for any consequences arising therefrom.

The Asset Appraisal Report is exclusively used by the Clients, other designated users as stipulated in the asset appraisal engagement contract, and users mandated by applicable laws and regulations. In addition, no other institution or individual is authorized to be a user of the Asset Appraisal Report.

The Asset Appraisal Institution and its asset appraisers advise users of this Asset Appraisal Report to accurately comprehend and use the appraisal conclusion. The appraisal conclusion should not be deemed as the realizable price of the appraisal object, nor should it be interpreted as a guarantee of the appraisal object's realizable price.

III. The truthfulness, legality, and completeness of the information provided by the Clients and other relevant parties are prerequisites for the appraisal conclusion to be valid. The list of assets and liabilities included in the appraisal scope, as well as the prospective financial information, ownership certificates, and other data required for the appraisal, have been declared and confirmed by the Clients and the Appraised Entity through official seals or other means.

IV. The Asset Appraisal Institution and its asset appraisers have no existing or prospective interests in the Appraisal Object presented in the Asset Appraisal Report; and have no existing or prospective interests in the related parties, and are not biased towards them.

V. The asset appraisers have conducted field surveys of the Appraisal Object and the assets involved in the Asset Appraisal Report; has given due attention to the legal ownership status of the Appraisal Object and its related assets, inspected the legal ownership documentation for the Appraisal Object and its related assets, truthfully disclosed any issues identified, and requested the Clients and other relevant parties to optimize the property rights to satisfy the requirements for issuing the Asset Appraisal Report.

VI. The analyses, judgments, and results presented in the Asset Appraisal Report issued by the Asset Appraisal Institution are subject to the assumptions and limiting conditions stipulated therein. Users of the Asset Appraisal Report should thoroughly consider the assumptions, limiting conditions, instructions on special matters, and their impacts on the appraisal conclusion as specified within the Report.

VII. The Asset Appraisal Institution and its asset appraisers comply with applicable laws, regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and impartiality, and are legally responsible for the Asset Appraisal Report issued.

Project Regarding Proposed Issuance of Shares and Payment of Cash by China Shenhua Energy Company Limited to Acquire the 100% Equity Interests in China Shenhua Coal to Liquid and Chemical Co., Ltd. held by China Energy Investment Group Co., Ltd.

Asset Appraisal Report

ZLPBZ No. [2025] 5357

ABSTRACT

China United Assets Appraisal Group Co., Ltd. has accepted the entrustment from China Shenhua Energy Company Limited and China Energy Investment Group Co., Ltd. in connection with the economic activity of the project regarding the proposed issuance of shares and payment of cash by China Shenhua Energy Company Limited to acquire the 100% equity interests in China Shenhua Coal to Liquid and Chemical Co., Ltd. held by China Energy Investment Group Co., Ltd., and has assessed the market value of the total interests of shareholders in China Shenhua Coal to Liquid and Chemical Co., Ltd. involved as of the Appraisal Reference Date.

The appraisal object is the value of the total interests of shareholders in China Shenhua Coal to Liquid and Chemical Co., Ltd. The scope of the appraisal covers all assets and related liabilities of China Shenhua Coal to Liquid and Chemical Co., Ltd., including current assets, non-current assets and corresponding liabilities.

The Appraisal Reference Date is July 31, 2025.

The appraisal type for this appraisal is market value.

This appraisal is conducted on the premise of continuous use and open

market. In combination of the actual situation of the entrusted appraisal object and comprehensively taking into account various influencing factors, the income approach and Asset-based Approach are adopted for the overall appraisal of China Shenhua Coal to Liquid and Chemical Co., Ltd., followed by verification and comparison. Taking into account the applicable premises of the appraisal methods and the satisfaction of the appraisal purpose, the appraisal result of the Asset-based Approach is selected as the final appraisal conclusion.

Based on the judgments on future development trends and operating plans made by the Client and the enterprise's management, after conducting appraisal procedures such as inventory verification, on-site inspection, market research and confirmation and evaluation and estimation, the appraisal conclusion on the total interests of shareholders of China Shenhua Coal to Liquid and Chemical Co., Ltd. as of the Appraisal Reference Date of July 31, 2025 is as follows:

The book value of total shareholders' equity of China Shenhua Coal to Liquid and Chemical Co., Ltd. on a parent company basis is RMB 1,375,349.10 ten thousand, the appraised value is RMB 2,495,053.41 ten thousand, the appraisal appreciation is RMB 1,119,704.31 ten thousand, and the appreciation rate is 81.41%.

When using this appraisal conclusion, we specifically remind the report users to pay attention to the special matters stated in this report and the material subsequent events.

Special matters reminder:

Pursuant to the relevant laws and regulations on assets appraisal, the assets appraisal report involving statutory appraisal business may only be used by the Client after performing the assets appraisal supervision and administration procedures in accordance with the requirements of laws and regulations. The validity period for the use of the appraisal result is one year,

i.e., being valid from July 31, 2025 to July 30, 2026.

The above content is extracted from the main text of the assets appraisal report. To understand the detailed information of this appraisal deal and correctly interpret the appraisal conclusion, the main text of the assets appraisal report shall be read.

Project Regarding Proposed Issuance of Shares and Payment of Cash by China Shenhua Energy Company Limited to Acquire the 100% Equity Interests in China Shenhua Coal to Liquid and Chemical Co., Ltd. held by China Energy Investment Group Co., Ltd.

Asset Appraisal Report

ZLPBZ No. [2025] 5357

China Energy Investment Group Co., Ltd. and China Shenhua Energy Company Limited:

China United Assets Appraisal Group Co., Ltd. has accepted the entrustment from the Company. In accordance with the provisions of relevant laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and impartiality, China United Assets Appraisal Group Co., Ltd. has adopted the income approach and Asset-based Approach and followed the necessary appraisal procedures in connection with the economic activity of the project regarding the proposed issuance of shares and payment of cash by China Shenhua Energy Company Limited to acquire the 100% equity interests in China Shenhua Coal to Liquid and Chemical Co., Ltd. held by China Energy Investment Group Co., Ltd., and has assessed the market value of the total interests of shareholders in China Shenhua Coal to Liquid and Chemical Co., Ltd. involved as of the Appraisal Reference Date of July 31, 2025. The relevant assets appraisal is hereby reported as follows:

I. Clients, Appraised Entity and Other Users of the Assets Appraisal

Report

The clients of this assets appraisal are China Energy Investment Group Co., Ltd. (hereinafter referred to as "China Energy Group") and China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua"). The appraised entity is China Shenhua Coal to Liquid and Chemical Co., Ltd. (hereinafter referred to as "Chemical Co.").

(I) Overview of Client I

Enterprise name: China Energy Investment Group Co., Ltd.

Enterprise type: limited liability company (wholly state-owned)

Registered address: No. 22 West Binhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB13209466.11498 ten thousand

Date of establishment: October 23, 1995

Term of operation: from October 23, 1995 to indefinite term

Unified social credit code: 911100001000182 67J

Business scope: operate state-owned assets within the scope authorized by the State Council; engage in investment and management across industries including coal and other resource products, coal-to-oil, coal chemicals, electricity, heating, ports, transportation, finance, domestic and foreign trade and logistics, real estate, high-tech, and information consulting; Plan, organize, coordinate, and manage the production and operating activities of enterprises affiliated with the Group in the aforementioned industry sectors; sell chemical materials and chemical products (excluding dangerous chemicals), textiles, building materials, machinery, electronic equipment, and office equipment (market entities shall independently select business projects and conduct operating activities in accordance with the law; for projects subject to approval in accordance with the law, operating activities shall be

carried out according to the approved scope after obtaining approval from the relevant authorities; engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

(II) Overview of Client II

Enterprise name: China Shenhua Energy Company Limited

Enterprise type: other joint stock company (listed)

Registered address: No. 22 West Binhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lv Zhiren

Registered capital: RMB1986851.9955 ten thousand

Date of establishment: November 8, 2004

Term of operation: from November 8, 2004 to indefinite term

Unified social credit code: 91110000710933024J

Business scope: coal mining (validity period is subject to relevant permits for each coal mine); wholesale operations of coal; project investment; coal washing and processing; development and operation of mineral products; internal transportation by proprietary railways; power generation; provision of supporting services for coal, railway, and power operations; vessel repair; energy and environmental technology development and utilization, technology transfer, technical consultation, technical services; import and export business; sales of chemical products, chemical materials, building materials, and mechanical equipment (excluding dangerous chemicals); property management (market entities shall independently select business projects and conduct operating activities in accordance with the law; for projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval from the relevant authorities; Engagement in operating activities prohibited or

restricted by national and municipal industrial policies is banned.)

(III) Overview of Appraised Entity

1. Basic Information about the Enterprise

Enterprise name: China Shenhua Coal to Liquid and Chemical Co., Ltd.

Enterprise type: limited liability company (wholly owned by the legal person)

Registered address: No. 16 Ande Road, 9/F and 10/F, Dongcheng District, Beijing

Legal representative: Jiang Xingjian

Registered capital: RMB3123711.585277 ten thousand

Date of establishment: June 12, 2003

Term of operation: from June 12, 2003 to indefinite term

Unified social credit code: 91110000710931432M

Business scope: licensed items: operation of hazardous chemicals; wholesale of refined oil products; construction engineering design; construction engineering supervision; construction engineering implementation; construction engineering survey; import and export of toxic chemicals; power generation business, power transmission business, power supply (distribution) business. (For projects that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities; the specific business items shall be subject to the approval documents or licenses issued by the relevant authorities.) General items: wholesale of refined oil (excluding hazardous chemicals); sales of chemical products (excluding chemical products requiring official licensing); sales of synthetic materials; sales of non-metallic minerals and products; coal sales (excluding the conduct of physical coal trading and storage activities by the Company in Beijing); production of chemical products (excluding chemical products requiring administrative

licensing); manufacturing of synthetic materials (excluding hazardous chemicals); manufacturing of basic chemical raw materials (excluding the manufacturing of licensed chemicals such as hazardous chemicals); manufacturing of non-metallic mineral products; engineering management services; engineering technology services (excluding planning management, survey, design, and supervision); technology services, technology development, technology consulting, technology exchange, technology transfer and technology promotion; import and export of goods; import and export of technology; import and export agency; thermal energy production and supply (to be operated by branches). (Except for projects that require official approval in accordance with the law, business activities shall be carried out independently in accordance with the law on the strength of the business license) (no business activities which are prohibited and restricted by the national and municipal industrial policies shall be carried out.)

2. Historical evolution and shareholding structure

(1) Establishment

On March 31, 2003, the State Administration for Industry and Commerce issued the Notice of Pre-approval of Enterprise Name "(Guo) Mingcheng Yuhe Neizi [2003] No. 207)", approving the company's name as "Shenhua Coal to Liquid and Chemical Co., Ltd.".

On May 28, 2003, Beijing Tianzhenghua Certified Public Accountants (北京天正華會計師事務所) issued a capital verification report ([2003] Zhenghua Yanzi No. 028), confirming that as of May 28, 2003, Chemical Co. had received a total registered capital of RMB2 billion contributed by its shareholders.

On June 12, 2003, Chemical Co. obtained the Business License for Enterprise Legal Persons issued by the State Administration for Industry and Commerce.

The shareholding structure of Chemical Co. at its establishment is as follows:

Table 1-1 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	180,000.00	180,000.00	90.00%
2	Guohua Energy Investment Co., Ltd.	20,000.00	20,000.00	10.00%
Total		**200,000.00**	**200,000.00**	**100.00%**

(2) First capital increase

On May 19, 2008, Chemical Co. convened a shareholders' meeting, which approved the increase in the registered capital of Chemical Co. from the original registered capital of RMB200,000 ten thousand to RMB1,060,000 ten thousand, where the capital contribution from Shenhua Group Corporation Limited was changed from RMB180,000 ten thousand to RMB975,000 ten thousand, and the capital contribution from Guohua Energy Investment Co., Ltd. was changed from RMB20,000 ten thousand to RMB85,000 ten thousand. The additional capital contribution was completed in two installments: the first installment of RMB729,126 ten thousand was completed by June 11, 2008, and the remaining part was completed by December 31, 2008.

On June 17, 2008, Tihuasic (Beijing) Certified Public Accountants issued a capital verification report (Tihuasic Yanzi [2008] No. 6-13), confirming that as of June 11, 2008, Chemical Co. had received the additional registered capital of RMB729,126 ten thousand contributed by its shareholders, and the paid-in capital after the change was RMB994,126 ten thousand.

On June 27, 2008, the State Administration for Industry and Commerce issued the Business License for Enterprise Legal Persons after the change.

Upon completion of the registered capital increase, the shareholding

structure of Chemical Co. at its establishment is as follows:

Table 1-2 Names of Shareholders and Percentages of Capital Contribution

No.	Names of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	975,000	90,9126	90.00%
2	Guohua Energy Investment Co., Ltd.	85,000	85,000	10.00%
Total		**1,060,000**	**994,126.00**	**100.00%**

(3) Second capital increase

In July 2009, the first equity transfer was conducted, and the registered capital was increased to RMB1,464,714.159902 ten thousand in the second capital increase.

Shenhua Group Corporation Limited and Guohua Energy Investment Co., Ltd. signed a gratuitous equity transfer agreement, which agreed that Guohua Energy Investment Co., Ltd. would transfer all its equity interests in Chemical Co. to Chemical Co. on a gratuitous basis. After the equity transfer, Shenhua Group Corporation Limited held 100% of the equity interests in Chemical Co.

On June 2, 2009, Shenhua Group Corporation Limited made a shareholder resolution, which approved the increase of Chemical Co.'s registered capital from RMB1,060,000 ten thousand to RMB1,464,714.159902 ten thousand. The additional capital contribution was RMB404,714.159902 ten thousand, with the contribution form being monetary and physical assets.

On June 26, 2009, Tihuasic (Beijing) Certified Public Accountants issued a capital verification report (Tihuasic Yanzi [2009] No. 6-5), confirming that as of December 31, 2008, Chemical Co. had received a total of RMB470,588.159902 ten thousand from its shareholder Shenhua Group Corporation Limited, which included the capital contribution for the newly

applied registered capital increase and the supplementary payment for the previously applied registered capital. In particular, Shenhua Group Corporation Limited contributed RMB4,0000 ten thousand in the form of monetary funds, RMB425,800 ten thousand by way of gratuitous transfer of equity interests in its wholly-owned subsidiaries; meanwhile, Chemical Co. was approved to increase its registered capital by RMB4,788.159902 ten thousand by way of capital surplus.

Pursuant to the Notice on the Gratuitous Transfer of Equity Interests in Shenhua Baotou Coal Chemical Co., Ltd. and Shenhua Hulunbeier Coal Processing Company Limited ("Shenhua Qihua [2008] No. 468") issued by Shenhua Group Corporation Limited, it was decided to transfer 100.00% equity interests held by Shenhua Group Corporation Limited in each of Shenhua Baotou Coal Chemical Co., Ltd. and Shenhua Hulunbeier Coal Processing Company Limited to Chemical Co. as capital contribution on a gratuitous basis. Both Shenhua Baotou Coal Chemical Co., Ltd. and Shenhua Hulunbeier Coal Processing Company Limited, whose equity interests were transferred on a gratuitous basis, are wholly-owned subsidiaries of Shenhua Group Corporation Limited. Shenhua Group Corporation Limited contributed a total of RMB425,800.00 ten thousand to increase Chemical Co.'s registered capital by way of gratuitous transfer of equity interests in its wholly-owned subsidiaries. In particular, the equity contribution corresponding to Shenhua Baotou Coal Chemical Co., Ltd. was RMB420,800.00 ten thousand , which was confirmed by Tianhua Xiangtong (Beijing) Assets Appraisal Co., Ltd. (天华祥通(北京)资产评估有限公司) on May 30, 2009 via the asset appraisal report "Tianhua Xiangtong Ping Bao Zi (2009) No. 6-1)"; the equity contribution corresponding to Shenhua Hulunbeier Coal Processing Company Limited was RMB5,000.00 ten thousand , which was confirmed by Tianhua Xiangtong (Beijing) Assets Appraisal Co., Ltd. on March 30, 2009 via the asset appraisal report "Tianhua

Xiangtong Ping Bao Zi (2009) No. 3-8)".

On December 18, 2008, Shenhua Group Corporation Limited issued the Approval on Transfer of Capital Surplus to Paid-in Capital for Coal to Oil Chemical Company "Shenhua Cai [2008] No. 454", deciding that Chemical Co. should increase its registered capital by RMB4,788.159902 through capital surplus transfer.

On July 13, 2009, the State Administration for Industry and Commerce issued the Business License for Enterprise Legal Persons after the change.

Upon completion of the equity transfer and the registered capital increase, the shareholding structure of Chemical Co. at its establishment is as follows:

Table 1-3 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholder	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	1,464,714.159902	1,464,714.159902	100.00%
Total		**1,464,714.159902**	**1,464,714.159902**	**100.00%**

(4) Third capital increase

On December 15, 2009, Shenhua Group Corporation Limited issued the Decision on Increase of Capital Contribution, which approved the increase of Chemical Co.'s registered capital from RMB1,464,714.159902 ten thousand to RMB1,477,925.159902 ten thousand.

On March 1, 2010, Tihuasic (Beijing) Certified Public Accountants issued a capital verification report (Tihuasic Yanzi [2010] No. 3-1), confirming that as of December 10, 2009, Chemical Co. had received the additional registered capital of RMB13,211 ten thousand contributed by its shareholder, and the paid-in capital after the change was RMB1,477,925.159902 ten thousand.

On May 26, 2010, the State Administration for Industry and Commerce issued the Business License for Enterprise Legal Persons after the change.

Upon completion of the registered capital increase, the shareholding

structure of Chemical Co. at its establishment is as follows:

Table 1-4 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholder	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	1,477,925.159902	1,477,925.159902	100.00%
Total		**1,477,925.159902**	**1,477,925.159902**	**100.00%**

(5) Fourth capital increase

On November 23, 2011, Shenhua Group Corporation Limited issued the Decision on Increase of Capital Contribution, which approved the increase of Chemical Co.'s registered capital from RMB1,477,925.159902 ten thousand to RMB1,758,950.299902 ten thousand with the increased capital contribution of RMB281,025.14 ten thousand.

On November 30, 2011, Tihuasic (Beijing) Certified Public Accountants issued a capital verification report (Tihuasic Yanzi [2011] No. 11-3), confirming that as of November 21, 2011, Chemical Co. had received the additional registered capital of RMB281,025.14 ten thousand contributed by its shareholder, and the paid-in capital after the change was RMB1,758,950.299902 ten thousand.

On December 12, 2011, the State Administration for Industry and Commerce issued the Business License for Enterprise Legal Persons after the change.

Upon completion of the registered capital increase, the shareholding structure of Chemical Co. at its establishment is as follows:

Table 1-5 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholder	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	1,758,950.299902	1,758,950.299902	100.00%
Total		**1,758,950.299902**	**1,758,950.299902**	**100.00%**

(6) Fifth capital increase

Shenhua Group Corporation Limited issued the Decision on Increase of Capital Contribution, which approved the increase of Chemical Co.'s registered capital from RMB1,758,950.299902 ten thousand to RMB1,760,462.299902 ten thousand with the increased capital contribution of RMB1,512 ten thousand.

On April 17, 2012, Jonten Certified Public Accountants issued a capital verification report (Jonten [2012] Yanzi No. 00012), confirming that as of December 30, 2011, Chemical Co. had received the additional registered capital of RMB1,512 ten thousand contributed by its shareholder, and the paid-in capital after the change was RMB1,760,462.299902 ten thousand .

On May 28, 2012, the State Administration for Industry and Commerce issued the Business License for Enterprise Legal Persons after the change.

Upon completion of the registered capital increase, the shareholding structure of Chemical Co. at its establishment is as follows:

Table 1-6 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholder	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	1,760,462.299902	1,760,462.299902	100.00%
Total		**1,760,462.299902**	**1,760,462.299902**	**100.00%**

(7) Sixth capital increase

On October 5, 2012, Shenhua Group Corporation Limited issued the Decision on Increasing Capital Contribution, resolving to increase the registered capital of Chemical Co. from RMB1,760,462.299902 ten thousand to RMB1,907,436.518145 ten thousand, with an additional capital contribution of RMB146,974.218243 ten thousand.

On February 2, 2013, Beijing Zhongtian Huamao Certified Public Accountants LLP issued a capital verification report (Zhongtian Huamao Yanzi [2013] No. 002), confirming that as of January 31, 2013, Chemical Co.

had received the additional registered capital of RMB146,974.218243 ten thousand contributed by its shareholders, and that the paid-in capital after the change was RMB1,907,436.518145 ten thousand .

On April 3, 2013, the State Administration for Industry and Commerce issued the Business License for Enterprise Legal Persons after the change.

After completion of the registered capital increase, the shareholding structure of Chemical Co. is as follows:

Table 1-7 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	1,907,436.518145	1,907,436.518145	100.00%
Total		**1,907,436.518145**	**1,907,436.518145**	**100.00%**

(8) First capital reduction

On August 5, 2013, Shenhua Group Corporation Limited issued the "Decision on Approving the Spin-off and Capital Reduction of China Shenhua Coal to Liquid and Chemical Co., Ltd.", which resolved to: approve the spin-off of the Baotou Coal Chemical Branch of Chemical Co to establish Shenhua Baotou Coal Chemical Co., Ltd. (subject to the name approved by the administration for industry and commerce), with the Chemical Co. continuing to exist; the spin-off reference date was March 31, 2013; as of the Appraisal Reference Date, the Chemical Co.'s registered capital and paid-in capital were both reduced from RMB1,907,436.518145 ten thousand to RMB1,394,220.518145 ten thousand; the newly established Shenhua Baotou Coal Chemical Co., Ltd. had registered capital and paid-in capital of RMB513,216 ten thousand.

On September 23, 2013, Yinxin Appraisal Co., Ltd. issued the asset appraisal report "Yinxinping Baozi [2013] Hu No. 646", under which, based

on March 31, 2013 as the Appraisal Reference Date, the appraised net asset value of the Chemical Co. was RMB1,394,772.242621 ten thousand , and the net asset value of China Shenhua Coal to Liquid and Chemical Co., Ltd. as confirmed by each capital contributor on the basis of such appraised value was RMB1,227,640.319650 ten thousand .

On September 23, 2013, BDO China Shu Lun Pan Certified Public Accountants LLP issued a capital verification report (Xinkuaishi Baozi [2013] No. 123523), confirming that as of September 23, 2013, Chemical Co. had reduced its share capital by RMB513,216 ten thousand , of which RMB513,216 ten thousand was reduced from the capital contribution of Shenhua Group Corporation Limited.

On December 12, 2013, the State Administration for Industry and Commerce issued the Business License for Enterprise Legal Persons after the change.

After completion of the capital reduction, the shareholding structure of Chemical Co. is as follows:

Table 1-8 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	1,394,220.518145	1,394,220.518145	100.00%
Total		**1,394,220.518145**	**1,394,220.518145**	**100.00%**

(9) Seventh capital increase

On February 3, 2016, Shenhua Group Corporation Limited issued the approval “Shenhua Qi [2016] No. 71” titled the Reply on Matters Relating to the Increase of Registered Capital of China Shenhua Coal to Liquid and Chemical Co., Ltd., resolving that a total of RMB759,943.51 ten thousand of project capital of Chemical Co. be converted into registered capital.

On May 26, 2016, the Beijing Administration for Industry and

Commerce issued the Business License for Enterprise Legal Persons after the change.

After completion of the registered capital increase, the shareholding structure of Chemical Co. is as follows:

Table 1-9 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	2,154,164.028145	2,154,164.028145	100.00%
Total		**2,154,164.028145**	**2,154,164.028145**	**100.00%**

(10) Eighth capital increase

On October 26, 2017, Shenhua Group Corporation Limited issued the Shareholder's Resolution on Amending the Articles of Association of China Shenhua Coal to Liquid and Chemical Co., Ltd., resolving to increase Chemical Co.'s capital contribution from RMB2,154,164.028145 ten thousand to RMB3,073,249.595277 ten thousand, with an additional contribution of RMB919,085.567132 ten thousand.

On November 23, 2017, the Beijing Administration for Industry and Commerce issued the Business License after the change.

After completion of the registered capital increase, the shareholding structure of Chemical Co. is as follows:

Table 1-10 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	3,073,249.595277	3,073,249.595277	100.00%
Total		**3,073,249.595277**	**3,073,249.595277**	**100.00%**

(11) Ninth capital increase

On June 30, 2021, China Energy Group issued the Shareholder's Resolution, resolving to amend the Articles of Association of Chemical Co., whereby the registered capital in the Articles of Association was revised to RMB3,123,543.585277 ten thousand.

On July 30, 2021, the Beijing Municipal Administration for Market Regulation issued the Business License after the change.

After completion of the registered capital increase, the shareholding structure of Chemical Co. is as follows:

Table 1-11 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	3,123,543.585277	3,123,543.585277	100.00%
Total		**3,123,543.585277**	**3,123,543.585277**	**100.00%**

(11) Tenth capital increase

On March 15, 2023, China Energy Group issued the Shareholder's Resolution of China Shenhua Coal to Liquid and Chemical Co., Ltd., approving the change of the registered capital of Chemical Co. from RMB3,123,543.585277 ten thousand to RMB3,123,711.585277 ten thousand.

On March 29, 2023, the Beijing Municipal Administration for Market Regulation issued the Business License after the change.

After completion of the registered capital increase, the shareholding structure of Chemical Co. is as follows:

Table 1-12 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed Registered Capital (RMB in ten thousand)	Paid-in Registered Capital (RMB in ten thousand)	Shareholding Percentage
1	Shenhua Group Corporation Limited	3,123,711.585277	3,123,711.585277	100.00%
Total		**3,123,711.585277**	**3,123,711.585277**	**100.00%**

As of the Appraisal Reference Date, the shareholding structure of Chemical Co. had not changed.

3. Assets, financial position and operating results

As of the Appraisal Reference Date of July 31, 2025, the audited consolidated financial statement recorded total assets of RMB4,072,274.31 ten thousand , liabilities of RMB2,347,445.02 ten thousand , owners' equity of RMB1,724,829.29 ten thousand and owners' equity attributable to the parent company of RMB1,711,467.75 ten thousand . Among them, current assets amounted to RMB1,070,831.70 ten thousand and non-current assets amounted to RMB3,001,442.61 ten thousand ; current liabilities amounted to RMB1,638,123.93 ten thousand and non-current liabilities amounted to RMB709,321.09 ten thousand . The audited parent company's statements recorded total assets of RMB2,424,434.58 ten thousand , liabilities of RMB1,049,085.48 ten thousand , and owners' equity of RMB1,375,349.10 ten thousand . Among them, current assets amounted to RMB665,974.18 ten thousand and non-current assets amounted to RMB1,758,460.40 ten thousand ; current liabilities amounted to RMB864,773.73 ten thousand and non-current liabilities amounted to RMB184,311.75 ten thousand .

The table below sets out the assets, financial position and operating results in recent years:

Table 1-13 Consolidated statement of assets, liabilities and financial position

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	3,571,990.77	3,703,357.22	4,072,274.31
Liabilities	1,945,257.31	1,931,486.26	2,347,445.02
Net assets	1,626,733.46	1,771,870.96	1,724,829.29
Net assets attributable to the parent company	1,615,158.39	1,756,300.33	1,711,467.75
Item	**2023**	**2024**	**January–July 2025**
Revenue	2,565,089.99	2,642,897.55	1,196,229.43
Total profit	31,310.16	131,803.17	(51,239.72)
Net profit	27,327.21	125,958.88	(57,425.94)

Item	December 31, 2023	December 31, 2024	July 31, 2025
Net profit attributable to the parent company	27,920.52	135,840.61	(55,043.94)
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP
Appraisal Conclusion	Unqualified opinion	Unqualified opinion	Unqualified opinion

Table 1-14 Statement of assets, liabilities and financial position of the parent company

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	2,221,830.15	2,316,088.78	2,424,434.58
Liabilities	878,207.04	871,540.42	1,049,085.48
Net assets	1,343,623.11	1,444,548.36	1,375,349.10
Item	**2023**	**2024**	**January–July 2025**
Revenue	2,253,080.52	2,327,213.79	1,010,254.26
Total profit	22,614.95	96,737.20	(77,605.43)
Net profit	22,614.95	96,737.20	(77,605.43)
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP
Audit conclusion	Unqualified opinion	Unqualified opinion	Unqualified opinion

4. Principal businesses

China Shenhua Coal to Liquid and Chemical Co., Ltd. is a wholly-owned subsidiary under China Energy Investment Group Co., Ltd. Over the years, the company has focused on research into the clean and efficient conversion of coal and has achieved multiple independent intellectual property rights in the fields of direct and indirect coal liquefaction and coal-based chemicals. It has mastered the core technologies of the coal-to-liquid chemical industry and has successfully constructed and operated the world's only one-million-ton-level coal direct liquefaction demonstration project and Asia's first 100,000-tonne-level carbon dioxide capture and sequestration demonstration project. The company serves as a platform for the preliminary development and construction of energy and chemical projects, a platform for the incubation and engineering demonstration of strategic emerging industries, a platform for the cultivation of specialized talent in the chemical industry, a platform

for the R&D of key generic technologies for coal-to-liquid chemicals, and a platform for technical support and assurance for strategic coal-to-liquid projects.

5. Major accounting policies adopted by the company

The Accounting Standards for Business Enterprises – Basic Standard promulgated by the Ministry of Finance on February 15, 2006 (MOF Order No. 33, revised in July 2014) and 42 specific standards including the Accounting Standards for Business Enterprises No. 1 – Inventories.

(IV) Overview of long-term equity investments

As of the Appraisal Reference Date, China Shenhua Coal to Liquid and Chemical Co., Ltd. had 12 second-tier subsidiaries. As of the Appraisal Reference Date, the original book value of long-term equity investments was RMB22,678,837,819.09, with impairment provisions of RMB9,153,017,938.55, and a net book value of RMB13,525,819,880.54. The companies within the consolidation scope include wholly-owned subsidiaries and holding subsidiaries, while associated companies are not included in the consolidation scope. The details are as follows:

Table 1-15 Breakdown of long-term equity investments

Unit: RMB in ten thousand

No.	Name of the investee	Shareholding Percentage	Registered Capital	Book value
1	Shaanxi Xianyang Chemical Industry Co., Ltd.	50.00%	3,689,493,171.00	-
2	Shenhua Coal to Liquid Research Center Co., Ltd.	49.00%	50,000,000.00	40,000,000.00
3	Guoneng Yulin Chemical Co., Ltd.	50.00%	10,040,968,163.00	6,590,703,500.00
4	Guoneng Xinjiang Chemical Co., Ltd.	29.51%	7,083,699,614.15	3,775,438,314.15
5	Shenhua Engineering Technology Co., Ltd.	51.00%	486,744,000.00	260,923,020.18
6	Guoneng Jishi Chemical Technology (Shanghai) Co., Ltd.	51.00%	1,000,000,000.00	165,969,689.58

No.	Name of the investee	Shareholding Percentage	Registered Capital	Book value
7	Shaanxi Yushen Energy Thermal Power Co., Ltd.	69.81%	1,500,000,000.00	169,451,428.57
8	Guoneng Baoqing Biotechnology Co., Ltd.	100.00%	600,000,000.00	61,200,000.00
9	Guoneng Baoqing Coal Electrification Co., Ltd.	100.00%	4,176,000,000.00	885,800,455.20
10	Shaanxi Energy Liangshuijing Mining Co., Ltd.	100.00%	395,548,000.00	1,390,200,931.63
11	Shanghai Pujing Chemical Technology Co., Ltd.	100.00%	110,900,000.00	186,132,541.23
12	Shaanxi Shenmu Chemical Industry Co., Ltd.	55.00%	650,000,000.00	-
Total				13,525,819,880.54

1. Book value and overview of second-tier subsidiaries

(1) Shaanxi Xianyang Chemical Industry Co., Ltd. ("Xianyang Chemical")

Enterprise name: Shaanxi Xianyang Chemical Industry Co., Ltd.

Type: limited liability company (state-controlled)

Domicile: North Section of Chaoyang 4th Road, Weicheng Sub-district Office, Qinhan New City, Xixian New Area, Shaanxi Province

Legal representative: Zhang Peng

Registered capital: RMB368,949.3171 ten thousand

Date of establishment: May 19, 2006

Operating period: May 19, 2006 to indefinite term

Unified social credit code: 91610000786981145T

Business scope: production and sale of methanol, sulfur, liquid oxygen, liquid nitrogen and liquid argon; investment in power generation and heat supply (limited to investment using own funds) and development. (For items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities).

As of the Appraisal Reference Date, the names of shareholders, their

capital contributions and percentage of capital contribution are as follows:

Table 1-16 Names of Shareholders and Percentage of Capital Contribution

Name of Shareholders	Subscribed Capital Contribution (RMB in ten thousand)	Subscribed Shareholding Percentage (%)	Subscribed Capital Contribution (RMB in ten thousand)	Paid-in Capital Contribution (%)
Shaanxi Huaqin Investment Group Co., Ltd.	129,132.26	35.00	129,132.26	35.00
China Shenhua Coal to Liquid and Chemical Co., Ltd.	239,817.06	65.00	239,817.06	65.00
Total	368,949.32	100.00	368,949.32	100.00

Assets, financial position and operating results:

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB15,078.20 ten thousand, liabilities of RMB2,074.08 ten thousand and net assets of RMB13,004.12 ten thousand; for January to July 2025, the company's statement recorded revenue of RMB0.00 and net profit of RMB-6,706.95 ten thousand.

Table 1-17 Statement of assets, liabilities and financial position of the company

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	23,140.72	20,685.48	15,078.20
Liabilities	3,786.65	974.41	2,074.08
Net assets	19,354.07	19,711.07	13,004.12
Item	2023	2024	January–July 2025
Revenue	0.00	0.00	0.00
Total profit	355.95	357.00	-6,706.95
Net profit	355.95	357.00	-6,706.95
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(2) Shenhua Coal to Liquid Research Center Co., Ltd. ("Research Center")

Company name: Shenhua Coal to Liquid Research Center Co., Ltd.

Economic nature: Other limited liability company

Office address: Room 111, Building 2, No. 333 Cailun Road, China (Shanghai) Pilot Free Trade Zone

Legal representative: Duan Xiaojun

Registered capital: RMB50,000,000.00

Date of establishment: December 22, 2003

Unified social credit code: 9131011575759439XH

Business scope: Research, development, transfer and consultancy of direct and indirect coal liquefaction and their supporting technologies; research, development and sales of equipment and products in the above professional fields; research, development, transfer and consultancy of technologies in the fields of coal chemical industry, salt chemical industry, petrochemical industry, fine chemical technology, machinery, electronics and information; catalysts and chemical intermediates (excluding hazardous chemicals); nanomaterials research, development, transfer and consultation. (For items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities).

As of the Appraisal Reference Date, the names of the enterprise's shareholders, their capital contributions and percentage of capital contribution are as follows:

Table 1-18 Names of Shareholders and Percentage of Capital Contribution

Names of Shareholders	Subscribed Capital Contribution (RMB in ten thousand)	Subscribed Shareholding Percentage (%)	Subscribed Capital Contribution (RMB in ten thousand)	Paid-in Capital Contribution (%)
China Shenhua Coal to Liquid and Chemical Co., Ltd.	4,000.00	80	4,000.00	80
Shanghai Huayi Holdings Group Co., Ltd.	500.00	10	500.00	10
Shanghai Electric Group Company Limited	500.00	10	500.00	10
Total	5,000.00	100	5,000.00	100

Assets, financial position and operating results:

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB7,558.21 ten thousand, liabilities of RMB5,139.45 ten thousand and net assets of RMB2,418.76 ten thousand; for January to July 2025, the company's statement recorded revenue of RMB43.54 ten thousand and net profit of RMB14.99 ten thousand.

Table 1-19 Statement of assets, liabilities and financial position of the company

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	7,930.67	7,601.08	7,558.21
Liabilities	5,536.97	5,197.31	5,139.45
Net assets	2,393.70	2,403.77	2,418.76
Item	2023	2024	January–July 2025
Revenue	2,074.38	1,415.09	43.54
Total profit	31.61	67.20	15.52
Net profit	9.80	10.07	14.99
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(3) Guoneng Yulin Chemical Co., Ltd. ("Yulin Chemical")

Enterprise name: Guoneng Yulin Chemical Co., Ltd.

Unified social credit code: 91610806MA70391C58

Enterprise type: limited liability company (wholly owned by a legal person with non-natural person investment or control)

Business premises: Qingshui Coal Chemical Industry Park, Yushen Industrial Zone, Yulin City, Shaanxi Province

Legal representative: Wang Yunchi

Registered capital: RMB1004096.8163 ten thousand

Date of establishment: June 14, 2016

Business scope: General items: manufacturing of engineering plastics and synthetic resins; production of chemical products (excluding chemical products requiring official licensing); manufacturing of synthetic materials (excluding hazardous chemicals); manufacturing of new membrane materials;

manufacturing of basic chemical raw materials (excluding hazardous chemicals and other licensed chemical products); manufacturing of specialty chemical products (excluding hazardous chemicals); heat production and supply; coal-based activated carbon and other coal processing; business training (excluding education training, vocational skills training and other trainings that require permits); technology import and export; sales of chemical products (excluding chemical products requiring official licensing); sales of specialty chemical products (excluding hazardous chemicals); sales of new membrane materials; sales of engineering plastics and synthetic resins; housing leasing; rental operation services of mini- and micro-passenger vehicles; coal washing and processing; sales of coal and coal products; R&D of emerging energy technologies; power generation technology services; wind power technology services; solar power technology services; biomass energy technology services; energy storage technology services; R&D of carbon reduction, carbon conversion, carbon capture and carbon sequestration technologies; auxiliary activities for railway transportation; domestic freight forwarding; loading and unloading; operation of road cargo transport stations (except for goods that require official approval in accordance with the law, business activities shall be carried out independently in accordance with the law on the strength of the business license). Licensed items: production of hazardous chemicals; power generation business, power transmission business, power supply (distribution) business; accommodation services; catering services; operation of hazardous chemicals; coal mining; public railway transportation; maintenance of railway locomotives and rolling stock (for items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities):

Table 1-20 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed Capital Contribution (RMB in ten thousand)	Subscribed Shareholding Percentage (%)	Subscribed Capital Contribution (RMB in ten thousand)	Paid-in Capital Contribution (%)
1	China Shenhua Coal to Liquid and Chemical Co., Ltd.	345,026.47	100	345,026.47	100

Assets, financial position and operating results:

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB1,590,426.65 ten thousand, liabilities of RMB967,207.39 ten thousand and net assets of RMB623,219.26 ten thousand; for January to July 2025, the company's statements recorded revenue of RMB394,825.38 ten thousand and net profit of RMB21,267.85 ten thousand.

Table 1-21 Assets, liabilities and financial position in the company's statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	1,436,263.12	1,447,726.77	1,590,426.65
Liabilities	878,016.11	846,668.49	967,207.39
Net assets	558,247.02	601,058.28	623,219.26
Item	2023	2024	January–July 2025
Revenue	597,073.02	664,841.14	394,825.38
Total profit	1,729.89	42,335.72	21,267.85
Net profit	1,729.89	42,335.72	21,267.85
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(4) Guoneng Xinjiang Chemical Co., Ltd. ("Xinjiang Chemical")

Enterprise name: Guoneng Xinjiang Chemical Co., Ltd.

Type: limited liability company (wholly owned by a legal person with non-natural person investment or control)

Domicile: No. 2889 Xianghua Street, Ganquanpu Economic and Technological Development Zone (Industrial Zone), Urumqi, Xinjiang

Legal representative: Zhang Qinghai

Registered capital: RMB7,083,699,614.15

Date of establishment: July 20, 2016

Operating period: July 20, 2016 to indefinite term

Unified social credit code: 91650109MA776JNR88

Business scope: General items: manufacturing of engineering plastics and synthetic resins; production of chemical products (excluding chemical products requiring official licensing); manufacturing of synthetic materials (excluding hazardous chemicals); manufacturing of new membrane materials; manufacturing of basic chemical raw materials (excluding hazardous chemicals and other licensed chemical products); manufacturing of specialty chemical products (excluding hazardous chemicals); heat production and supply; coal-based activated carbon and other coal processing; business training (excluding education training, vocational skills training and other trainings that require permits); technology import and export; goods import and export; sales of chemical products (excluding chemical products requiring official licensing); sales of specialty chemical products (excluding hazardous chemicals); sales of new membrane materials; sales of engineering plastics and synthetic resins; housing leasing (except for items subject to approval according to law, business activities may be carried out independently with the business license according to law). Licensed items: production of hazardous chemicals; power generation business, power transmission business, power supply (distribution) business; accommodation services; catering services (for items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities, and the specific business items shall be subject to the approval documents or permits issued by the relevant authorities).

As of the Appraisal Reference Date, the names of the enterprise's shareholders, their capital contributions and percentage of capital contribution

are as follows:

Table 1-22 Name of Shareholder and Percentage of Capital Contribution

Name of Shareholders	Subscribed Capital Contribution (RMB in ten thousand)	Subscribed Shareholding Percentage (%)	Subscribed Capital Contribution (RMB in ten thousand)	Paid-in Capital Contribution (%)
China Shenhua Coal to Liquid and Chemical Co., Ltd.	708369.9614	100	708369.9614	100
Total	708369.9614	100	708369.9614	100

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB1,030,581.19 ten thousand, liabilities of RMB256,228.19 ten thousand, and net assets of RMB774,353.00 ten thousand. For January to July 2025, the company's statements recorded revenue of RMB289,484.29 ten thousand and net profit of RMB33,805.66 ten thousand .

Table 1-23 Statement of assets, liabilities and financial position of the company

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	1,052,241.60	1,021,359.39	1,030,581.19
Liabilities	299,735.90	255,636.95	256,228.19
Net assets	752,505.71	765,722.43	774,353.00
Item	2023	2024	January–July 2025
Revenue	485,328.03	492,546.35	289,484.29
Total profit	11,228.31	26,653.17	39,621.66
Net profit	7,324.42	20,999.03	33,805.66
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(5) Shenhua Engineering Technology Co., Ltd. ("Shenhua Engineering")

Name: Shenhua Engineering Technology Co., Ltd.

Type: Limited liability company (wholly owned by a legal person)

Domicile: Room 329, Building 306, Shenhua Technology Innovation Base, Future Science City, Beiqijia Town, Changping District,

Beijing

Legal representative: An Liang

Registered capital: RMB48674.4 ten thousand

Date of establishment: September 14, 2017

Operating period: September 14, 2017 to indefinite term

Business license registration number: 91110114MA017LLH6Y

Business scope: engineering technology consultancy; engineering project management; engineering cost consultancy; engineering supervision; engineering tendering and agency; general contracting of construction projects, professional contracting, labor subcontracting, EPC services; sales of electromechanical equipment, construction materials, metal materials, computers, software and auxiliary equipment, communication equipment, electronic products, instruments and meters; goods import and export, technology import and export, agency import and export; technology development, technology services, technology consultancy, technology transfer, technology promotion; conference services; engineering survey; engineering design. (Market entity is allowed to choose the business to be engaged in and carry out such business activities pursuant to laws; engineering survey, engineering design and items subject to approval according to law may only be carried out after being approved by the relevant authorities and in accordance with the approved content; no business activities which are prohibited and restricted by the national and municipal industrial policies shall be carried out)

As of the Appraisal Reference Date, the names of shareholders, their capital contributions and percentage of capital contribution are as follows:

Table 1-24 Name of Shareholder and Percentage of Capital Contribution

Name of Shareholders	Subscribed Capital Contribution (RMB in ten thousand)	Subscribed Shareholding Percentage (%)	Subscribed Capital Contribution (RMB in ten thousand)	Paid-in Capital Contribution (%)
China Shenhua Coal to Liquid and Chemical Co., Ltd.	48674.4	100	48674.4	100
Total	48674.4	100	48674.4	100

Assets, financial position and operating results:

As of the Appraisal Reference Date of July 31, 2025, the company had total assets of RMB153,938.07 ten thousand, total liabilities of RMB126,116.08 ten thousand, and total shareholders' equity of RMB27,821.99 ten thousand, and recorded operating revenue of RMB29,408.29 ten thousand and net profit of RMB-22,168.77 ten thousand.

Table 1-25 Statement of assets, liabilities and financial position of the parent company

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	127,906.68	153,677.61	153,938.07
Liabilities	78,623.67	103,686.84	126,116.08
Net assets	49,283.01	49,990.77	27,821.99
Item	2023	2024	January–July 2025
Revenue	88,298.95	81,923.47	29,408.29
Total profit	146.58	786.20	-22,035.45
Net profit	38.20	707.75	-22,168.77
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(6) Guoneng Jishi Chemical Technology (Shanghai) Co., Ltd. ("Guoneng Jishi (Shanghai)")

Company name: Guoneng Jishi Chemical Technology (Shanghai) Co., Ltd.

Type: limited liability company (wholly owned by a legal person with non-natural person investment or control)

Office address: 3/F, Building 10, No. 2388 Xiupu Road, Pudong New

Area, Shanghai

Legal representative: Lv Jianjun

Registered capital: RMB100000 ten thousand

Date of establishment: September 13, 2022

Operating period: September 13, 2022 to indefinite term

Unified social credit code: 91310115MABYT7X806

Business scope: General items: technology services, technology development, technology consultancy, technology exchange, technology transfer, technology promotion; safety technology training for special-operation personnel. (Except for items that require official approval in accordance with the law, business activities shall be carried out independently in accordance with the law on the strength of the business license). Self-display (featured) items: technology intermediary services; engineering and technology research and experimental development; sales of chemical products (excluding chemical products requiring official licensing); information technology consulting services; enterprise management consulting; conference and exhibition services; safety consulting services.

As of the Appraisal Reference Date, the names of shareholders, their capital contributions and percentage of capital contribution are as follows:

Table 1-26 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed amount (RMB in ten thousand)	Paid-in amount (RMB in ten thousand)	Shareholding Percentage
2	China Shenhua Coal to Liquid and Chemical Co., Ltd.	100,000.00	16,596.97	100.00
	Total	100,000.00	16,596.97	100.00

Assets, financial position and operating results:

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB35,953.78 ten thousand, total liabilities of RMB19,243.53 ten thousand and net assets of RMB16,710.25

ten thousand; for January to July 2025, the company's statement recorded revenue of RMB21,838.69 ten thousand and net profit of RMB15.37 ten thousand.

Table 1-27 Statement of assets, liabilities and financial position of the company

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	1,042.36	31,502.25	35,953.78
Liabilities	242.36	14,807.37	19,243.53
Net assets	800.00	16,694.88	16,710.25
Item	2023	2024	January–July 2025
Revenue	0.00	16,156.85	21,838.69
Total profit	0.00	51.54	227.37
Net profit	0.00	97.91	15.37
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(7) Shaanxi Yushen Energy Thermal Power Co., Ltd. ("Yushen Thermal Power")

Enterprise name: Shaanxi Yushen Energy Thermal Power Co., Ltd.

Enterprise type: limited liability company (state-controlled)

Registered address: 7/F, Yushen Building, Yushen Industrial Zone, Yulin City, Shaanxi Province

Legal representative: Wang Yunchi

Registered capital: RMB150,000 ten thousand

Date of establishment: December 22, 2022

Operating period: No fixed term

Unified social credit code: 91610806MA70FTXP5A

Business scope: General items: heat production and supply; repair of special equipment; repair of electrical equipment; manufacturing of power facility equipment and materials; mineral resources reserve estimation and report preparation services; leasing services for warehousing equipment; emergency rescue services for hazardous chemicals; leasing services for

transportation equipment (except for items that require official approval in accordance with the law, business activities shall be carried out independently in accordance with the law on the strength of the business license). Licensed items: power supply business; power generation business, power transmission business, power supply (distribution) business; road cargo transportation (excluding hazardous goods); installation, alteration and repair of special equipment (for items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities).

As of the Appraisal Reference Date, the names of the enterprise's shareholders, their capital contributions and percentage of capital contribution are as follows:

Table 1-28 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed amount (RMB in ten thousand)	Paid-in amount (RMB in ten thousand)	Shareholding percentage (%)
1	China Shenhua Coal to Liquid and Chemical Co., Ltd.	97,500.00	97,500.00	65.00
2	Shaanxi Yushen Energy Development and Construction Group Co., Ltd.	52,500.00	52,500.00	35.00
	Total	150,000.00	150,000.00	100.00

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB88,936.25 ten thousand, total liabilities of RMB62,866.11 ten thousand and net assets of RMB26,070.14 ten thousand; for January to July 2025, the company's statements recorded revenue of RMB0.00 and net profit of RMB0.00.

Table 1-29 Statement of assets, liabilities and financial position of the company

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	2,860.94	60,892.03	88,936.25
Liabilities	3.80	34,821.89	62,866.11
Net assets	2,857.14	26,070.14	26,070.14
Item	2023	2024	January–July

Item	December 31, 2023	December 31, 2024	July 31, 2025
			2025
Revenue	0.00	0.00	0.00
Total profit	0.00	0.00	0.00
Net profit	0.00	0.00	0.00
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(8) Guoneng Baoqing Biotechnology Co., Ltd. ("Baoqing Biotechnology")

Company name: Guoneng Baoqing Biotechnology Co., Ltd.

Economic nature: Other limited liability company

Office address: Building B, Baoqing Hotel, Baoqing County, Shuangyashan City, Heilongjiang Province

Legal representative: Jiang Zhongjun

Registered capital: RMB60,000.00 ten thousand

Date of establishment: August 6, 2024

Unified social credit code: 91230523MADW9AB222

Business scope: Licensed items: fertilizer production; production and supply of biomass gas.General items: coal-based activated carbon and other coal processing; sales of coal and coal products; R&D of biomass liquid fuel production processes; R&D of bio-organic fertilizers; R&D of compound microbial fertilizers; fertilizer sales; chemical fertilizer sales; production of chemical products (excluding chemical products requiring official licensing); sales of chemical products (excluding chemical products requiring official licensing); manufacturing of specialty chemical products (excluding hazardous chemicals); sales of specialty chemical products (excluding hazardous chemicals); soil pollution control and restoration services; mixed processing of soil and fertilizers; crop straw treatment and processing services; biomass fuel processing; manufacturing of bio-based materials; sales of bio-based materials; sales of biomass-shaped fuels; biomass energy technology

services; technical services, technology development, technical consulting, technology exchange, technology transfer and technology promotion.

As of the Appraisal Reference Date, the names of shareholder, capital contribution and percentage of capital contribution of the enterprise are as follows:

Table 1-30 Name of Shareholder and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed amount (RMB in ten thousand)	Paid-in amount (RMB in ten thousand)	Shareholding percentage (%)
1	China Shenhua Coal to Liquid and Chemical Co., Ltd.	378,500.00	426,800.00	100.00
	Total	378,500.00	426,800.00	100.00

Assets, financial position and operating results:

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB12,244.39 ten thousand, total liabilities of RMB244.39 ten thousand and net assets of RMB12,000.00 ten thousand; for January to July 2025, the company's statements recorded revenue of RMB0.00 ten thousand and net profit of RMB0.00 ten thousand.

Table 1-31 Statement of assets, liabilities and financial position of the company

Unit: RMB in ten thousand

Item	December 31, 2024	July 31, 2025
Total assets	12,027.80	12,244.39
Liabilities	27.80	244.39
Net assets	12,000.00	12,000.00
Item	**2024**	**January–July 2025**
Revenue	0.00	0.00
Total profit	0.00	0.00
Net profit	0.00	0.00
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(9) Guoneng Baoqing Coal Electrification Co., Ltd. ("Baoqing Coal Electrification")

Company name: Guoneng Baoqing Coal Electrification Co., Ltd.

Type: Limited liability company

Office address: No. 108 Zhongyang Street, Baoqing County, Shuangyashan City, Heilongjiang Province

Legal representative: Li Chao

Registered capital: RMB41,7600 ten thousand

Date of establishment: October 13, 2004

Operating period: October 13, 2004 to indefinite term

Unified social credit code: 912305237660316016

Business scope: Licensed items: power generation business, power transmission business, power supply (distribution) business; power supply business; fertilizer production; coal mining; thermal production and supply. General items: engaging in investment activities with self-owned funds; sales of coal and coal products; repair of special equipment; repair of electrical equipment; sales of machinery and equipment; wholesale of hardware products; retail of hardware products; sales of electronic products; sales of construction materials; leasing of machinery and equipment; housing leasing; production of chemical products (excluding chemical products requiring official licensing); sales of chemical products (excluding chemical products requiring official licensing); fertilizer sales; soil pollution control and restoration services; grain planting; grain sales; bean planting; potato planting; sales of beans and potatoes; vegetable planting; retail of fresh vegetables; primary processing of edible agricultural products; retail of edible agricultural products; crop straw treatment and processing services; treatment and utilization of livestock and poultry manure; business training (excluding education training, vocational skills training and other trainings that require permits).

As of the Appraisal Reference Date, the shareholder names, capital contributions and contribution percentages of Guoneng Baoqing Electrification Co., Ltd. are as follows:

Table 1-32 Names of Shareholders and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed amount (RMB in ten thousand)	Paid-in amount (RMB in ten thousand)	Shareholding percentage (%)
1	CHN Energy Guoyuan Power Co., Ltd.	229,680.00	229,680.00	55.00
2	China Shenhua Coal to Liquid and Chemical Co., Ltd.	146,160.00	146,160.00	35.00
3	Baoqing County State-owned Assets Operation Co., Ltd.	41,760.00	6491.11111	10.00
	Total	417,600.00	382,331.11111	100.00

Assets, financial position and operating results

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB749,353.30 ten thousand, total liabilities of RMB484,633.40 ten thousand and net assets of RMB264,719.90 ten thousand; for January to July 2025, the company's statements recorded revenue of RMB111,347.77 ten thousand and net profit of RMB14,395.67 ten thousand.

Table 1-33 Statement of assets, liabilities and financial position of the company

Unit: RMB ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	746,816.73	751,349.71	749,353.30
Liabilities	582,322.22	504,467.21	484,633.40
Net assets	164,494.52	246,882.51	264,719.90
Item	2023	2024	January–July 2025
Revenue	194,107.18	201,884.39	111,347.77
Total profit	23,052.58	26,956.41	25,116.58
Net profit	21,455.44	15,346.17	14,395.67
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(10) Shaanxi Energy Liangshuijing Mining Co., Ltd. ("Liangshuijing Mining")

Company name: Shaanxi Energy Liangshuijing Mining Co., Ltd.

Type: Limited liability company

Office address: Liangshuijing Mining Area, Jinjie Town, Shenmu City,

Yulin City, Shaanxi Province

Legal representative: Gou Kexue

Registered capital: RMB39554.8 ten thousand

Date of establishment: August 25, 2005

Operating period: August 25, 2005 to indefinite term

Unified social credit code: 916100007769889684

Business scope: coal mining, processing and sales of self-produced coal; operation and management of mining area railways, roads and infrastructure; sales of metal materials, construction materials, mining electromechanical products, complete sets of equipment, mechanical processing products, instruments and meters; comprehensive utilization of gangue and coal slurry; sales of water; sales of non-metallic materials; leasing of houses, land and electromechanical equipment; construction and installation; catering and accommodation services; property management (for items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities). (For items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities).

As of the Appraisal Reference Date, the names of the enterprise's shareholders, their capital contributions and percentage of capital contribution are as follows:

Table 1-34 Names of Shareholders and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed amount (RMB in ten thousandin)	Paid-in amount (RMB in ten thousand)	Shareholding percentage (%)
1	Shaanxi Energy Investment Co., Limited	20964.05	20964.05	53.00
2	China Shenhua Coal to Liquid and Chemical Co., Ltd.	11866.44	11866.44	30.00
3	Shenmu State-Owned Capital Investment and Operation Group Co., Ltd.	6724.31	6724.31	17.00

No.	Name of Shareholders	Subscribed amount (RMB in ten thousandin)	Paid-in amount (RMB in ten thousand)	Shareholding percentage (%)
	Total	39554.8	39554.8	100.00

Assets, financial position and operating results:

As of the Appraisal Reference Date of July 31, 2025, the parent company's statements recorded total assets of RMB339,528.16 ten thousand, total liabilities of RMB129,136.15 ten thousand , and net assets of RMB210,392.01 ten thousand ; for January to July 2025, the parent company's statements recorded revenue of RMB219,954.14 ten thousand and net profit of RMB85,938.53 ten thousand.

(11) Shanghai Pujing Chemical Technology Co., Ltd. ("Pujing Chemical")

Company name: Shanghai Pujing Chemical Technology Co., Ltd.

Type: Other joint stock limited company (non-listed)

Office address: Room 1401, Building 1, No. 688 Qiushi Road, Jinshanwei Town, Jinshan District, Shanghai

Legal representative: Zhu Shen

Registered capital: RMB11,090 ten thousand

Date of establishment: May 23, 2005

Operating period: May 23, 2005 to indefinite term

Unified social credit code: 91310000775240835W

Business scope: chemical technology development, transfer and technical services; installation and repair services of electromechanical equipment (excluding special equipment); business information consulting services; import and export of goods and technology; wholesale and retail of electromechanical complete equipment, hardware and electrical supplies, electronic products, tool cutters, instruments and meters, rubber and plastic products, chemical products and raw materials (excluding hazardous

chemicals, monitored chemicals, fireworks and firecrackers, civil explosives and precursor chemicals), metal materials, valves, pipeline fittings, bearings, refrigeration equipment, compressors and accessories; leasing of self-owned properties. (For items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities).

As of the Appraisal Reference Date, the names of the enterprise's shareholders, their capital contributions and percentage of capital contribution are as follows:

Table 1-35 Names of Shareholders and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed amount (RMB in ten thousand)	Paid-in amount (RMB in ten thousand)	Shareholding percentage (%)
1	China Shenhua Coal to Liquid and Chemical Co., Ltd.	3700	3700	100.00
	Shanghai Jingzheng Investment Management Co., Ltd.	3520	3520	33.3634
	Shanghai Zhenglian Industrial Co., Ltd.	1744	1744	31.7403
	Shanghai Juhong Investment Management Partnership (Limited Partnership)	1000	1000	15.7259
	Zhu Shen	670	670	9.0171
	Shanghai Houjingsheng Enterprise Management Consulting Co., Ltd.	360	360	6.0415
	Shanghai Shangshanyuan Cultural Communication Co., Ltd.	96	96	3.2462
	Total	11090	11090	100.00

(12) Shaanxi Shenmu Chemical Industry Co., Ltd. ("Shenmu Chemical")

Company name: Shaanxi Shenmu Chemical Industry Co., Ltd.

Type: Limited liability company

Office address: Shenfu Economic Development Zone, Shenmu City, Yulin City, Shaanxi Province

Legal representative: Zhang Peng

Registered capital: RMB65,000 ten thousand

Date of establishment: June 12, 2003

Operating period: June 12, 2003 to indefinite term

Unified social credit code: 91610000748646493C

Business scope: General items: manufacturing of basic chemical raw materials (excluding the manufacturing of hazardous chemicals and other licensed chemicals); manufacturing of specialty chemical products (excluding hazardous chemicals); sales of coal and coal products (except for projects that require official approval in accordance with the law, business activities shall be carried out independently in accordance with the law on the strength of the business license). Licensed items: production of hazardous chemicals; fertilizer production; power generation business, power transmission business, power supply (distribution) business (for items that require official approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities, and the specific business items shall be subject to the approval results).

As of the Appraisal Reference Date, the names of the enterprise's shareholders, their capital contributions and percentage of capital contribution are as follows:

Table 1-36 Names of Shareholders and Percentage of Capital Contribution

No.	Name of Shareholders	Subscribed amount (RMB in ten thousand)	Paid-in amount (RMB in ten thousand)	Shareholding percentage (%)
1	China Shenhua Coal to Liquid and Chemical Co., Ltd.	40,510.00	40,510.00	62.3231
2	Shenmu Tenglong Coal Power Group Co., Ltd.	8,840.00	8,840.00	13.60
3	Shanghai Fuhui Chemical Co., Ltd.	4,800.00	4,800.00	7.38
4	Shaanxi Huaqin Investment Group Co., Ltd.	3,250.00	3,250.00	5.00
5	Shaanxi Hongxin Technology Development Co., Ltd.	3,000.00	3,000.00	4.62
6	Shaanxi Huafu Science, Industry and Trade Co., Ltd.	2,600.00	2,600.00	4.00
7	Xi'an Haixing Technology Investment Holding (Group) Co., Ltd.	2,000.00	2,000.00	3.08
	Total	65,000.00	65,000.00	100.00

Assets, financial position and operating results

As of the Appraisal Reference Date of July 31, 2025, the company's statements recorded total assets of RMB101,064.60 ten thousand, liabilities of RMB121,503.96 ten thousand and owners' equity of RMB-20,439.35 ten thousand; for January to July 2025, the statements recorded revenue of RMB77,595.12 ten thousand and net profit of RMB278.18 ten thousand.

Table 1-37 Assets, liabilities and financial position in the company's statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total assets	125,942.39	105,145.18	101,064.61
Liabilities	119,683.14	125,765.24	121,503.96
Net assets	6,259.25	-20,620.06	-20,439.35
Item	**2023**	**2024**	**January–July 2025**
Revenue	144,600.34	133,083.72	77,595.12
Total profit	-1,888.45	-26,540.37	278.18
Net profit	-1,888.45	-26,540.37	278.18
Item	**2023**	**2024**	**January–July 2025**
Auditor	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

(V) Relationship between the Clients and the Appraised Entity

In this asset appraisal, Client I is China Energy Investment Group Co., Ltd., while both Client II, China Shenhua Energy Company Limited, and the Appraised Entity, China Shenhua Coal to Liquid and Chemical Co., Ltd., are related parties under the control of China Energy Investment Group Co., Ltd. China Shenhua Energy Company Limited proposes to acquire 100% equity interest in China Shenhua Coal to Liquid and Chemical Co., Ltd. held by China Energy Investment Group Co., Ltd. by way of issuance of shares and payment in cash.

(VI) Other users of the asset appraisal report

No other users of the report are stipulated in the asset valuation engagement contract.

Unless otherwise provided by national laws and regulations, any institution or individual that has not been confirmed by the valuation institution and the clients shall not become a user of the valuation report merely by obtaining it.

II. Appraisal Purpose

According to the 18th Minutes of the Chairman's Special Meeting of China Energy Investment Corporation Limited (August 8, 2025), China Shenhua Energy Company Limited plans to issue shares and pay cash to acquire coal, pitheads, coal power and other related assets held by China Energy Investment Corporation Limited. For this purpose, it is necessary to assess the market value of the entire equity interests of China Shenhua Coal Chemical Industry Co., Ltd. held by China Energy Investment Corporation Limited as of the Appraisal Reference Date.

The purpose of this asset appraisal is to reflect the market value of all shareholders' equity of China Shenhua Coal to Liquid and Chemical Co., Ltd. as of the Appraisal Reference Date and to provide a value reference for the aforesaid economic activity.

III. Appraisal Object and Appraisal Scope

The appraisal object is the value of all shareholders' equity of China Shenhua Coal to Liquid and Chemical Co., Ltd. The appraisal scope covers all assets and related liabilities of China Shenhua Coal to Liquid and Chemical Co., Ltd.

As of the Appraisal Reference Date, the audited consolidated financial statement recorded total assets of RMB4,072,274.31 ten thousand, liabilities of RMB2,347,445.02 ten thousand, owners' equity of RMB1,724,829.29 ten thousand and owners' equity attributable to the parent company of RMB1,711,467.75 ten thousand. Among them, current assets amounted to RMB1,070,831.70 ten thousand and non-current assets amounted to RMB3,001,442.61 ten thousand; current liabilities amounted to RMB1,638,123.93 ten thousand and non-current liabilities amounted to

RMB709,321.09 ten thousand.

The audited parent company's statements recorded total assets of RMB2,424,434.58 ten thousand, liabilities of RMB1,049,085.48 ten thousand and owners' equity of RMB1,375,349.10 ten thousand. Among them, current assets amounted to RMB665,974.18 ten thousand and non-current assets amounted to RMB1,758,460.40 ten thousand; current liabilities amounted to RMB864,773.73 ten thousand and non-current liabilities amounted to RMB184,311.75 ten thousand.

The above asset and liability data are extracted from the balance sheet of China Shenhua Coal to Liquid and Chemical Co., Ltd. as of July 31, 2025, audited by Ernst & Young Hua Ming LLP. The appraisal was carried out after the enterprise had undergone an audit.

The entrusted appraisal object and appraisal scope are consistent with the appraisal object and appraisal scope involved in the economic activity.

(I) The distribution and characteristics of physical assets

As of the Appraisal Reference Date, the physical assets of China Shenhua Coal to Liquid and Chemical Co., Ltd. had a book value of RMB417,000.23 ten thousand, accounting for 17.20% of the total assets within the consolidation scope. They mainly include inventories, building assets, equipment assets and construction in progress. These assets have the following characteristics:

1. Distribution and storage locations of physical assets

The physical assets are mainly distributed across the office areas of the headquarters and branches of Chemical Co.

2. Current usage, technical characteristics, and overhaul and renovation/expansion status of physical assets

(1) Inventories

Inventories mainly consist of circulating materials, raw materials, finished goods and work-in-progress. Circulating materials include office supplies required for the enterprise's daily operations. Raw materials mainly include gear oil, bearings, circulation system oil and other materials needed for production, all of which turn over normally. Finished goods mainly include products such as high-density polyethylene, all of which can be normally used and sold. Work-in-progress mainly comprises naphtha and other products that have not yet been completed, all of which can continue to be produced.

(2) Buildings and structures

Building assets comprise 1,258 items in total, including 239 buildings and 1,019 structures. Among them, 19 buildings have obtained property ownership certificates or real estate ownership certificates, with the registered owners being Guohua Energy Investment Co., Ltd., the Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd., and the residential area of China Shenhua Coal to Liquid and Chemical Co., Ltd.; application for the real estate ownership certificate is currently underway for 6 buildings.

The buildings mainly comprise self-constructed production premises such as the main plant, compressor plant, integrated production building, substation main plant, large-equipment assembly and welding plant, integrated maintenance building and warehouses; auxiliary premises such as the production command center, central laboratory building, apartment buildings and canteens, as well as purchased residential properties.

The structures mainly include the perimeter roads, plant roads, coal liquefaction pipe racks, coal-grinding frames, coal-storage frames, 3T biochemical tank, clean-water pool, Evaporation Pond I, Evaporation Pond II, waste-catalyst pool, ferrous sulfate shed, extraction-centrifuge frame and

asphalt-forming frame.

As of the Appraisal Reference Date, the building assets were in good physical condition and in normal use.

(3) Equipment assets

Equipment assets include mechanical equipment, vehicles and electronic equipment.

Mechanical equipment comprises 19,253 items purchased between 2004 and 2025, mainly including the million-ton coal direct liquefaction production line, the 180,000-ton/year indirect coal liquefaction production line, the 100,000-ton/year full-process carbon dioxide capture and sequestration demonstration unit, the 350,000-ton/year coal-liquefaction residue extraction industrial demonstration unit, electrical cables, floating-roof tanks and others. As of the Appraisal Reference Date, except for a small number of filling-station equipment that were not in use, the equipment was generally in good operating condition, with production capacity meeting design requirements and all major systems functioning normally.

Vehicles comprise 134 units, mainly including office vehicles and in-plant tractors and trailers. Except for those that have been scrapped and disposed of, the other vehicles are operating normally and are well maintained.

Electronic equipment comprises 1,237 items, mainly including computers, switches, video-conferencing terminals, projectors and others. As of the Appraisal Reference Date, the electronic equipment was well maintained and all of it was in normal use.

(4) Construction in progress

Construction in progress mainly includes civil works under construction, equipment installation under construction and project materials.

1) Civil works under construction

Civil works under construction mainly include the China Energy Group

Hami Energy Integrated Innovation Base Project, the Baoqing Lignite Comprehensive Utilization Project and others, all of which had not been completed as of the Appraisal Reference Date.

2) Equipment installation under construction

Equipment installation under construction includes the Shendong Mining Area green, high-efficiency and energy-saving heating supporting project for coal-to-liquids, the plant-wide GDS system revamping project for coal-to-liquids, the storage-and-transport center DCS system revamping project, the shallow-sand filter water-saving revamping project for the second circulating-water unit and others, all of which had not been completed as of the Appraisal Reference Date.

3) Project materials

Project materials mainly include corrosion-resistant centrifugal pumps, transparent ground-glass bottles and silicon-carbide radiant heaters, and other materials.

(II) Intangible assets reported by the enterprise, whether recorded or unrecorded in the books

As of the Appraisal Reference Date, the intangible assets reported by the enterprise and recorded in the books mainly comprised land use rights and software. The intangible assets not recorded in the books comprised patent rights. Details are set out below:

1. Intangible assets recorded in the books

(1) Intangible assets – land

The land use rights recorded under the "intangible assets – land" account comprise the land use rights for 20 parcels of land, of which 18 have obtained the land-use certificate or real estate ownership certificate. The remaining two parcels relate to land-occupation compensation paid for the use of land owned

by others, for which ownership certificates cannot be obtained. Of the parcels of land for which certificates have been obtained, 17 have inconsistent registered owners as shown on their land-use certificates. The above land parcels are used as daily operating premises of the Appraised Entity, and their main details are set out in the table below:

Table I-38 Land Use Rights Statement

No.	Certificate Number	Land Location	Land Use	Date of Acquisition	Right Holder	Nature of Right	Certified Area (sq. m)
1	Yi Guo Yong (2015) No. C-0006	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2015/03/05	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Transfer	126,049.00
2	Yi Guo Yong (2015) No. C-0007	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2015/03/05	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Transfer	78,722.00
3	Yi Guo Yong (2015) No. C-0008	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2015/03/05	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Transfer	685,967.00
4	Yi Guo Yong (2015) No. C-0009	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2015/03/05	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Transfer	335,798.00
5	Yi Guo Yong (2015) No. C-0005	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2015/03/05	China Shenhua Coal to Liquid Co., Ltd.	Transfer	60,486.00
6	Wu Zheng Guo Yong (2008) No. 401-037	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/05/21	Maintenance Center of China Shenhua Coal to Liquid Co., Ltd.	Transfer	6,600.00
7	Yi Guo Yong (2008) No. 9512742	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/05/05	Access Road of China Shenhua Coal to Liquid Co., Ltd.	Transfer	690,271.10
8	Yi Guo Yong (2008) No. 9512740	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/05/05	Residential Area of China Shenhua Coal to Liquid Co., Ltd.	Transfer	230,715.85
9	Yi Guo Yong (2006) No. 9514444	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2006/08/10	First Slag Plant of China Shenhua Coal to Liquid Co., Ltd.	Allocated	374,585.99

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No.	Certificate Number	Land Location	Land Use	Date of Acquisition	Right Holder	Nature of Right	Certified Area (sq. m)
10	Yi Guo Yong (2008) No. 9512743	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/05/05	Railway Loading and Unloading Area of China Shenhua Coal to Liquid Co., Ltd.	Transfer	474,650.20
11	Yi Guo Yong (2006) No. 9514442	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2006/08/10	Office Area of China Shenhua Coal to Liquid Co., Ltd.	Allocated	389,200.00
12	Yi Guo Yong (2008) No. 9512741	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/05/05	Plant Site of China Shenhua Coal to Liquid Co., Ltd.	Transfer	364,798.97
13	Yi Guo Yong (2008) No. 9512744	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/05/05	China Shenhua Coal to Liquid Co., Ltd.	Transfer	2,002,747.13
14	Wu Zheng Guo Yong (2008) No. 401-027	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/03/24	Oil Product Pipeline Corridor Area of China Shenhua Coal to Liquid Co., Ltd.	Transfer	19,200.00
15	Yi Guo Yong (2008) No. 9512747	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	Industrial, Mining, and Storage Land	2008/12/08	Oil Product Pipeline Corridor Area of China Shenhua Coal to Liquid Co., Ltd.	Transfer	50,617.25
16	Yi Guo Yong (2015) No. C-0014	Intersection of Ada Road and Coal Liquefaction Dedicated Line, Ulanmuren Town	Commercial Land	2015/2/4	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Transfer	6,616.00
17	150627102201GB02300F00020001	Intersection of Ada Road and Coal Liquefaction Dedicated Line, Ulanmuren Town, Yijinhuoluo Banner	Special-purpose land	2015/2/4	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Transfer	6,616.00
18	Inner Mongolia (2019) Ewenki Autonomous Banner Real Estate Certificate No. 0002219	Hulunbuir Dayan Oil Depot of China Shenhua Coal to Liquid and Chemical Co., Ltd., Yanbei Street, Dayan Town, Ewenki Autonomous Banner	Industrial, Mining, and Storage Land	2019/4/22	China Shenhua Coal to Liquid and Chemical Co., Ltd.	Allocated	40,601.40

Table I-39 Unlicensed Land Use Rights Statement

User Unit	Parcel Name	Land Location	Actual Area (m^2)	Actual Land Use
Coal to Liquid Company	Overlying mineral deposits	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	600600.0	Industrial, Mining, and Storage Land
Coal to Liquid Company	Dump site	Ulanmuren Town, Yijinhuoluo Banner, Ordos City, Inner Mongolia	7,720.04	Industrial, Mining, and Storage Land

(2) Intangible Assets – Other

The scope of this valuation includes 72 assets recorded under Intangible Assets - Other account, primarily comprising purchased and self-developed software. These include the Coal Production Dispatch Information System (Integrated Monitoring System), Guoshen Group ERP Project Interface, and Operational Metrics Competition Information System. The details are as follows:

Table I-40 Intangible Assets – Other

No.	Content or Name	Date of Acquisition	Book value	Status
1	Production Operation Management System	2015/12/24	61,961.10	In operation
2	Foreign Affairs Management Information System	2016/11/10	5,722.87	In operation
3	Storage Medium Erasure System	2018/7/24	51,041.72	In operation
4	Dingjia Backup Management Software V1.2.8	2018/11/21	119,679.10	In operation
5	Hot-Standby Backup Software ROSE	2018/11/21	3,723.52	In operation
6	Yi Dao Enterprise Document Software EDOC2 V4	2018/12/24	215,459.21	In operation
7	Large-screen Control Management Software VisionDWCS	2018/12/24	27,155.14	In operation
8	ZWSOFT Computer-Aided Design Software (ZWCAD)	2019/4/10	151,940.14	In operation
9	Contract Management System	2019/10/30	742,358.92	In operation
10	Non-Production Fixed Assets Management System	2019/10/30	136,423.05	In operation
11	office2019	2021/2/1	75,831.72	In operation
12	Office Professional Edition	2021/2/1	10,610.49	In operation
13	Photoshop Software	2021/2/1	295,598.29	In operation
14	Acrobat Software	2021/2/1	6,541.59	In operation
15	UNIS Electronic Archives Management System	2021/10/12	1,946,531.15	In operation
16	Human Resource Management Informatization System Software	2021/12/18	605,684.04	In operation
17	Leagsoft IT Security Operation and Maintenance Management Software	2022/12/19	735,929.26	In operation
18	Production Operations Command System	2022/9/28	2,510,059.36	In operation
19	Hengda Asset Management System	2023/12/19	1,474,926.31	In operation
20	Corporate-level Alarm Monitoring and Analysis Platform	2023/12/31	628,930.79	In operation
21	Database and Interface Development	2023/12/31	78,616.42	In operation
22	Photoshop for teams	2020/12/25	44,008.43	In operation
23	Acrobat Pro DC for teams	2020/12/25	68,712.13	In operation
24	officeStd 2019 CHNS OLP NL	2020/12/25	43,022.10	In operation
25	officeProPlus 2019 CHNS OLPNL	2020/12/25	51,679.67	In operation
26	WinPro CHNS OLP NL Legealization CN GetGenuine	2020/12/25	27,655.13	In operation

No.	Content or Name	Date of Acquisition	Book value	Status
27	PID Auto-control Rate Management Platform	2024/11/25	2,356,132.06	In operation
28	180,000-ton Synthetic Oil Plant Project Process Package	2017/12/29	-	In operation
29	Project 829 PAS Unit Design	2017/12/29	-	In operation
30	Oil Residue Extraction Project Process Package	2020/12/25	9,073,606.07	In operation
31	2001 Utilities - Water Purification Plant Intangible Assets Line 2 & 3 Pre-capitalization	2016/1/1	5,762.92	In operation
32	Quantum Chemistry Calculation Software	2016/4/1	20,904.10	In operation
33	Safety Management Informatization System	2014/12/30	-	Expired
34	Image Acquisition System	2009/1/1	-	Expired
35	Simulation System Software (Phase II)	2009/1/1	-	Expired
36	Simulation System DCS Software	2009/1/1	-	Expired
37	Simulation System DOS Interface Software Package	2009/1/1	-	Expired
38	Simulation System Software (Phase I)	2009/1/1	-	Expired
39	Chemical Water Capacity Expansion Project Software	2008/11/1	-	Expired
40	Laboratory Information Management System	2009/1/1	-	Expired
41	3D-SRM Supply Resource Management System Software	2007/12/31	-	Expired
42	Employee Apartment Management System	2022/9/23	93,901.18	In operation
43	Coal-to-Liquids Advanced Alarm Management System	2023/12/31	3,252,212.43	In operation
44	Coal-to-Liquids PID Loop Tuning Optimization Project	2023/12/31	906,939.14	In operation
45	Group Chemical Production Site Operation Integration System	2024/11/28	724,336.14	In operation
46	Chemical Production Manufacturing Execution System Project	2024/11/28	14,241,839.31	In operation
47	Chemical Production Operations Integrated Management and Control System Project	2024/11/28	2,871,814.60	In operation
48	Group Chemical Production Safety Management and Control System	2024/11/28	3,570,142.51	In operation
49	Group Chemical Production Plant Equipment Management System	2024/11/28	1,971,592.80	In operation
50	Office Automation System	2016/12/31	51,861.68	In operation
51	Intelligent Sales and Logistics Platform	2017/11/22	1,650,751.03	In operation
52	Mobile Office System	2022/7/29	59,009.44	In operation

2. Off-Balance-Sheet Intangible Assets

As of the Appraisal Reference Date, the unrecorded intangible assets within the scope of the enterprise's declared valuation were related patent rights, totaling 1,012 items. These patent assets were jointly developed by Chemical Co and its subsidiaries, consisting of 609 invention patents and 403 utility model patents.

(III) Types and Quantity of Off-balance-sheet Assets Declared by the Enterprise

As of the Appraisal Reference Date of July 31, 2025, there are no off-balance-sheet assets within the scope declared by the enterprise for appraisal.

(IV) Asset Types, Quantity, and Book Amount Involved in Conclusions Quoted/ Utilized from Reports Issued by Other Institutions

The book values of various assets and liabilities as of the Appraisal Reference Date in this appraisal report are based on the audit results from the *Audit Report* (Ernst & Young Hua Ming [2025] No. 70073121_A01) issued by Ernst & Young Hua Ming LLP on December 16, 2025, which contained an standard unqualified opinion. The appraisal is conducted on the basis of the audited financial statements.

Apart from this, no content from other institutional reports has been quoted or utilized.

IV. Type of Value

According to the purpose of this appraisal, the type of value determined for this appraisal is Market Value.

Market Value refers to the estimated amount for which an asset should exchange between a willing buyer and a willing seller, each acting knowledgeably, prudently, and without compulsion, in an arm's length transaction as of the Appraisal Reference Date.

V. Appraisal Reference Date

The Appraisal Reference Date for the asset appraisal in this project is July 31, 2025.

This reference date was determined by the client based on comprehensive consideration of factors including the asset scale of the entity

being assessed, the workload, the estimated time required, and compliance requirements.

VI. Appraisal Basis

The appraisal basis followed for this asset appraisal mainly includes the economic action basis, legal and regulatory basis, appraisal standards basis, asset ownership basis, as well as the pricing basis and other reference materials adopted during valuation and calculation. The details are as follows:

(I) Economic Action Basis

1. Minutes of the 18th Chairman's Special Meeting of China Energy Investment Corporation Co., Ltd. (August 8, 2025*)*

(II) Legal and Regulatory Basis

1. Asset Assessment Law of the People's Republic of China (Promulgated by the 21st Session of the Standing Committee of the 12th National People's Congress on July 2, 2016);
2. Company Law of the People's Republic of China (Second Revision adopted at the 7th Session of the Standing Committee of the 14th National People's Congress on December 29, 2023);
3. Civil Code of the People's Republic of China (Adopted at the 3rd Session of the 13th National People's Congress on May 28, 2020);
4. Energy Law of the People's Republic of China (Adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on November 8, 2024);
5. Enterprise Income Tax Law of the People's Republic of China (Amended and adopted at the 7th Session of the Standing Committee of the 13th National People's Congress on December 29, 2018);
6. Regulations for the Implementation of the Enterprise Income Tax Law of

the People's Republic of China (First Revision of the "Decision of the State Council on Amending Some Administrative Regulations" promulgated by State Council Order No. 714 on April 23, 2019);

7. Interim Regulations of the People's Republic of China on Value Added Tax (State Council Order No. 691);
8. "Interim Regulations of the People's Republic of China on Consumption Tax" (Revised and adopted at the 34th Executive Meeting of the State Council on November 5, 2008);
9. Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value Added Tax (Order No. 50 of the Ministry of Finance and the State Taxation Administration);
10. Stamp Tax Law of the People's Republic of China (Adopted at the 3rd Session of the Standing Committee of the 14th National People's Congress on June 29, 2023);
11. Urban Real Estate Administration Law of the People's Republic of China (Adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on August 26, 2019).
12. Land Administration Law of the People's Republic of China(Adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on August 26, 2019);
13. Interim Regulations of the People's Republic of China on Urban and Town Land Use Tax (State Council Order No. 483, issued December 31, 2006);
14. Ministry of Finance Guiding Opinions on Reforming the Administrative Methods of State-owned Asset Appraisal and Strengthening the Supervision of Asset Appraisal Work (Guo Ban Fa [2001] No. 102);
15. Notice on Relevant Issues Concerning Strengthening the Administration of Enterprise State-owned Asset Appraisal Work (SASAC Property Rights [2006] No. 274);
16. Notice on Relevant Matters Concerning the Examination and Verification

of Enterprise State-owned Asset Appraisal Reports (SASAC Property Rights [2009] No. 941);

17. Interim Measures for the Administration of State-owned Asset Appraisal (State Council Order No. 91);
18. Detailed Rules for the Implementation of the Interim Measures for the Administration of State-owned Asset Appraisal (Guo Zi Ban Fa [1992] No. 36);
19. Interim Regulations on the Supervision and Administration of Enterprise State-owned Assets (State Council Order No. 378, revised by State Council Order No. 588);
20. Measures for the Supervision and Administration of Enterprise State-owned Asset Transactions (Order No. 32 of SASAC);
21. Interim Measures for the Administration of Enterprise State-owned Asset Appraisal (State Council SASAC Order No. 12);
22. Work Guide for the Filing of Enterprise State-owned Asset Appraisal Projects (Guo Zi Fa Property Rights [2013] No. 64);
23. Enterprise State-owned Assets Law of the People's Republic of China (Adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on October 28, 2008);
24. Measures for the Financial Supervision and Administration of the Asset Appraisal Industry (Ministry of Finance of the People's Republic of China Order No. 86);
25. Notice on Relevant Matters Concerning the Agreement-based Transfer of State-owned Property Rights of Central Enterprises (Guo Zi Fa Property Rights [2010] No. 11);
26. Notice on Optimizing Relevant Matters Concerning the Appraisal Management of Central Enterprise State-owned Assets (Guo Zi Fa Chan Quan Gui [2024] No. 8);
27. Measures for the Administration of Major Asset Restructuring of Listed

Companies (CSRC Order No. 166, revised on March 20, 2020);

28. Detailed Implementation Rules for Non-Public Issuance of Shares by Listed Companies (CSRC Order No. 73, revised on February, 14 2020);
29. Operational Rules for Enterprise State-owned Asset Transactions (Guo Zi Fa Chan Quan Gui〔2025〕No. 17);
30. Other laws, regulations, and rules related to the appraisal work.

(III) Assessment Standards Basis

1. Asset Assessment Standards - Basic Standards (Cai Qi [2017] No. 43);
2. Asset Assessment Standards - Ethical Standards (CAS [2017] No. 30);
3. Asset Assessment Practice Standards - Asset Assessment Procedures (CAS [2018] No. 36);
4. Asset Assessment Practice Standards - Asset Assessment Reports (CAS [2018] No. 35);
5. Asset Assessment Practice Standards - Asset Assessment Engagement Contracts (CAS [2017] No. 33);
6. Asset Assessment Practice Standards - Asset Assessment Archives (CAS [2018] No. 37);
7. Asset Assessment Practice Standards - Using the Work of Experts and Related Reports (CAS [2017] No. 35);
8. Asset Assessment Practice Standards - Business Value (CAS [2018] No. 38);
9. Asset Assessment Practice Standards - Assessment Methods (CAS [2019] No. 35);
10. Guidelines for Business Quality Control of Asset Assessment Institutions (CAS [2017] No. 46);
11. Guidelines on Asset Assessment Value Types (CAS [2017] No. 47);

12. Guidelines on the Legal Ownership of Assets Subject to Assessment (CAS [2017] No. 48);
13. Guidelines for Enterprise State-owned Asset Assessment Reports (CAS [2017] No. 42);

(IV) Asset Ownership Basis

1. Motor Vehicle Registration Certificates;
2. Real Property Rights Certificates, Patent Certificates, and related ownership declarations;
3. Purchase contracts or vouchers for important assets;
4. Other reference materials.

(V) Pricing Basis

1. Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Launching the Business Tax to Value-Added Tax Pilot Program (Cai Shui [2016] No. 36);
2. Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Policies Related to Deepening the Value-Added Tax Reform (Announcement [2019] No. 39 of the Ministry of Finance, State Taxation Administration, and General Administration of Customs);
3. Loan Prime Rate (LPR) announced by the National Interbank Funding Center authorized by the People's Bank of China on the Appraisal Reference Date;
4. 2025 Electromechanical Products Price Information Query System ;
5. Relevant data from the price information database of China United Assets Appraisal Group Co., Ltd.;

6. Future earnings forecast data provided legally by the client and other relevant parties;
7. Other reference material.

(VI) Other Reference Materials

1. Audit Report (Ernst & Young Hua Ming [2025] No. 70073121_A01) issued by Ernst & Young Hua Ming LLP;
2. Accounting Standards for Enterprises - Basic Standards (Ministry of Finance Order No. 33);
3. Accounting Standards for Enterprises - Application Guidance (Cai Kuai [2006] No. 18);
4. 40 specific standards, including Accounting Standards for Enterprises No. 1 - Inventory (Cai Kuai [2006] No. 3);
5. Handbook of Common Asset Assessment Methods and Parameters (Mechanical Industry Press, 2011 Edition);
6. iFind Information Financial Terminal;
7. Investment Valuation (by Damodaran, translated by Lin Qian, Tsinghua University Press);
8. Valuation: Measuring and Managing the Value of Companies (4th Edition) (by Tim Koller et al., translated by Wei Ping, Zhu Xiaolong, Electronics Industry press);
9. Asset Assessment Standards Terminology 2020;
10. Asset Assessment Expert Guidance No. 8 - Verification and Validation in Asset Assessment (CAS [2019] No. 39);
11. Asset Assessment Expert Guidance No. 12 - Estimation of Discount Rate in Business Value Assessment Using the Income Approach (CAS [2020] No. 38);

12. Information related to property rights transactions from relevant websites such as the China Securities Regulatory Commission, Shanghai Stock Exchange, and Shenzhen Stock Exchange;
13. Other reference materials.

VII. Appraisal Approaches

(I) Introduction of Appraisal Approaches

Under the Asset Appraisal Practising Standards -- Enterprise Value (ZPX [2018] No. 38) and the Asset Appraisal Practising Standards -- Asset Appraisal Approaches (ZPX [2019] No. 35), the enterprise value appraisal shall select suitable appraisal approach by analyzing the applicability of Income Approach, market approach and Asset-based Approach (three fundamental approaches), according to the appraisal purpose, target, value types, application conditions, data quality and quantity, etc.

Income Approach is to determine the target value by capitalizing or discount the expected revenue. The appraisal professionals shall consider the applicability of Income Approach properly considering the entity nature, asset size, historical operation, future revenue predictability, the sufficiency of obtained materials etc.

Market approach is to determine the target value by comparing the target with comparable listed companies or comparable trading cases. The appraisal professionals shall consider the applicability of market approach according to the sufficiency and reliability of obtained comparable entity's operational and financial data, as well as the number of comparable entities collected.

Asset-based Approach is to determine the target value by appraising the values of various assets and liabilities on or off-balance sheets of the Appraised Entity issued on the Appraisal Reference Date.

(II) Selection of Appraisal Approaches

The purpose of this appraisal is for China Shenhua Energy Company Limited to issue shares and pay cash to acquire 100% equity of China Shenhua Coal to Liquid and Chemical Co., Ltd. held by China Energy Investment Group Co., Ltd.

Asset-based Approach reflects the enterprise value from the perspective of corporate construction, laying a basis for corporate management and examination after realization of economic behavior, so this appraisal adopts the Asset-based Approach.

The Appraised Entity has the foundation and conditions for continuing operation, whose future revenue and risks can be predictable and quantifiable, so this appraisal may adopt Income Approach.

Before or after the Appraisal Reference Date, since recent trading cases of equivalent scale of entities cannot be obtained, there are few comparable entities on the market with the same scale and business structure, thus this appraisal has not adopted the market approach.

Overall, this appraisal will adopt Asset-based Approach and Income Approach.

(III) Asset-based Approach

Asset-based Approach is to appraise the values of various identifiable assets and liabilities on or off-balance sheet of the Appraised Entity or operator issued on the Appraisal Reference Date, to determine the value of target, to be specific, the enterprise value of the entity shall be the sum of appraised values of various elemental assets of the entity less the appraised values of liabilities.

The appraisal approaches for various assets and liabilities are set below:

1. Current assets

(1) Monetary funds

Monetary funds are mainly bank deposits.

The appraisers made confirmation by letters on bank deposit accounts to verify the actual existence of bank deposits, checked for any unrecorded bank deposits, examined the authenticity of items not yet reconciled in the Bank Deposits Statement, and reviewed deposits made after the Appraisal Reference Date. For monetary funds denominated in RMB, the appraised values were determined on the basis of the verified book values. For monetary funds denominated in foreign currency, the appraised values were determined as the verified original currency amounts times the exchange rate published on the Appraisal Reference Date.

(2) Accounts receivable

For accounts receivable, the appraisers verified the bookkeeping records, sampled some original vouchers and other related materials, checked the authenticity of transactions, age, business content, and amounts, and conducted confirmation by letters. The verification results showed that the accounts, statements, and voucher amounts were consistent. Upon verification, the appraisers analyzed the amounts, overdue time and reasons, recovery status, and the debtor's financial condition, credit, and current management situation using historical data and information obtained during the investigation. According to the specific circumstances of the entity, they estimated the appraisal risk loss.

For current accounts with related parties or similar items, if there is sufficient reason to believe that all amounts can be recovered, the likelihood of appraisal risk loss is 0%.

For accounts receivable with significant single amount where the Appraised Entity and the debtor have reached an agreement on the repayment plan, the appraisers determined the appraisal risk loss based on the difference between the present value of the expected future cash flows and the book value. For accounts receivable with insignificant single amount, where the Appraised Entity and the debtor have not determined a repayment plan, the

appraisers estimated the appraisal risk loss of accounts receivable by referring to the method used by the entity for calculating provisions for bad debts.

The appraisers determined the appraised values of accounts receivables on the basis of the verified book values of accounts receivables less the appraisal risk losses.

(3) Prepayments

For prepayments, the appraisers verified the ledger records, checked the original vouchers and related contracts, and confirmed the authenticity of the transactions, as well as the account age, business content, and amounts. They also conducted confirmation by letters and found no abnormalities. Upon verification, the appraisers, using historical data and information obtained from field survey, specifically analyzed the amounts, terms and reasons for the outstanding balances, the recovery status, and the financial position, credit, and current management status of the debtors.

Upon verification, the amounts of the prepayment accounts, statements, and documents are consistent. No supplier bankruptcy, dissolution, or failure to deliver timely under the contract was found. Upon verification, the appraisers determined the appraised value on the basis of the verified book value.

(4) Dividend receivable

For dividend receivable, the appraisers verified the accounting records, examined original vouchers and dividend distribution documents of the Appraised Entity, and other relevant materials to confirm the authenticity of the matter and the accuracy of the amounts. The verification results showed that the amounts in the accounts, statements, and documents were consistent. The appraised value was determined on the basis of the verified book value.

(5) Other receivables

For other receivables, the appraisers verified the bookkeeping records and spot checked some original vouchers and other relevant materials to

confirm the authenticity of transactions, as well as the account age, business content, and amounts. They also conducted confirmations by letter, and the verification results showed that the amounts in the accounts, statements, and documents matched. Upon verification of other receivables, the appraisers, with the help of historical data and current investigations, specifically analyzed the amounts, the terms and reasons for the debts, the recovery status, and the debtor's financial situation, credit, and current management conditions. According to the specific circumstances of the entity, the appraisers adopted the individual recognition method and the aging analysis method to estimate the appraisal risk losses.

For current accounts with related parties and similar items, if there is sufficient reason to believe that all amounts can be recovered, the likelihood of appraisal risk loss is 0%.

For other receivables with significant single amount where the Appraised Entity and the debtor have reached an agreement on the repayment plan, the appraisers determined the appraisal risk loss based on the difference between the present value of the expected future cash flows and the book value. For other receivables with insignificant single amount, where the Appraised Entity and the debtor have not determined a repayment plan, the appraisers estimated the appraisal risk loss of other receivables by referring to the method used by the entity for calculating provisions for bad debts.

The appraisers determined the appraised values of other receivables on the basis of the verified book values of other receivables less the appraisal risk loss.

(6) Inventory

Inventories include raw materials, circulating materials in stock, work-in-progress, and finished goods. The specific methods and procedures for inventory appraisal are as follows:

1) Raw materials

The raw materials primarily comprise flow restrictor plates and air source distributors. The book value comprises the purchase price and reasonable expenses. The valuer verified the authenticity of the materials' existence and the accuracy of their book value by examining relevant purchase invoices, detailed lists, and other supporting documentation. Upon verification, it was established that the raw materials had been in inventory for a relatively short period and exhibited rapid turnover. The book value approximated the market price at the Reference Date. The value was determined by multiplying the actual quantity by the book unit price.

2) Circulating materials in stock

Revolving materials are mainly low-value consumables required for the entity's daily operations, including keyboards, mice, and similar items, whose turnover is normal, with no backlog or damage observed. In this appraisal, vouchers, invoices, and other documents were sampled and compared with the book values, showing little difference. The book value basically reflects the current market value of the circulating materials in stock. Therefore, the appraised value of this portion of circulating materials in stock is determined on the basis of the verified book value.

3) Work-in-progress

Work-in-progress mainly comprises naphtha and other products that have not yet been completed. The appraisers examined relevant purchase invoices, detailed lists and other supporting documentation to verify the composition of the work-in-progress inventory. The valuation was determined based on the verified book value.

4) Finished goods

The finished goods mainly comprises polypropylene resin, linear low-density polyethylene and other products. The appraisal methods adopted are as follows:

Based on the findings of the investigation and analysis of materials provided by the enterprise, the appraisers determined the valuation of finished goods by deducting sales expenses, all taxes, and a certain amount for product sales risk from the tax-exclusive selling price.

Appraised Value = Actual Quantity × Selling Price (excluding tax) × （1 − Product Sales Tax & Surcharge Rate - Selling Expense Rate - Operating Profit Margin × Income Tax Rate - Operating Profit Margin × (1 − Income Tax Rate) × r)

①Selling Price (excluding tax): The selling Price (excluding tax)is determined based on market prices prevailing around the Appraisal Reference Date;

②The product sales tax and surcharge rate primarily comprise the urban maintenance and construction tax and education surcharge, both calculated and paid on the basis of value-added tax;

③The sales expense rate is calculated as the average proportion of sales expenses to sales revenue;

④Operating profit margin = Mainline business profit ÷ Operating revenue;

Mainline business profit = Operating revenue - Operating Costs - Taxes and surcharges - Selling expenses - Administrative expenses - Research and development expenses - Finance costs

⑤Income tax rate shall be based on the rate actually applied by the enterprise;

⑥r denotes a specific rate reflecting market risk associated with the future sale of finished goods, which carries inherent uncertainty. This risk is

determined based on investigations conducted at the Reference Date and subsequent sales realised after that date. Specifically, r is set at 0% for fast-moving products, 50% for standard-selling products, and 100% for slow-moving products.

(7) Other current assets

For other current assets, asset appraisal professionals checked whether the detailed accounts and general ledger, as well as the report balances, were consistent, and whether they matched the subject breakdown. They reviewed accounting records including the amounts, transaction dates, and business content, and spot-checked original accounting vouchers, related payment receipts, contracts, and other documents to verify the authenticity and integrity of the accounting content. They also understood the types of taxes, tax rates, and payment systems the Appraised Entity was responsible for as of the Appraisal Reference Date, along with relevant tax policies and expenses. Upon verification, they determined the appraised value on the basis of the verified book value.

2. Other non-current financial assets

There is a total of 1 other equity instrument investment included in the scope of this appraisal, that is, the investment in Guoneng (Beijing) Sci-Tech Innovation Seed Fund (Limited Partnership), in the total book value of RMB10,000,000.00. The appraisers conducted verification of the causes, book values, and actual conditions of other non-current financial assets, and reviewed investment agreements, resolutions of general meeting, articles of association, and relevant accounting records to determine the authenticity and integrity of these assets. Based on this, they appraised the Investee Entity. The Appraised Entity confirmed that other non-current financial assets were recorded at fair value, hence the appraised value of other non-current financial assets was recognized on the basis of the verified book value.

3. Other equity instrument investments

There is a total of 1 other equity instrument investment included in the scope of this appraisal, that is, the investment in Synfuels China, in the total book value of RMB20,000,000.00. The appraisers conducted verification of the reasons for other equity instrument investment, its book value, and actual conditions, and reviewed investment agreements, resolutions of general meeting, articles of association, and relevant accounting records to determine the authenticity and integrity of other equity instruments. Based on this, they evaluated the Investee Entity. The Appraised Entity confirmed that other equity instrument investment is recorded at fair value, and therefore the appraised value of other equity instrument investment is recognized on the basis of the verified book value.

4. Long-term equity investments

For long-term equity investments, the appraisers first verified the reasons for the long-term investments, their book values, and actual conditions, and reviewed investment agreements, resolutions of general meeting, articles of association, and relevant accounting records to determine the authenticity and integrity of the long-term investments.

For wholly-owned subsidiaries and subsidiaries with more than 50% shareholding, the appraisers evaluated the overall assets of the Investee Entity as of the Appraisal Reference Date, and then calculated its appraised value by multiplying its net assets appraised value on the Appraisal Reference Date by its shareholding percentage:

Appraised value of long-term equity investment = net asset appraised value of Investee Entity upon overall appraisal * shareholding percentage

Where, if the paid-up capital is different with the subscribed capital, then

Appraised value of long-term equity investment = (entire shareholders' equity value of the Investee Entity + unpaid capital amount) * subscribed portion of such shareholders - unpaid contribution of such shareholders

For affiliated companies, the appraisers analyzed the specific situation

of the Investee Entity, under its articles of association, the Appraised Entity does not participate in the management of the affiliated company, which has imposed certain limitations on the current valuation procedures.

For affiliated companies that meet the conditions for a comprehensive valuation, such as Guoneng Baoqing Coal Power Chemical Co., Ltd., the same method applied to the controlling shareholder was adopted in this appraisal. The overall assets of the invested enterprise as of the Appraisal Reference Date were assessed, and the appraisal result was determined by multiplying the assessed net asset value of the invested enterprise as of the Appraisal Reference Date by the equity holding ratio of the entity being evaluated.

For affiliated companies that were able to provide limited cooperation, the appraisal was conducted based on the information that could be collected. For example, for Shaanxi Energy Liangshuijing Mining Co., Ltd., in which a 30% equity stake is held, considering the significant impact of the mining rights held by the enterprise on its overall value, this valuation was based on the mining rights and employed a single income approach.

For affiliated companies that were difficult to cooperate with in carrying out the work, the appraised value is determined by multiplying the net assets listed in the statements as of the Appraisal Reference Date by the shareholding percentage this time.

When determining the appraised values of long-term equity investments, the appraiser did not consider the premiums or discounts arising from factors such as controlling interest or minority interest, nor did they take into account the impact of equity liquidity on the appraisal results.

5. Fixed Assets - Buildings and Structures

(1) Selection of Valuation Methods

In accordance with the requirements of the Asset Valuation Practice Standards - Real Estate, when conducting the valuation on real estates, the applicability of the three fundamental asset valuation methods (market

approach, income approach, and cost approach) and derivative methods (such as hypothetical development method and benchmark land price adjustment method) should be analysed based on the valuation purpose, subject matter, value type, and data collection circumstances, so as to select the appropriate valuation methods.

Based on the structural characteristics and usage nature of the building assets included in the valuation scope, the appraiser analysed the applicability of different valuation methods and ultimately determined the appropriate valuation methods for each asset category as follows:

① For self-constructed building assets owned by enterprises, the cost approach is adopted for its valuation;

② For commercial real estate assets purchased externally by the enterprise or real estates with the potential for separate transfer, the market approach is used for its valuation.

(2) Introduction to Valuation Methods

1) Cost Approach

The cost approach refers to the method that, it calculates the investment required to replace similar real estates based on market conditions and the structural characteristics of the building at the Appraisal Reference Date, which is then multiplied by the building's newness rate after its comprehensive valuation to finally determine the building’s value. The formula is as follows:

Appraised Value = Full Replacement Cost × Newness rate

①Determination of Replacement Cost

As the appraised entity is a general VAT taxpayer, the full replacement cost for buildings and structures assets in this appraisal is tax-exclusive.

The full replacement Cost generally comprises three components: construction and installation engineering costs, pre-operational and other

costs, and capital costs. The formula is:

Full Replacement Cost (excluding tax) = Construction and Installation Cost (excluding tax) + Preliminary and Other Expenses (excluding tax) + Capital Costs

A. Determination of Construction and Installation Costs

For key projects with available budget and final account data, the budget and final account adjustment method is applied, i.e. the appraisers calculate the construction and installation costs of the project based on the budgeted and final accounts quantities, by referencing current standards including the Inner Mongolia Building Construction and Decoration Engineering Budget Quotas (2017 Edition), the Inner Mongolia General Installation Engineering Budget Quotas (2017 Edition) and the Inner Mongolia Municipal Engineering Budget Quotas (2017 Edition), and using the market price information for civil engineering materials in the region where the assessed entity is located on the Reference Date.

For key projects without available budget or final account data, the budget quotas of similar projects are utilised. Simulated quantities are recompiled, and the construction and installation costs of the project under evaluation are calculated based on relevant quotas and applicable price documents as of the Appraisal Reference Date.

For general construction projects of relatively low value, the appraisers shall refer to budget quotas, construction quotas, or estimate indicators for similar building and installation projects. After adjustments based on differences in project costs such as floor height, column spacing, span, finishing standards, and water/electricity facilities, the construction and installation costs for the project under appraisal shall be determined.

B. Determination of Preliminary and Other Expenses

Preliminary and other expenses are determined based on the fee rate standards stipulated by national standards, industry regulations, and local construction management authorities, as well as policy documents governing administrative charges.

C. Determination of Capital Costs

The loan interest rate is determined based on the reasonable construction period of the evaluated entity, by referencing the Loan Market Quotation Rate published by the National Interbank Funding Center authorised by the People's Bank of China on July 21, 2025. The capital cost is calculated uniformly over the construction period using the total sum of construction and installation costs, preliminary expenses and other costs as the base. The formula is as follows:

Funding Cost = [Construction and Installation Cost (including tax) + Preliminary and Other Expenses (including tax)] × Reasonable Construction Period × Loan Interest Rate × 1/2

② Determination of Newness Rate

This valuation determines the remaining service life for each building type, by referencing the economic lifespans of buildings with different structures, through on-site inspections on each building type by appraisers (i.e. inspection on the building's foundation, load-bearing components (beams, slabs, columns), walls, floors, roofs, doors and windows, wall finishes, ceilings, plumbing, ventilation, and electrical systems), based on the Building Condition Rating Standards and the Reference Criteria for Assessing Building Age issued by the former Ministry of Urban and Rural Environmental Construction and Protection, combined with the building's usage status and maintenance history. The newness rate was then calculated using the following formula:

Newness Rate = Remaining Useful Life / (Years Already Used +

Remaining Useful Life) × 100%

③ Determination of Appraised Value

Appraised Value = Replacement Cost (Excluding tax) × Newness Rate

2) Market Approach

The market approach compares the subject property with similar properties that has recently been traded near the Appraisal Reference Date. Known prices of these comparable properties are appropriately adjusted to estimate the subject property's objective and reasonable price or value. The calculation formula is as follows:

P = P case × A × B × C × D × E

Where: P: Appraised value of the subject property; Pcase: Price of comparable transaction example;

A: Transaction condition adjustment factor; B: Transaction date adjustment factor;

C: Regional factor adjustment coefficient; D: Individual factor adjustment coefficient;

E: Adjustment factor for equity status.

6. Fixed assets - Equipment assets

For the purpose of this appraisal, the replacement cost method is primarily adopted for the appraisal under the principle of continued use and based on market price available, by taking into account the characteristics of the equipment appraised and the information collected. For used equipment for which the price could be available in the second-hand market, the market approach would be adopted;

(1) Appraisal of machinery and equipment

The appraised value = full replacement cost× newness rate

1) Full replacement cost for domestic machinery and equipment (excluding tax)

Full replacement cost (excluding tax) = equipment purchase price + transportation & miscellaneous costs + Installation and debugging costs + foundation cost + cost of installation materials and cost of engineering materials/tools issued and consumed + Preliminary and other cost + capital cost - deductible VAT on equipment purchase

A. Purchase price

The purchase price for domestic standard equipment is primarily determined by taking into account the following factors*: inspection into the 2025 Electromechanical Product Price Information Inspection System issued by Machinery Industry Information Research Institute*, online price search, inquiring about the latest market transaction prices from manufacturers or trading companies, and reviewing recent purchase price for similar equipment by the Company. For a small number of equipment where the purchase price is not available for inspection, the price shall be determined by comparing the function and capacity of the same type of equipment produced in the same time and adopting a price change rate for calculation of the purchase price. For non-standard specialized equipment, the installation project cost as of the Appraisal Reference Date shall be determined under the estimated adjustment method, based on the budget and settlement accounts provided by the company by reference to the documents such as China Petroleum and Chemical Corporation Notice [2025] No. 21 and documents relating to local market price adjustments for building materials and standard labor costs.

B. Transportation & miscellaneous cost

Transportation & miscellaneous cost is calculated in accordance with the relevant provisions of China Petroleum and Chemical Corporation Notice [2025] No. 21 regarding the Issuance of the Petrochemical Engineering Construction Cost Quotas (2025). The specific transportation and miscellaneous rates are as shown in the table below:

Table 1-42 Table of Transportation & Miscellaneous Rates

No.	Location of the construction projects	Transportation & miscellaneous rate (%)	Procurement and storage rate(%)
1	Jilin, Liaoning, Hebei, Shandong, Shanxi, Jiangsu, Zhejiang, Anhui, Beijing, Tianjin, Shanghai	4	2.43
2	Henan, Shannxi, Hubei, Hunan, Jiangxi, Sichuan, Chongqing, Fujian, Guangdong, Heilongjiang	4.64	2.87
3	Gansu, Ningxia, Inner Mongolia, Guangxi, Hainan, Guizhou, Qinghai, Yunnan	5.38	3.2
4	Xinjiang, Tibet	6	3.64

The formula for calculation of transportation and miscellaneous cost is as follows:

Equipment freights = equipment purchase price × transportation & miscellaneous rate

If the purchase price includes transportation costs, transportation cost shall not be calculated separately.

C. Installation and debugging cost

Installation and debugging cost is primarily determined by reference to the relevant equipment installation rates specified in the Handbook of Commonly Used Data and Parameters for Asset Appraisal, while considering the complexity of equipment installation and an analysis of the historical expenditures on equipment installation costs by the equipment owner.

For small, non-installation-required equipment, installation costs are not considered.

For non-standard specialized equipment, the installation cost is adjusted

and determined based on verified project estimates or settlement documentation reflecting actual work volume by reference to the Notices on Issuing the Petrochemical Installation Engineering Budget Quotas (2025) and Petrochemical Installation Engineering Cost Quotas (2025) under the China Petroleum and Chemical Corporation Notice [2025] No. 21, and documents relating to local market price adjustments for building materials and standard labor costs.

The formula for calculation of Installation and debugging cost is as follows:

Installation and debugging cost = equipment purchase price × Installation and debugging cost rate

D. Foundation cost

For an equipment requiring a separate foundation project, the foundation cost is determined by reference to the foundation cost rates specified in the Handbook of Commonly Used Data and Parameters for Asset Appraisal based on the estimated calculation or settlement information of the project while taking into account the actual expenditure occurred by the property owner. Whereas no separate foundation is required or the foundation has been constructed collectively during plant construction, and the book value of the equipment is already included in that of the relevant buildings, the foundation cost is not considered;

The formula for calculation of foundation cost is as follows:

Foundation cost = equipment purchase price × foundation cost rate

E. Cost of installation materials and cost of engineering materials/tools issued and consumed

Cost of installation materials and cost of engineering materials/tools

issued and consumed shall be determined by reference to the estimated calculation or settlement information of the project based on fluctuations in industrial product price indices and bulk commodity price indices while taking into account the actual expenditure occurred by the property owner.

Cost of installation materials and cost of engineering materials/tools issued and consumed = equipment purchase price × rate for cost of installation materials and cost of engineering materials/tools issued and consumed

F. Preliminary and other cost

Preliminary and other cost is calculated by reference to the relevant provisions in the Petrochemical Engineering Construction Design Budget Preparation Methods (2018) issued under the China Petroleum and Chemical Corporation Notice [2018] No. 207 and the Petrochemical Engineering Construction Cost Quotas (2025) issued under the China Petroleum and Chemical Corporation Notice [2025] No. 21.

G. Capital Cost

Considering that the machinery and equipment under the appraisal are part of the series of equipment procured for business establishment to production commencement, their production capacity is subject to the operation of the company's overall construction (such as buildings, structures and other equipment). Therefore, the period from its acquisition to operation is aligned with the overall project construction timeline of the enterprise. The applicable interest rate references the 1–5-year Loan Prime Rate (LPR) published by the National Interbank Funding Center authorized by the People's Bank of China on July 21, 2025, assuming that funds are invested evenly during the construction period.

Capital cost = (equipment purchase price + transportation and miscellaneous cost + Installation and debugging cost + foundation cost + cost

of installation materials and cost of engineering materials/tools issued and consumed + preliminary and other cost (tax inclusive) × reasonable construction period × loan interest rate × 1/2

H. Equipment Purchases Eligible for VAT Deduction

Pursuant to the Notice on Issues Concerning the Nationwide Implementation of the VAT Transformation Reform (Cai Shui [2008] No. 170), the Notice on Comprehensively Promoting the Pilot Program for Replacing Business Tax with Value-Added Tax (Cai Shui [2016] No. 36 and Cai Shui [2018] No. 32), and the Circular [2019] No. 39 issued jointly by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the corresponding VAT should be deducted from the replacement cost of machinery and equipment that meets the conditions for VAT deduction. The deductible amount shall represent the value-added tax incurred on the purchase price, freight, installation fee, foundation cost, cost of installation materials and cost of engineering materials/tools issued and consumed, preliminary and other cost, and other related expenses.

2) Appraisal of imported machinery and equipment renewed in situ

Due to the early construction of the project, accurate quotations for the imported equipment cannot be obtained. Over the past two decades, domestic equipment has achieved comparable technical standards as those imported ones in terms of technology, processing and manufacturing capabilities and quality. Based on the interviews with lead design units such as Sinopec Engineering Incorporation, and China Chemical Tianchen Engineering Research Institute, it is confirmed that all process routes and technical solutions for domestic coal-to-liquids facilities are now entirely based on domestic technologies. The technical standards, product quality, operation stability and reliability of domestic coal-to-chemicals facilities, sub-facilities,

core equipment and systems not only surpass the early levels of imported equipment, but are also comparable to the latest international technology standards. Subsequent domestic facilities have exclusively adopted domestic equipment, and the preliminary design for the future phase II project of the Appraised Entity also fully incorporates domestically produced equipment. Therefore, the pricing of relevant imported equipment is determined by substitution principles based on the prices of domestically produced products with equivalent technical levels. The appraisal is conducted as if they were domestic equipment.

3)Newness rate of machinery and equipment

Newness rate of machinery and equipment ("N") is calculated based on the remaining service life of the equipment as determined based on its economic service life and the inspection conducted for each component thereof by on-site inspection of its current condition, and review of the information relating to its operation, repair and management records, which represents:

N = Remaining Useful Life ÷ (Years Already Used + Remaining Useful Life)× 100%

4) Determination of appraised value

The appraised value = full replacement cost × newness rate

(2) Appraisal of transport vehicle

1) Determination of full replacement cost of transport vehicle

The prevailing including tax purchase price of the vehicle as of the Appraisal Reference Date is determined based on the sales data available at the local automotive market, the prevailing vehicle market price and other information. On this basis, miscellaneous fees such as vehicle purchase tax and new vehicle registration and license fee are incorporated into the

aforementioned price in accordance with the Vehicle Purchase Tax Law of the People's Republic of China. Pursuant to the Notice on Comprehensively Promoting the Pilot Program for Replacing Business Tax with Value-Added Tax (Cai Shui [2016] No. 36 and Cai Shui [2018] No. 32), and the Circular [2019] No. 39 issued jointly by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs, the full replacement cost for enterprises eligible for VAT deduction is:

Full replacement **cost** (excluding tax) = purchase price + vehicle purchase tax + miscellaneous fees (including license registration fee) - deductible VAT

Deductible VAT = purchase price/1.13×13%

A.Vehicle purchase price

The purchase price of the appraised vehicle shall be determined based on recent market price available from sources such as vehicle market information, the Pacific Auto Network's Vehicle Pricing Database, and the website of Yiche.com, with reference to the latest transaction prices of comparable models in the region where the appraised vehicle is located. For vehicles purchased a long time ago where the purchase price cannot be verified for the original model and specifications, the purchase price shall be determined by reference to similar vehicles with the same displacement.

B.Vehicle purchase tax

According to the relevant provisions of the Vehicle Purchase Tax Law of the People's Republic of China: the taxable amount subject to vehicle purchase tax = taxable price × 10%. The "taxable price for taxpayers purchasing vehicles for their own use shall not include the VAT amount." Therefore: purchase tax = purchase price ÷ (1 + value-added tax rate) × 10%

C. N New vehicle registration & license plate fee

New vehicle registration and license plate fee is determined according to the description and amount provided for such fee in the region where the vehicle is located.

2) Vehicle newness rate

According to relevant provisions of Compulsory Vehicle Scrapping Standards of the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection (Decree [2012] No. 12), newness rate for vehicles is determined by the following methods, taking the smaller value as the final Newness Rate:

Age-based Newness Rate = (1 - Years in Use / Regulatory or Economic Service Life) × 100%

Mileage-based Newness Rate = (1 - Miles Driven / Regulatory Mileage Limit) × 100%

Newness Rate = Min (Age-based Newness Rate, Mileage-based Newness Rate)

Simultaneously, necessary inspection and identification were performed on the vehicle being appraised. If inspection results differed significantly from the newness rate determined by the above method, appropriate adjustments were made. If the results were similar, no adjustment was made. That is:

Newness Rate = Min (Age-based Newness Rate, Mileage-based Newness Rate) + a

a: Special vehicle condition adjustment coefficient

Note: Newness rate is not applicable to vehicles appraised directly at used car market prices.

3)Determination of appraised value

The appraised value = full replacement cost × vehicle newness rate

(3) Appraisal of electronic equipment

1)Determination of full replacement cost for electronic equipment

Price of electronic equipment as of the Appraisal Reference Date shall be determined based on the local market information and quotation request via online platforms by collecting the recent market price information. Generally, manufacturers or agents would provide transportation, installation and commissioning services for free. The full replacement cost shall be determined according to the tax-exclusive purchase price:

Full replacement cost (excluding tax) = purchase price – deductible value-added tax

Deductible VAT = purchase price/1.13×13%

Note: Certain electronic equipment operating beyond its service life are appraised under market approach.

2) Electronic equipment newness rate

Newness rate = Remaining Useful Life ÷ (Years Already Used + Remaining Useful Life) ×100%

Note: Newness rate is not applicable to electronic equipment appraised directly at second-hand market prices.

3)Determination of appraised value

The appraised value = full replacement cost × newness rate of electronic equipment

7.Work in progress

According to the WIP features, appraised value types, information collection status and other related conditions, the cost approach is adopted for this appraisal.

(1) Completed works

For works completed on the Appraisal Reference Date whose construction payments have been settled or payable amounts have been recognized, the appraisal should be carried out with fixed asset appraisal approach. If the works are auxiliary to other major works, then such works should be considered in the main works appraisal, and the auxiliary works should not be appraised separately.

(1)Uncompleted works

For work in progress whose commencement date has passed for less than half a year since the Appraisal Reference Date, the appraised value is the verified book value. For work in progress whose commencement date has passed for more than half a year, if the book value does not include capital cost, then the capital cost should be added according to reasonable construction term; if the book value includes capital cost, then the capital cost is zeroed and calculated again.

8. Right-of-use assets

The accounting content of right-of-use assets mainly pertains to the rights of Appraised Entity to use the relevant leased assets during the lease term. The carrying amount of right-of-use assets is primarily composed of the initial measurement amount of lease liabilities and any direct costs incurred during the lease.

Right-of-use assets refer to the tenant’s right to use leased assets during the lease term. The entity shall recognize right-of-use assets and lease liabilities in accordance with the Accounting Standard for Business Enterprises No. 21 -- Leases (Revised).

Appraisers investigated and understood relevant lease subject matters, checked relevant lease contracts, verified the lease term, remaining term, rental level, pending rental payments and others, and looked into whether there is a purchase option, a renewal right, and an early termination right.

Upon verification, the initial cost measurement of the right-of-use assets is accurate, and the depreciation provision is reasonable. This time, the appraised value of the right-of-use assets was determined on the basis of the verified book value.

6. Intangible assets - Land

(1) Selection from appraisal approaches

According to the requirements of the Asset Appraisal Practising Standards -- Real Estate and the Urban Land Pricing Procedures, considering the subject land geography, land use nature, utilization conditions and local land market conditions, appraisers analyzed the applicability of different appraisal approaches, and finalized the reasonable approaches.

1)Applicable approaches and reasons

A. Market comparison approach: The subject is located in Ordos city, with active property trading recently in this area, the transaction prices are open and transparent, it's easy to obtain a large number of land trading cases with similar conditions and similar manner, and the trading time, conditions, regional factors and individual factors of comparable cases are definite, it's easy to reasonably determine the comparable factors correction coefficient, and objectively measure comparable prices, so the market comparison approach is applicable.

B. Cost approach: The subject land lot is for industrial purpose, there are many similar land requisition cases in this area recently, and there are accurate bases of obtaining various costs and expenses consumed in land development, so the cost approach is applicable.

2) Inapplicable approaches and reasons

A.Benchmark land price coefficient correction approach: The benchmark land price in the territory where the subject is located is not yet published, appraisers fail to obtain local benchmark land price related correction system, not meeting the conditions for adopting the benchmark

land price coefficient correction approach, so such approach is not applicable.

B. Income capitalization approach: There is no land lease case in the territory where the subject land lot is located for the purpose of potential rent estimation; meanwhile the buildings on the subject land lot are for self-use by the entity. Although such kind of properties are somewhat universal, similar lands in this area are generally for self-use, rarely for lease, and it's difficult to accurately measure the pure land income by stripping out property rent, so the income capitalization approach is not applicable.

C. Assumed development approach: The subject land lot is for industrial purpose, the properties for similar industrial purpose in the same supply-demand circle are recently mainly for self-construction and self-use, there is few leasing or trading case of mining plant, a stable open plant lease and trading market is not in form, so residual approach (assumed development approach) is not applicable for this appraisal.

Above all, according to subject land lot features and actual conditions, this appraisal adopts market comparison approach and cost approach.

For uncertified land whose book value represents compensation for occupation of other's land, this time it's listed book value.

(2) Introduction of appraisal approaches

Market comparison approach is a method of estimating the objective and reasonable price of a land lot by comparing it with similar land use rights that are substitutable and have recently been traded in the market as of the Appraisal Reference Date, based on the principle of substitution in the market, and making appropriate adjustments to the trading prices of similar land use rights.

Cost approach is an appraisal method that determines the price of land for concession based primarily on the sum of all objective costs incurred in land development, plus objective profit, interest, and applicable taxes.

7.Tangible assets - Others

(1) Outsourced software

To outsourced software, appraisers checked relating certificates, understood the composition of original recognized values, amortization method and period, viewed original contract, invoices, payment vouchers. Upon verification, the amounts of statements were matching. According to other intangible asset features, appraised value types, information collection and other related conditions, appraisers adopted market approach:

1) For outsourced software on sale on reference date, the appraised value should be the market price on reference date;

2) For custom software, the appraised value should be the price inquiry to software developer.

(2) Technology-based intangible assets

Common appraisal approaches for technical intangible assets include market approach, revenue approach and cost approach.

China's technical intangible assets market trading is in early stage, the collection of related fair-trading data is difficult, so this time market approach is not applicable in the appraisal of technical intangible assets.

To joint patents, where Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd. ("Coal to Liquid Branch") and Guoneng Yulin Chemical Co., Ltd. ("Yulin Chemical") participated in the research and development, considering the industry features, the corresponding relationship between their patent rights and revenues is clearly quantifiable, and the value contribution of such technology-based intangible assets may maintain certain continuity, so Income Approach is adopted to appraise such patents. To joint patents where other subsidiaries participated in the research and development, there is no stable, identifiable cash flow connection between specific patent asset and future revenue, there is no corresponding relationship between patents and corporate revenue, the revenue sharing is uncertain, so cost approach is applicable to those patents.

Based on foregoing judgment, apart from Guoneng Yulin Chemical Co., Ltd., other patented parts should be appraised in the calibre of chemical parent company, while subsidiaries should not be appraised separately.

8. Other non-current assets

Appraisers checked breakdown and general ledger, whether the balances were matching, checked whether they were matching with the subject breakdown, checked the amounts, dates, business contents and other billing records, spot checked original recognition vouchers, contracts, agreements and other materials, and proved the authenticity and integrity of other non-current assets. After book values were found correct, appraisers determined the appraised values.

9. Liabilities

Appraisers verified the actual debtors and their amounts of liabilities after the purpose of appraisal was realized, and determined the appraised value according to the liability items and amounts to be undertaken by the owners after the purpose of appraisal was realized.

(IV) Income Approach

1. General

Under the Asset Appraisal Practising Standards -- Enterprise Value, the Income Approach in the enterprise value appraisal is also called cash flow discount approach, that is, an appraisal method to forecast the future cash flow and risk of the enterprise or one of its revenue generating units, choose a matching discount rate, discount and sum up its future cash flow. The basic mindset of Income Approach is to estimate the future expected net cash flow of asset, use applicable discount rate and discount it into present value. Income Approach is applicable when: the entity has the foundation and conditions for continuing operation; there is a stable corresponding relationship between operation and revenue; future revenue and risk may be

predictable and measurable. The biggest difficulty of cash flow discount approach is the forecasting of future expected cash flow, as well as data collection and processing objectivity and reliability etc. When the forecasting of future expected cash flow is objective and fair, and the selection of discount rate is rational, the appraisal results will be objective.

2. Mindset

According to the due diligence status and the Appraised Entity's assets composition and principal business characteristics, this appraisal was to estimate its equity capital value in the calibre of the Appraised Entity's audited financial statements, in the following basic mindset:

(1) Appraisers predicted the expected revenue (net cash flow) of assets and principal businesses that were included in statements, according to historical operational changes and business types, and derived the discounted value of operational assets.

(2) Appraisers defined the non-current assets/ liabilities that were included in statements but not considered in the forecasting of expected revenue (net cash flow), such as monetary fund existing on reference date, dividend receivable/ payable, work in progress not considering gain or loss, and so on, and separately predicted their values.

(3) Appraisers measured the value of long-term equity investment separately which was included in statements but not considered in the estimation of expected revenue.

(4) Appraisers derived the Appraised Entity's corporate value by summing up the values of foregoing assets and liabilities, and after deduction of interest-bearing debt values after reference date, derived its equity capital (entire shareholders' equity) value.

In determining entire shareholders' equity value, appraisers did not consider the premium or discount generated by control and minority equity or other factors, nor consider the influence of equity liquidity on appraisal results.

3. Appraisal models

(1) Basic models

Basic models in this appraisal:

$$E=B-D \quad (1)$$

Where:

E: Appraised Entity's shareholders' equity (net asset) value;

B: Appraised Entity's corporate value;

D: Appraised Entity's interest-bearing debt value;

$$B=P+C \quad (2)$$

Where:

P: Appraised Entity's operational asset value;

C: Appraised Entity's surplus or non-operational asset/liability value on the Appraisal Reference Date;

$$P=\sum_{i=1}^{n}[R_i\times(1+r)^{-i}]+p_n\times(1+r)^{-n} \quad (3)$$

Where:

Ri: Appraised Entity's expected return (free cash flow) in the future year i;

Pn: recoverable value of operating capital, fixed assets, intangible assets and other related assets in the end of operating period;

r: discount rate;

n: Appraised Entity's future operating period;

$$C=C_1+C_2 \quad (4)$$

C_1: current surplus or non-operational asset/liability value on reference date;

C_2: non-current surplus or non-operational asset/liability value on reference date.

(2) Revenue indicator

In this appraisal, free cash flow was used as the revenue indicator of the Appraised Entity's operational capital, defined as:

R = net profit + depreciation & amortization + interest after tax - additional capital + ending asset recovery (5)

Appraisers estimated the free cash flow in future operating period, according to the Appraised Entity's operational history and future market development etc. Operational asset value was derived from discounted and summed free cash flow in future operating period.

(3) Discount rate

Discount rate is determined with WACC model this time.

$$r=r_d\times w_d+r_e\times w_e \quad (6)$$

Where:

W_d: debt ratio of Appraised Entity;

$$w_d=\frac{D}{(E+D)} \quad (7)$$

W_e: equity ratio of Appraised Entity;

$$w_e=\frac{E}{(E+D)} \quad (8)$$

r_d: interest-bearing debt interest rate after income tax;

r_e: cost of equity capital, determined with CAPM this time;

$$r_e=r_f+\beta_e\times(r_m-r_f)+\varepsilon \quad (9)$$

Where:

r_f: risk-free rate of return;

r_m: market expected rate of return;

ε: featured risk adjustment coefficient of Appraised Entity;

β_e: expected market risk coefficient of Appraised Entity's equity capital;

$$\beta_e=\beta_u\times(1+(1-t)\times\frac{D}{E}) \quad (10)$$

β_u: expected unlevered market risk coefficient of comparable company;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: expected market average risk coefficient of comparable company's shares (assets);

$$\beta_t = 1/3K + 2/3\beta_x \quad (12)$$

Where:

K: average risk value of stock market in certain period, usually assumed K=1;

β_x: historical market average risk coefficient of comparable company's shares (assets);

D_i, E_i: interest-bearing debts and equity capital of comparable company.

4. Revenue period

According to the articles of association of the Appraised Entity, the entity's effective for a long period, and since the entity was operating normally on the Appraisal Reference Date, without limiting the useful life of core assets that might affect the entity's continuing operation or limiting the production period, investor's ownership period and others of the entity, or the above limitations might be canceled and might be used perpetually by continuation. Therefore, the Appraised Entity will be operating perpetually after the Appraisal Reference Date, and the revenue period will be limitless.

VIII. Appraisal Process and Conditions

The appraisal was carried out in four stages:

(I) Preparation

The preparatory works were carried out in early September 2025, mainly including:

1. Negotiation and undertaking

Appraisers understood the basic conditions of Appraised Entity and

subject involved in the undertaken business, clarified the purpose, subject, scope and reference date of appraisal; made comprehensive analysis and evaluation on the competence, independence and business risk based on appraisal purpose, trading background and other specific conditions, and signed the assets appraisal contract.

2. Work plan of appraisal program

Appraisers fully communicated with the client and project related parties, further determined the basic events of assets appraisal and the Appraised Entity's assets and operational status, collected the basic policies, laws, regulations and market conditions for the industry where the Appraised Entity is operating, and on this basis contemplated the initial work plan, and developed the appraisal plan.

3. List of materials and interview outline

Appraisers submitted specific list of due diligence survey materials, as well as list of assets, profit forecast and other forms, and required the Appraised Entity to make appraisal preparation.

4. Tutoring and preparation of materials

Appraisers contacted Appraised Entity workers, tutored them to prepare required materials and fill out related tables according the assets appraisal requirements.

(II) Field Appraisal

Field works were carried out in mid-September 2025, mainly including:

1. Initial understanding

Appraisers listened to the client and Appraised Entity's introduction of the overview of Appraised Entity and the history and status quo of subject assets, and understood the historical succession, financial system, operating conditions, fixed assets technology status and other conditions of the Appraised Entity.

2. Proofreading

Appraisers reviewed and identified the information declared by Appraised Entity, made full collection and verification of title certificates of subject assets, proofread the financial records and data relating to the entity, and made adjustments working with the entity to any problem found.

3. Key inspection

Appraisers made full inspection and verification on the main assets, operating and office premises according to the declared information: inspected and verified the statements and various business contracts against the declared bank deposits and current accounts, to determine their authenticity and analyze their risks; made field survey against the declared physical assets, including inventory taking of electronic devices and mechanical equipment by spot check, and full investigation into house buildings. Meanwhile, appraisers understood the management system and maintenance, rebuilding and expansions, collected information against house buildings; reviewed technical information against dedicated equipment; reviewed the rental contracts against the rental premises etc.

4. Due diligence interview

Through due diligence survey and executive interview, appraisers understood corporate costs and expenses, analyzed corporate future development. Appraisers held seminars with corporate managers in respect of the profit forecast data declared by the entity, and tried to reach agreement on future development, and thus made verification by referring to the principal business and gross profit or others of similar entities in the same industry and in the same field.

5. Appraisal path and method

Appraisers determined specific model and method for assets appraisal, according to the reality and features of subject assets.

6. Estimation

Appraisers determined the appraisal model, computed the appraisal results, and drafted relevant written explanations, based on unanimous knowledge.

(III) Summary

Appraisers summarized the initial appraisal results of various assets and liabilities, and made necessary adjustments, modifications and improvements to the results.

(IV) Submission

After above efforts, appraisers drafted the initial assets appraisal report, made initial review, and then exchanged opinions with the client on the appraisal results. After independent analysis, appraisers made revisions and adjustments according to the firm's inner report review system and procedures, and finally produced the formal assets appraisal report.

IX. Appraisal Assumptions

In this appraisal, the appraisers followed the following assumptions:

(I) General Assumptions

1. Trading

Trading is to assume that all subject assets are in trading process already, the appraisers will estimate the prices according to the trading conditions. Trading assumption is the most fundamental premise of asset appraisal.

2. Open market

Open market is to assume that for the assets traded /to be traded on market, the trading parties are in equal conditions, both of them have sufficient opportunities and time to acquire market information, to make rational judgment on the functions, purposes and trading prices of the assets. Open market assumption is based on open trading of assets on market.

3. Corporate ongoing basis

Ongoing basis is the assumption of entire assets of the Appraised Entity. That is, the entity as an operating entity will continue operation pursuant to its operational objectives in said external conditions. The operator is responsible, capable and undertaking; the entity is operating lawfully, with suitable profits to maintain its operational capacity. Various operating assets of the entity will continue usable in the manner, scale, frequency, conditions and other circumstances and for the purpose the same with current, or with some changes.

(II) Special Assumptions

1. There is no material change in the current national laws, regulations and national macroeconomic conditions, and there is no material change in the political, economic and social environments of the territories where the trading parties are located.

2. There is no material change in the socioeconomic conditions as well as relating interest rate, exchange rate, tax basis and tax rate, policy-based charges and other factors the corporate is subject to.

3. Future management team is diligent and continuing current management model.

4. The appraisal is only based on the existing operational capability on the Reference Date, without considering future expansion due to management, operational strategy, additional investment or other circumstances, or considering future changes in production and operation.

5. All assets in this appraisal are based on the actual amounts on the Appraisal Reference Date, while the prevailing market prices of assets are based on the domestic effective prices on the Appraisal Reference Dates.

6. The fundamental information and financial information provided by the client and the Appraised Entity are true, accurate and complete.

7. The scope of appraisal is contained in the appraisal declaration

rendered by the client and the Appraised Entity, without consideration of potential or contingent asset or liability other than listed by the client and the Appraised Entity.

8. In future period, the kinds and percentages of various expenses incurred by the Appraised Entity will not change largely from current level, which will maintain the recent trend and change synchronously with the operational scale of the entity.

9. The Appraised Entity may maintain its qualification as high new tech enterprise, subject to 15% corporate income tax rate as preferential policy.

10. As the entity's monetary funds or bank deposits are changing frequently or largely during operation, the financial cost appraisal in this report disregards the deposit interest income, exchange gain or loss and other uncertain gains or losses.

11. There is no other force majeure or unpredictable factors that may cause material negative influence on the entity.

12. The cash inflow of Appraised Entity after the Appraisal Reference Date will be average inflow, and the cash outflow will be average outflow.

The appraisal results will be invalidated generally by any change of the foregoing conditions.

X. Appraisal Conclusion

The entire shareholders' equity value of China Shenhua Coal to Liquid and Chemical Co., Ltd. on July 31, 2025 (reference date) is appraised with Asset-based Approach and Income Approach respectively, upon verification, field survey, market investigation and inquiry, estimation and other appraisal procedures, under relevant laws, regulations and assets appraisal standards, based on the Client and corporate management's judgement on future development and operational planning.

(I) Appraisal Results with Asset-based Approach

The appraisal conclusion with Asset-based Approach of the Appraised Entity on reference date is set below:

The book value of total assets is RMB2,424,434.58 ten thousand, and its appraised value is RMB3,544,138.89 ten thousand, representing an increase of RMB1,119,704.31 ten thousand or 46.18%.

The book value of liabilities is RMB1,049,085.48 ten thousand, and its appraised value is RMB1,049,085.48 ten thousand, so there is no change.

The book value of net assets is RMB1,375,349.10 ten thousand, and its appraised value is RMB2,495,053.41 ten thousand, representing an increase of RMB1,119,704.31 ten thousand or 81.41%. The details are listed below:

Table 1-43 Summary of asset appraisal results

Unit: RMB in ten thousand

Item		Book value	Appraised value	Change	Percentage %
		A	B	C=B-A	D=C/A×100
1	Current assets	665,974.18	669,365.06	3,390.88	0.51
2	Non-current assets	1,758,460.40	2,874,773.83	1,116,313.43	63.48
3	Incl.: Long-term equity investment	1,352,581.99	2,128,380.86	775,798.87	57.36
4	Investing properties	-	-	-	
5	Fixed assets	189,727.72	393,781.55	204,053.83	107.55
6	Work in progress	107,605.97	109,077.00	1,471.03	1.37
7	Intangible assets	41,590.06	176,579.76	134,989.70	324.57
8	Other non-current assets	66,954.66	66,954.66	0.00	0.00
9	**Total assets**	**2,424,434.58**	**3,544,138.89**	**1,119,704.31**	**46.18**
10	Current liabilities	864,773.73	864,773.73	-	-
11	Non-current liabilities	184,311.75	184,311.75	-	-
12	**Total liabilities**	**1,049,085.48**	**1,049,085.48**	**-**	**-**
13	**Net assets (shareholders' equity)**	**1,375,349.10**	**2,495,053.41**	**1,119,704.31**	**81.41**

(II) Appraisal Results with Income Approach

The Appraised Entity's appraisal results on July 31, 2025 (reference date) with Income Approach are shown below:

The parent calibre carrying amount of the total Shareholders' equity of China Shenhua Coal to Liquid and Chemical Co., Ltd. was RMB1,375,349.10 ten thousand, and its shareholders' equity value was appraised at RMB2,207,287.02 ten thousand, representing an increase of RMB831,937.92 ten thousand or 60.49%.

(III) Analysis on the Difference of Appraisal Results

The net assets value is RMB2,207,287.02 ten thousand measured with Income Approach, but RMB2,495,053.41 ten thousand measured with Asset-based Approach. The net asset value resulted from Asset-based Approach is RMB287,766.39 ten thousand lower than the asset value resulted from income approach, the differential rate is 11.53%. Such difference is mainly because:

1.Asset-based method appraisal adopted the cost of assets reallocation as the value standard, reflecting the socially necessary labor consumed in asset investment (purchase and construction costs). The purchase and construction costs usually change with the fluctuations of the national economy;

2. Revenue method appraisal adopted the expected revenue of assets as the value standard, reflecting the operating capability (profitability) of assets. Such profitability is affected by marco-economy, governmental control, effective utilization of assets and many other conditions.

The difference is thus caused.

(IV) Choice from Appraisal Results

Income Approach is to appraise corporate value by discounting its expected revenue. Income Approach is influenced by the entity's future profitability, asset quality, operating capability and operational risk largely. In this appraisal, the Appraised Entity's historical operation is unstable, some

product lines are stopped, idle or obsolete, and as chemical industry is vulnerable to environmental effects, the price fluctuations of its products and raw materials are large, and the accuracy of profit forecasting is low.

Asset-based Approach is to reflect the fair value of asset from the perspective of asset reallocation. In this appraisal, the Appraised Entity is a heavy asset entity. The entity provided its detailed asset and liability information, the appraisers collected necessary information externally. We made overall counting and appraisal of the Appraised Entity's assets and liabilities, so the Asset-based Approach is relatively reliable. Therefore, the final conclusion is made from the asset-based results.

From the above analysis, the shareholders' equity value of China Shenhua Coal to Liquid and Chemical Co., Ltd. was RMB2,495,053.41 on the Appraisal Reference Date.

XI. Special Explanations

(I) Conclusion by Quoting Other Institutions

None.

(II) Incomplete Title Information or Flawed Title

1.Within the scope of appraisal declared by the Appraised Entity, some house buildings and land lots are lacking ownership certificates, or the name of certified holder is wrong among other flaws, the entity undertakes such assets are in its ownership, while the potential dispute arising from the title of such assets is not related to the appraising firm. Details of properties lacking ownership certificates are provided in Appendix 2.

Table 1-45 List of Properties Pending Title Certificates

S/N	Building name	Location	Completion time	Actual floor area(m²)	Book value
1	Car oil loading pump room	Dayan oil depot site	Nov 2021	117.76	480,562.39
2	Train oil unloading pump room	Dayan oil depot site	Nov 2021	106.56	387,770.59
3	Auxiliary room	Dayan oil depot site	Nov 2021	481.21	2,740,275.74
4	Integrated sewage pumping station	Dayan oil depot site	Nov 2021	201.16	932,140.98
5	Integrated room	Dayan oil depot site	Nov 2021	371.34	2,212,779.13
6	Guard	Dayan oil depot site	Nov 2021	45.60	300,372.30
Total				**1,323.63**	**7,053,901.13**

Table 1-46 Breakdown of Uncertified Land Lots

User	Lot name	Location	Actual area (m2)	Actual purposes
Coal to Liquid company	Mining overburden	Ulan Mulun Town, Ejin Horo Banner, Ordos, Inner Mongolia	600600.0	Industrial, mining, storage
Coal to Liquid company	Slag yard	Ulan Mulun Town, Ejin Horo Banner, Ordos, Inner Mongolia	7,720.04	Industrial, mining, storage

Table 1-47 List of Inconsistent Right Holders

Title document No.	Right holder	Right nature	Land location	Recorded area (m²)
YGY [2015] No. C-0006	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Concession	Yi Banner Ulan Mulun Town Coal to Liquid Dedicated Line West	126049.0
YGY [2015] No. C-0007	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Concession	Yi Banner Ulan Mulun Town Coal to Liquid Dedicated Line East, Ada Road West	78722.0
YGY [2015] No. C-0008	OrdosCoaltoLiquidBranchofChinaShenhuaCoaltoLiquidandChemical Co.,Ltd.	Concession	Yi Banner Ulan Mulun Town New Huma Road South, Coal to Liquid Dedicated Line West	685967.0

Title document No.	Right holder	Right nature	Land location	Recorded area (m^2)
YGY [2015] No. C-0009	OrdosCoaltoLiquidBranchofChinaShenhuaCoaltoLiquidandChemicalCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town Coal to Liquid Dedicated Line West	335798.0
YGY [2015] No. C-0005	OrdosCoaltoLiquidBranchofChinaShenhuaCoaltoLiquidandChemicalCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town Coal to Liquid Dedicated Line East, Ada Road West	60486.0
WZGY [2008] No. 401-037	ChinaShenhuaCoalLiquefactionCo.,Ltd..	Concession	Haole Baoji Village, Wushenzhao Town	6600.0
YGY [2008] No. 9512742	MaintenanceCenterofChinaShenhuaCoalLiquefactionCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town	690271.1
YGY [2008] No. 9512740	EntranceRoadofChinaShenhuaCoalLiquefactionCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town	230715.85
YGY [2006] No. 9514444	LivingQuarterofChinaShenhuaCoalLiquefactionCo.,Ltd.	Allocation	Wenjiagedu Village, Ulan Mulun Town	374585.99
YGY [2008] No. 9512743	SlagPlant1ofChinaShenhuaCoalLiquefactionCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town	474650.2
YGY [2006] No. 9514442	MaintenanceCenterZoneofChinaShenhuaCoalLiquefactionCo.,Ltd.	Allocation	Wenjiagedu Village, Ulan Mulun Town	389200.0
YGY [2008] No. 9512741	OfficeZoneofChinaShenhuaCoalLiquefactionCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town	364798.97
YGY [2008] No. 9512744	PlantZoneofChinaShenhuaCoalLiquefactionCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town	2002747.13
WZGY [2008] No. 401-027	ChinaShenhuaCoalLiquefactionCo.,Ltd.	Concession	Haole Baoji Village, Wushenzhao Town	19200.0
YGY [2008] No. 9512747	OilPipelineGalleryZoneofChinaShenhuaCoalLiquefactionCo.,Ltd.	Concession	Yi Banner Ulan Mulun Town	50617.25
YGY [2015] No. C-0014	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Concession	Ulan Mulun Town Ada Road and Coal to Liquid Dedicated Line Intersection	6,616.00
150627102201GB02300F00020001	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid and Chemical Co., Ltd.	Concession	Yi Banner Ulan Mulun Town Ada Road and Coal to	6,616.00

Title document No.	Right holder	Right nature	Land location	Recorded area (m^2)
			Liquid Dedicated Line Intersection	

(III) Limited Procedure or Incomplete Information

There is no limited procedure or incomplete information in this appraisal.

(IV) Legal, Economic, and Other Pending Event Existing as of the Appraisal Reference Date

As of the Appraisal Reference Date, no pending legal, economic, or other events were found in the Appraised Entity.

(V) Nature and Amount of Guarantees, Leases, and Contingent Liabilities (or Contingent Assets), as well as Their Relationship with the Target

1. Based on the lease agreements, explanations and confirmations provided by Chemical Co. and its controlled subsidiaries, as of July 31, 2025, Chemical Co. and its controlled subsidiaries collectively leased 2 land use right involving an aggregated site area of approximately 1,373,841.00 square meters. The details are as follows:

No.	Lessee	Lessor	Area (sq.m)	Location	Use	Term of lease
1	Research Center	Shanghai Huayi Holdings Group Co., Ltd.	76,841.00	No. 368, Shuangbai Road, Minhang District, Shanghai	Testing and office facilities	September 15, 2004 to September 14, 2054
2	Coal to Liquid Branch	Shangwan Village Committee, Wulanmulun Town, Yijinhuoluo Banner, Ordos, Inner Mongolia Autonomous Region	1,297,000.00	Guojiageta Village & Baijiayan Village, Shangwan Village, Wulanmulun Town, Yijinhuoluo Banner, Ordos, Inner Mongolia Autonomous Region	Construction and operation of renewable energy replacement project for a self-owned power plant with capacity of 2x100MW	May 21, 2025 to May 20, 2045

In particular, Coal to Liquid Branch has leased one parcel of village

collective-owned land, for which it has obtained the relevant decision document from the village collective.

2. Based on the lease agreements, explanations and confirmations provided by Chemical Co. and its controlled subsidiaries, as of July 31, 2025, the details regarding properties leased externally by the Chemical Co. and its controlled subsidiaries are as follows::

No.	Lessee	Lessor	Area (sq.m)	Location	Use	Term of lease
1	Chemical Co.	China Shenhua	8,324.88	No. 16, Ande Road, Dongcheng District, Beijing	Office	January 1, 2025 to December 31, 2027
2	Guoneng Yulin Chemical Co., Ltd.	Shenhua Engineering Technology Co., Ltd.	1,758.68	Floors 5-6, Jinmao Tower, No. 18, Xizhimenwai Street, Xicheng District, Beijing	Office	From the move-in date to April 30, 2027
3	Guoneng Yulin Chemical Co., Ltd.	Apartment Operation and Management Branch of Beijing North Star Company Limited	619.00	Courtyard 8, Beichen East Road, Chaoyang District, Beijing	Accommodation	November 19, 2024 to November 18, 2025
4	Guoneng Yulin Chemical Co., Ltd.	Rongyu Lvjia (Beijing) Apartment Management Co., Ltd.	381.00	Courtyard A3, Huangsi Street, Chaoyang District, Beijing	Accommodation	November 15, 2024 to November 14, 2025
5	Shenhua Engineering Technology Co., Ltd.	China Shenhua	6,243.66	Certain Rooms on Floors 11 & 12, Office Building Tower C, Gulou Office Area, CHN Energy	Office	July 1, 2025 to December 31, 2025
6	Shenhua Engineering Technology Co., Ltd.	CHN Energy	5,276.05	Floors 5-6, Tower D, Jinmao Tower, No. 18, Xizhimenwai Street, Xicheng District, Beijing	Office	May 1, 2024 to April 30, 2027
7	Guoneng Cornerstone Chemical Technology (Shanghai) Co., Ltd.	Shanghai Laijia Industrial Co., Ltd.	2,836.41	Block 2 (Entire Building), Lane 795, Kangwei Road, Pudong New District, Shanghai	Research and development, office	June 12, 2024 to May 31, 2027
8	Guoneng Cornerstone	Shanghai Laijia	3,625.70	Floors 10 &11 (for the purpose of elevator	Research and	January 1,

No.	Lessee	Lessor	Area (sq.m)	Location	Use	Term of lease
	Chemical Technology (Shanghai) Co., Ltd.	Industrial Co., Ltd.		buttons) / Floors 9 &10 (actual building floors), Block 1, Lane 795, Kangwei Road, Pudong New District, Shanghai	development, office	2025 to May 31, 2027
9	Guoneng Baoqing Biotechnology Co., Ltd.	Baoqing Hotel Co., Ltd.	1,418.00	Baoqing Hotel, No. 635 Central Street, Baoqing Town, Baoqing County, Shuangyashan, Heilongjiang Province (involving entire 1&2 floors comprising 22 rooms in total, and 2 conference rooms on the 4th floor)	Office	January 27, 2025 to January 26, 2026
10	Ordos Coal to Liquid Branch of China Shenhua Coal to Liquid Chemical Co., Ltd.	Shenhua Engineering Technology Co., Ltd.	1,758.68	Floors 5&6, Jinmao Tower, No. 18, Xizhimenwai Street, Xicheng District, Beijing	Office	May 1, 2024 to April 30, 2027
11	Anhui Branch of Shenhua Engineering Technology Co., Ltd.	Anhui Design Institute of Chemical Industry	3,871.69	Floors B1-3, Block 3, HFUT Electronic Town, No. 193, Tunxi Road, Hefei	Office	January 1, 2025 to December 31, 2025

(VI) Material Subsequent Event

Subsequent event refers to material event before report and after reference date.

On 16 September 2025, Chemical Company secured the exploration licence for the Dabaodang coalfield within Yushen Mining Area of the Northern Shaanxi Jurassic Coalfield through a bid of RMB 20.53 billion, submitted in the name of its 80%-owned subsidiary Guoneng Shaanxi Yushen Mining Co., Ltd. , which had not commenced operations as of the Appraisal Reference Date. Pursuant to the resolution of the fifth meeting of the board of directors of Guoneng Group held on 21 October 2025, it was approved to make a capital contribution to the Chemical Company in an amount not exceeding 24% of the maximum bid amount for the exploration rights tender

(being 80% shareholding ratio × 30% capital contribution ratio), which shall be specifically for Yusheng Mining's participation in bidding for the Dabaodang Coalfield exploration rights.

This appraisal has not considered the impact of the aforementioned Dabaodang Coalfield exploration rights matter on the appraised results. Both parties to the transaction are advised to take note of the matter.

Save for the matters mentioned above, no material subsequent event is not found in the company.

(VII) Defective Economic Behavior That may Have Material Effect on the Conclusion

1. The coal-to-oil subsidiary's under-construction project – the second and third production lines of Phase I of the Shenhua Direct Coal Liquefaction Project - commenced the construction in June 2013 and is currently suspended. As of the Appraisal Reference Date, the construction costs amounted to RMB1.107 billion, with an impairment provision of RMB803 million recognised, resulting in a net book value of RMB304 million. After verification with the enterprise, it is currently impossible to determine the plan for resuming construction. This valuation retains the book value of the project and it is advised for the report users to pay attention to it.

(VIII) Other Explanations

1. The liability of appraisers and firm is to make professional judgment on asset value for the purpose of this report, not involving any judgement on the economic behavior. The appraisal largely relies on the information offered by client and the Appraised Entity. Therefore, appraisal is based on the premises that the economic behavior files, relevant title documents, certificates and accounting vouchers, and relevant legal documents provided by client and the Appraised Entity are authentic and legitimate.

2. During appraisal, the appraisers have observed the appearance of

target building, and as practicable checked the interior decoration and usage, without testing on any structure or material. During equipment survey, due to testing limitation and some equipment still running, the appraisers mainly rely on appearance observation, the recent testing information offered by the Appraised Entity, and inquiry on operators etc.

3. The purpose of asset appraisal carried by the appraisers is to estimate the target value and give professional opinions, not liable for decision making. The conclusion shall not be deemed as a guarantee for the target's realizable price.

4. The profitability forecast of the Appraised Entity obtained by the appraising firm is the basis of revenue method in this report. The appraisers have made necessary investigation, demonstration, analysis and judgment on the profitability forecast offered by the Appraised Entity, considering the orders on hand at reference date and time, as well as other supporting materials offered by the business, financial and other departments of the Appraised Entity. After the Appraised Entity have further modified and improved them upon discussions with the management and major shareholders of the Appraised Entity, the firm has accepted relevant data of the Appraised Entity's profitability forecast. Use of such profitability forecast is not a guarantee for future profitability of the Appraised Entity.

5. The conclusion shall be the entire shareholders' equity value of the Appraised Entity, while the appraisers have not considered the influence of equity liquidity, control, minority equity and other factors.

6. This appraisal is based on the data, statements and related information offered by the Appraised Entity, while Client and the Appraised Entity shall be liable for the integrity and authenticity of the information provided by them.

7. The title certificates and relating information involved in the appraisal report shall be provided by the Appraised Entity, while their integrity and legitimacy shall be the liability of client and the Appraised Entity.

8. Within the effective period after reference date, when the asset quantity and pricing criterion changes, the following principles shall be followed:

(1)When the asset amount changes, the asset amount shall be adjusted accordingly with original appraisal method.

(2)When the asset pricing criterion changes that obviously influences the appraising results, client shall timely engage eligible appraising firm to redetermine the appraised value.

(3)After reference date, client shall take full consideration of such change in actual pricing, and make adjustment accordingly.

9. When the asset quantity changes, the asset amount shall be adjusted accordingly with original appraisal method.

10. The appraisal scope is contained in the asset appraisal breakdown offered by client and the Appraised Entity, regardless of potential or contingent asset or contingent liability beyond the list offered by client and the Appraised Entity.

XII. Limitation of Report Use

(I) This appraisal report can only be used for the purpose specified herein. Meanwhile, the conclusion reflects the fair value of the Appraised Entity in the principle of open market for this purpose, disregarding possible pledge or guarantee in the future, or additional price paid by special trading party or other influencing factors. Moreover, this report disregards macroeconomic policy change, act of god and other force majeure that may affect the asset price. The conclusion will be invalid generally when the foregoing conditions and the ongoing principle or other conditions are changed. The appraising firm shall not be liable for such invalidation.

(II) This appraisal report is effective only when this economic behavior is accordant with national laws and regulations, and approved by relevant

authorities.

(III) This appraisal report is only usable by the specified users of report. The use right of the report is owned by the client. Without permission of the client, this firm shall not publicize the report at will.

(IV) The appraising firm and its appraisers shall not be held liable by the client or other user's improper use of appraisal report beyond laws, regulations and the specified purpose.

(V) Any person or entity shall not become user of asset appraisal report other than the users under laws and regulations and the users agreed by the client or agreed under the asset appraisal contract.

(VI) Without consent of this firm, all or part of the report shall not be excerpted, quoted or disclosed on public media, unless required by laws, regulations or otherwise agreed by the parties.

(VII) Users of asset appraisal report shall correctly understand and use the conclusion. The conclusion is not equal to realizable price of the target. The Conclusion shall not be deemed as a guarantee for the realizable price of the target.

(VIII) Effective Period of Conclusion: Under asset appraisal laws and regulations, the asset appraisal report involving statutory appraisal business is usable after the client has performed asset appraisal supervision and management procedures at law. The conclusion will be effective for 1 year, starting from July 31, 2025 (the Appraisal Reference Date) to July 30, 2026. Upon expiry, the asset appraisal shall be redone.

XIII. Reporting Date

The Reporting Date is December 16, 2025.

This report is prepared in accordance with the Chinese Asset Appraisal Standards

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Wuhai Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

ZH.Q.H.P.B.Z. (2025) No. 6666

(Volume 1 of 1)

China Enterprise Appraisals Co., Ltd.

16 December 2025

Declaration

I. This asset appraisal report is prepared based on the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

II. The asset appraisal agency and its professional appraisers comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and fairness, and bear legal responsibility for the asset appraisal report they issue.

III. The client or other users of the asset appraisal report shall use the report in accordance with the laws, administrative regulations, and the scope of use stated in the asset appraisal report. If the client or other users of the report misuse the report in violation of the foregoing regulations, the asset appraisal agency and its appraisers shall not bear any responsibility.

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by laws or administrative regulations. Other institutions or individuals shall not use this asset appraisal report.

The asset appraisal agency and the appraisers remind the users of the asset appraisal report to correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

IV. The asset and liability lists, and business forecasts related to the subject asset are provided by the client and the appraised entity, and confirmed through their signatures, seals, or other legally permitted means. The client and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

V. The asset appraisers have conducted on-site investigations of the subject asset and the assets involved. They have paid necessary attention to the legal ownership status of the subject asset and its assets, verified the ownership documents, disclosed any discovered issues truthfully, and urged the client and other relevant parties to rectify any property right issues to meet the requirements for issuing the asset appraisal report.

VI. The asset appraisal agency and its appraisers have no current or anticipated interests in the subject asset in the asset appraisal report, nor any current or anticipated interests with the relevant parties, and are unbiased towards the relevant parties.

VII. The analysis, judgment, and results in the asset appraisal report issued by the asset appraisal agency are subject to the assumptions and limitations specified in the report. Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

VIII. The asset appraisers' investigation of physical assets such as buildings and structures, equipment, construction in progress, and inventories is generally limited to observation of use and maintenance conditions. Internal, hidden, or difficult-to-access parts are not inspected. We do not possess professional qualifications nor have we been engaged to conduct technical inspections or appraisals of the internal quality of these assets. Our appraisal is based on the information provided by the client and other relevant parties. If there are defects in the internal quality of these assets, the appraisal conclusions may be

affected to varying degrees.

Summary of the Asset Appraisal Report

Important Notice

This summary is extracted from the main text of the asset appraisal report. To understand the details of the appraisal project and properly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read carefully.

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

In accordance with the laws, administrative regulations, and asset appraisal standards, China Enterprise Appraisals Co., Ltd. has accepted your commission to appraise the market value of the entire shareholders' equity of CHN Energy Wuhai Energy Co., Ltd. as at the valuation benchmark date, while adhering to the principles of independence, objectivity, and fairness, and following the necessary appraisal procedures. The summary of the asset appraisal report is hereby presented as follows:

Appraisal purpose: China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Wuhai Energy Co., Ltd. on the Valuation benchmark date is appraised, providing a value reference for the above economic activities.

Subject asset: The entire shareholders' equity of CHN Energy Wuhai Energy Co., Ltd.

Appraisal scope: The total assets and liabilities of CHN Energy Wuhai Energy Co., Ltd.

As at the valuation benchmark date, the assets within the appraisal scope include current assets, long-term equity investments, other equity instrument investments, fixed assets, construction in progress, right-of-use assets, intangible assets, long-term prepaid expenses, and other non-current assets. The book value of the parent company's total assets was RMB22,033,615,700; liabilities include current liabilities and non-current liabilities, with total liabilities having a book value of RMB11,796,512,100; the book value of net assets was RMB10,237,103,600.

As at the valuation benchmark date, total assets on a consolidated basis had a book value of RMB22,555,956,400, total liabilities had a book value of RMB10,423,355,900, and owners' equity had a book value of RMB12,132,600,500, of which RMB11,621,321,400 was attributable to the parent company.

Valuation benchmark date: 31 July 2025

Value type: Market value

Appraisal method: Asset-based approach and income approach

Appraisal conclusion: The asset appraisal report adopts the results from the Asset-Based Approach as the appraisal conclusion. The specific appraisal conclusion is as follows:

As at the valuation benchmark date, CHN Energy Wuhai Energy Co., Ltd.'s parent company had total assets with a book value of RMB22,033,615,700, with the appraisal

value at RMB25,938,906,500, an increase of RMB3,905,290,800, representing an appreciation rate 17.72%; total liabilities had a book value of RMB11,796,512,100, with the appraisal value at RMB11,724,613,200, a decrease of RMB71,899,000, representing a decrease rate of 0.61%; and net assets had a book value of RMB10,237,103,600, with the appraisal value at RMB14,214,293,300, an increase of RMB3,977,189,700, representing an appreciation rate of 38.85%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-Based Approach

Unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
I. Current Assets	1	1,564,720.97	1,564,613.84	-107.13	-0.01
II. Non-Current Assets	2	638,640.60	1,029,276.81	390,636.21	61.17
Of which: Long-term equity investments	3	125,990.36	396,045.89	270,055.53	214.35
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	155,308.85	55,772.58	-99,536.27	-64.09
Construction in progress	6	109,147.43	111,189.62	2,042.19	1.87
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	244,435.09	463,883.47	219,448.38	89.78
Including: Land use right	9	20,449.34	19,920.53	-528.81	-2.59
Other non-current assets	10	3,758.87	2,385.25	-1,373.62	-36.54
Total assets	**11**	**2,203,361.57**	**2,593,890.65**	**390,529.08**	**17.72**
III. Current Liabilities	12	696,259.22	696,259.22	0.00	0.00
IV. Non-Current Liabilities	13	483,391.99	476,202.10	-7,189.89	-1.49
Total liabilities	**14**	**1,179,651.21**	**1,172,461.32**	**-7,189.89**	**-0.61**
Net assets	**15**	**1,023,710.36**	**1,421,429.33**	**397,718.97**	**38.85**

As at the valuation benchmark date, CHN Energy Wuhai Energy Co., Ltd.'s total assets on a consolidated basis had a book value of RMB22,555,956,400, total liabilities had a book value of RMB10,423,355,900, and owners' equity had a book value of RMB12,132,600,500, of which RMB11,621,321,400 was attributable to the parent company. The appraised value reached RMB14,214,293,300, reflecting an increase of RMB2,592,971,900, representing an appreciation rate of 22.31%.

Unless otherwise stated, all amounts in this report are expressed in Renminbi (RMB).

This asset appraisal report is solely for providing value reference for the appraisal purposes described in the report. The validity period of the appraisal conclusion is one year from the valuation benchmark date.

Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

The content above is extracted from the main text of the asset appraisal report. To understand the details of the appraisal business and correctly interpret the appraisal conclusion, the full text of the asset appraisal report shall be read.

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Wuhai Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

In accordance with the laws, administrative regulations, and asset appraisal standards, China Enterprise Appraisals Co., Ltd. has accepted your commission to appraise the market value of the entire shareholders' equity of CHN Energy Wuhai Energy Co., Ltd. held by China Energy Investment Corporation Co., Ltd. as at the valuation benchmark date, while adhering to the principles of independence, objectivity, and fairness, using both the asset-based approach and the income approach, and following the necessary appraisal procedures. The asset appraisal information is hereby reported as follows:

I. Client, Appraised Entity, and Other Users of the Asset Appraisal Report as Defined in the Asset Appraisal Engagement Contract

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity is CHN Energy Wuhai Energy Co., Ltd., and other users of the asset appraisal report as stipulated in the asset appraisal engagement contract include users defined by national laws and regulations.

i. Profile of Client 1

Company name: China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "CHN Energy")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB132,094,661,150

Date of incorporation: 23 October 1995

Business term: From 23 October 1995 to indefinite period

Company type: Limited liability company (state-owned)

Unified social credit code: 91110000100018267J

Business scope: Management of state-owned assets within the scope authorised by the State Council; investment and management in industries such as coal and other resource-based products, coal-to-liquid, coal chemical, electricity, heat, ports, various transport industries, finance, domestic and foreign trade, logistics, real estate, high technology, and information consultancy; planning, organising, coordinating, and managing the production and operation activities of group companies in the above industries; sales of chemical materials and products (excluding hazardous chemicals), textiles, building materials, machinery, electric equipment, and office equipment. (Market entities have the right to select the business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; business activities are subject to the prohibition and restriction of the city's industrial policies.)

ii. Profile of Client 2

Company name: China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lyu Zhiren

Registered capital: RMB19,868,519,955

Date of incorporation: 8 November 2004

Business term: From 8 November 2004 to indefinite period

Company type: Other limited company (listed)

Unified social credit code: 91110000710933024J

Business scope: Coal mining (validity subject to the expiration of related permits for each mine); wholesale coal business; project investment; coal washing, processing; development and operation of mining products; internal railway transportation; electricity generation; provision of supporting services for coal, railway, and electricity operations; ship repair; development and use of energy and environmental protection technologies, technology transfer, consulting, and services; import and export business; sale of chemical products, chemical materials, building materials, machinery and equipment (excluding hazardous chemicals); property management. (Market entities independently choose their business projects and conduct operations. Projects subject to approval must be carried out only after receiving approval from relevant authorities, and no operations may be conducted that are prohibited or restricted by national or local industrial policies.)(Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

iii. Profile of the appraised entity

1. Company overview

Company name: CHN Energy Wuhai Energy Co., Ltd. (hereinafter referred to as "Wuhai Energy")

Address: West Chuangye Road, South Shenhua Street, Binhe District, Wuhai City, Inner Mongolia Autonomous Region

Legal representative: Fan Zhongming

Registered capital: RMB26,927,030,000

Date of incorporation: 11 April 2002

Business term: From 11 April 2002 to 31 December 2099

Company type: Limited liability company (wholly owned by a legal person, not invested in or controlled by natural persons)

Unified social credit code: 91150000114671005H

Business scope: Licenced projects: Coal mining; transportation of hazardous materials by

road; power generation, transmission, and distribution; public railway transport; occupational health and safety services; construction projects; animal husbandry. (Projects subject to approval may only be carried out after receiving approval from relevant authorities. Specific business projects are subject to the approval documents or permits issued by relevant departments.) General projects: Coal washing; coking; loading and unloading; manufacturing of general equipment (excluding special equipment); machinery equipment leasing; steel rolling processing; retail of daily goods; retail of hardware products; domestic cargo transport agency; auxiliary railway transport activities; ordinary cargo storage services (excluding hazardous chemicals and other items requiring permission or approval); grain cultivation; fruit cultivation; vegetable cultivation; legume cultivation; tuber crop cultivation; edible fungus cultivation; flower cultivation; horticultural product cultivation; forest management and protection; collection of forest products; artificial afforestation; tree planting operations; irrigation services; agricultural and forestry auxiliary activities; preliminary processing of edible agricultural products. (Unless otherwise required by law to obtain approval, operating activities are conducted independently with the business licence in accordance with the law.)

2. Shareholders, their shareholding ratios and equity change

Wuhai Energy was established in 1958, originating from the Wuda and Haibowan Mining Bureaus, which were directly under the Ministry of Coal. In 1998, these two bureaus were transferred to the former Shenhua Group, which renamed them Shenhua Group Wuda Mining Company and Shenhua Group Haibowan Mining Company.

On 18 January 2001, the former Shenhua Group issued the *Approval Regarding the Restructuring of Wuda Mining Bureau into Shenhua Group Wuda Coal Industry Co., Ltd.* (Shenhua Yan Zi [2001] No. 035), consenting to the restructuring of Wuda Mining Bureau into "Shenhua Group Wuda Coal Industry Co., Ltd."

On 21 August 2001, the former Shenhua Group issued the *Approval Regarding the Renaming of "Shenhua Group Wuda Coal Industry Co., Ltd." to "Shenhua Group Wuda Mining Co., Ltd."* (Shenhua Yan Zi [2001] No. 476), approving the renaming of "Shenhua Group Wuda Coal Industry Co., Ltd." to Wuda Mining.

Upon establishment, Wuda Mining was wholly owned by the former Shenhua Group, with both registered capital and paid-up capital amounting to RMB201.88 million.

On 23 October 2008, the former Shenhua Group issued the *Notice Regarding Matters Including the Change of the Company Name of Wuda Mining* (Shenhua Qi Hua [2008] No. 404), deciding to integrate Wuhai Coal and Coking, Wuda Mining, Haibowan Mining, and Mengxi Coal Chemical Co., Ltd., and to change the name of Wuda Mining to "Shenhua Wuhai Energy Co., Ltd."

Pursuant to the *Merger Agreement* signed by Shenhua Wuhai Energy, Haibowan Mining, and Wuhai Coal and Coking, and based on documents Shenhua Qi Hua [2009] No. 110 and Shenhua Qi Hua [2009] No. 111 issued by the former Shenhua Group, the following arrangements were agreed: (1) Shenhua Wuhai Energy shall absorb and merge Wuhai Coal and Coking and Haibowan Mining; (2) Upon completion of the merger, Wuhai Coal and Coking and Haibowan Mining shall be dissolved in accordance with the law, with Shenhua Wuhai Energy inheriting all their assets, rights, liabilities, etc.

According to explanations and confirmations provided by Wuhai Energy, as of the date of

this report, Haibowan Mining and Wuhai Coal and Coking have not yet completed deregistration procedures due to reasons including the temporary inability to transfer certain mining rights and real estate ownership certificates held by them to Wuhai Energy. The company will proceed with the deregistration of Haibowan Mining and Wuhai Coal and Coking upon completion of the aforementioned matters.

On 19 February 2019, CHN Energy issued the *Approval on the Change of Company Name and Amendments to Articles of Association of Shenhua Wuhai Energy Co., Ltd.* (CHN Energy Letter [2019] No. 87), approving the change of Wuhai Energy's enterprise name to "CHN Energy Wuhai Energy Co., Ltd."

Since its establishment, the company has undergone multiple capital increases. As of the valuation benchmark date, Wuhai Energy's registered capital was adjusted to RMB26,927.03 million.

As at the valuation benchmark date, the shareholding structure of Wuhai Energy is as follows:

Unit: RMB'0,000

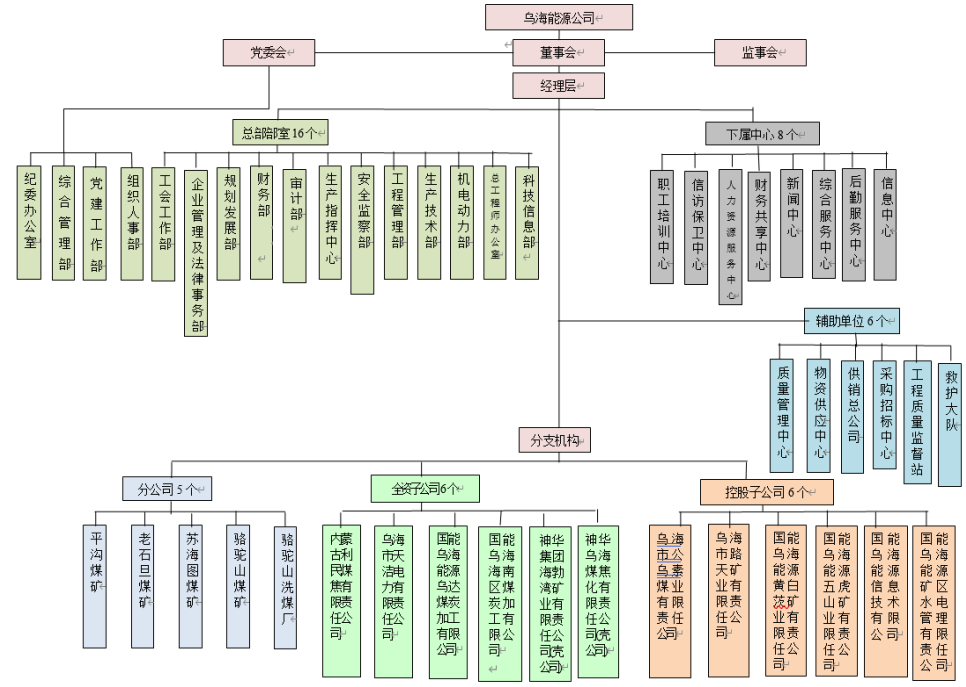
No.	Name of shareholder	Subscribed capital	Subscription ratio (%)	Paid-in capital	Paid-in ratio (%)
1	China Energy Investment Corporation Co., Ltd.	2,692,703.00	100.00	2,692,703.00	100.00
Total		2,692,703.00	100.00	2,692,703.00	100.00

3. Ownership and management structure of the company

The Company does not have a shareholders' meeting. The Party Committee of the Company is elected by the Party members' congress or representatives' congress, with each term generally lasting five years. Upon the expiration of a term, a new election must be held on schedule. The Company has a Board that implements a decision-making system based on collective review, independent voting, and individual accountability. The Board consists of seven directors, including one employee director elected by the employees' (representatives') congress. The chairman is nominated by the shareholders and elected by the Board by a majority vote of all members. The Company's Management typically consists of four to six members, including one general manager and one chief accountant appointed by the Board. The Management is the Company's executive body responsible for operations, implementation, and management.

As at the valuation benchmark date, the organisational structure of Wuhai Energy is as follows:

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Wuhai Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash



乌海能源公司	Wuhai Energy Company
党委会	Party Committee
董事会	Board of Directors
监事会	Board of Supervisors
经理层	Management
总部部室 16 个	16 headquarters departments
纪委办公室	Discipline Inspection Office
综合管理部	General Management Department
党建工作部	Party Building Work Department
组织人事部	Organisation and Human Resources Department
工会工作部	Trade Union Work Department
企业管理及法律事务部	Enterprise Management and Legal Affairs Department
规划发展部	Planning and Development Department
财务部	Finance Department
审计部	Audit Department
生产指挥中心	Production Command Centre
安全监察部	Safety Supervision Department
工程管理部	Engineering Management Department
生产技术部	Production Technology Department
机电动力部	Mechanical and Electrical Power Department
总工程师办公室	Chief Engineer's Office
科技信息部	Science and Technology Information Department
下属中心 8 个	8 subordinate centres
职工培训中心	Employee Training Centre
信访保卫中心	Petition and Security Centre
人力资源服务中心	Human Resources Service Centre
财务共享中心	Financial Shared Services Centre
新闻中心	News Centre

综合服务中心	General Services Centre
后勤服务中心	Logistics Services Centre
信息中心	IT Service Centre
辅助单位 6 个	6 auxiliary units
质量管理中心	Quality Management Centre
物资供应中心	Material Supply Centre
供销总公司	General Supply and Marketing Corporation
采购招标中心	Procurement and Bidding Centre
工程质量监督站	Engineering Quality Supervision Station
救护大队	Ambulance Team
分支机构	Branches
分公司 5 个	5 subsidiaries
平沟煤矿	Pinggou Coal Mine
老石旦煤矿	Laoshidan Coal Mine
苏海图煤矿	Suhaitu Coal Mine
骆驼山煤矿	Luotuoshan Coal Mine
骆驼山洗煤厂	Luotuoshan Coal Washing Plant
全资子公司 6 个	6 wholly-owned subsidiaries
内蒙古利民煤焦有限责任公司	Inner Mongolia Limin Coal and Coking Co., Ltd.
乌海市天洁电力有限责任公司	Wuhai Tianjie Power Co., Ltd.
国能乌海能源乌达煤炭加工有限公司	Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd.
国能乌海海南区煤炭加工有限公司	Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd.
神华集团海勃湾矿业有限责任公司（壳公司）	Shenhua Group Haibowan Mining Co., Ltd. (Shell company)
神华乌海煤焦化有限责任公司（壳公司）	Shenhua Wuhai Coal and Coking Co., Ltd. (Shell company)
控股子公司 6 个	6 controlling subsidiaries
乌海市公乌素煤业有限责任公司	Wuhai Gongwusu Coal Industry Co., Ltd.
乌海市路天矿业有限责任公司	Wuhai Lutian Mining Co., Ltd.
国能乌海能源黄白茨矿业有限责任公司	Guoneng Wuhai Energy Huangbaici Mining Co., Ltd.
国能乌海能源五虎山矿业有限责任公司	Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.
国能乌海能源信息技术有限公司	Guoneng Wuhai Energy Information Technology Co., Ltd.
国能乌海能源矿区水电管理有限责任公司	Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd.

As at the valuation benchmark date, Wuhai Energy has 14 long-term equity investment units, including six wholly-owned subsidiaries, six controlling subsidiaries, and two associated subsidiaries. The specific details are as follows:

Unit: RMB'0,000

No.	Name of investee	Shareholding ratio	Investment cost	Book value	Status
1	Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd.	70.03%	236.70	236.70	In operation
2	Inner Mongolia Limin Coal and Coking Co., Ltd.	100.00%	77,134.61	77,134.61	In operation
3	Guoneng Wuhai Energy Information Technology Co., Ltd.	75.00%	195.00	195.00	In operation
4	Wuhai Gongwusu Coal Industry Co., Ltd.	80.52%	5,993.88	5,993.88	In operation
5	Wuhai Lutian Mining Co., Ltd.	86.65%	6,781.97	6,781.97	In operation
6	Wuhai Tianjie Power Co., Ltd.	100.00%	55,051.21	55,051.21	In operation
7	Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	65.00%	3,863.00	3,863.00	In operation
8	Guoneng Wuhai Energy Huangbaici Mining Co., Ltd.	50.80%	4,277.87	4,277.87	In

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Wuhai Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

No.	Name of investee	Shareholding ratio	Investment cost	Book value	Status
					operation
9	Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd.	100.00%	13,000.00	13,000.00	In operation
10	Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd.	100.00%	17,244.43	17,244.43	In operation
11	Inner Mongolia Damengfei Industry and Trade Co., Ltd.	15.63%	100.00	0.00	In operation
12	Guoneng Kehuan (Wuhai) New Energy Co., Ltd.	30.00%	6,000.00	0.00	In operation
13	Shenhua Group Haibowan Mining Co., Ltd.	100.00%	0.00	0.00	Shell company
14	Shenhua Wuhai Coal and Coking Co., Ltd.	100.00%	0.00	0.00	Shell company
Total		/	189,878.67	183,778.67	/

4.Asset, financial, and operating status for the last two years and the current period

The financial condition of the appraised entity over the last two years and the current period is as follows (consolidated basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	2,155,775.59	2,249,843.25	2,255,595.64
Total liabilities	1,057,148.19	1,033,379.36	1,042,335.59
Owner's equity	1,098,627.40	1,216,463.89	1,213,260.05
Owner's equity attributable to the parent company	1,043,892.43	1,156,390.04	1,162,132.14

The operating condition of the appraised entity over the last two years and the current period is as follows (consolidated basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	1,074,424.58	976,984.69	404,002.19
Total profits	119,551.02	169,306.91	-417.29
Net profit	70,064.55	131,079.06	-12,584.11
Net profit attributable to equity holders of the parent company	47,663.32	121,568.72	-4,593.00

The financial condition of the appraised entity over the last two years and the current period is as follows (parent company basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	2,020,578.78	2,126,053.32	2,203,361.57
Total liabilities	1,153,235.63	1,141,205.13	1,179,651.21
Owner's equity	867,343.15	984,848.19	1,023,710.36

The operating condition of the appraised entity over the last two years and the current period is as follows (parent company basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	658,373.63	676,510.47	275,552.17
Total profits	20,109.80	156,054.86	39,163.04
Net profit	-10,745.98	123,146.13	29,019.84

The financial statements for the valuation benchmark date, 2024, and 2023 of the appraised entity have been audited by Ernst & Young Hua Ming LLP , which expressed unqualified audit opinions.

5.Relationship between the client and the appraised entity

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity, CHN Energy Wuhai Energy Co., Ltd., is a wholly-owned subsidiary of Client 1 China Energy Investment Corporation Co., Ltd. Client 2 is the intended purchaser of the appraised entity.

iv. Other users of the asset appraisal report as stipulated in the asset appraisal engagement contract

This asset appraisal report is only for use by the clients and the asset appraisal report users as defined by laws and administrative regulations. No other institution or individual may become a user of this asset appraisal report.

II. Appraisal Purpose

China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Wuhai Energy Co., Ltd. on the Valuation benchmark date is appraised, providing a value reference for the above economic activities.

On 1 August 2025, China Energy Investment Corporation Limited convened the 18th special meeting of the chairman for the year 2025, which considered and approved the aforementioned matters, required the initiation of an assessment, and produced the Minutes of the Special Meeting of the Chairman.

III. Subject Asset and Appraisal Scope

i. Subject asset

The subject asset is the entire shareholders' equity of CHN Energy Wuhai Energy Co., Ltd.

ii. Appraisal scope

The appraisal scope includes total assets and liabilities of CHN Energy Wuhai Energy Co., Ltd.

As at the valuation benchmark date, the assets within the appraisal scope include current assets, long-term equity investments, other equity instrument investments, fixed assets, construction in progress, right-of-use assets, intangible assets, long-term prepaid expenses, and other non-current assets. The book value of the parent company's total assets was RMB22,033,615,700; liabilities include current liabilities and non-current liabilities, with total liabilities having a book value of RMB11,796,512,100; the book value of net assets was RMB10,237,103,600. As of the valuation benchmark date, the appraisal scope is as follows:

Unit: RMB'0,000

Item		Book value
I. Current Assets	1	1,564,720.97
II. Non-Current Assets	2	638,640.60

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Item		Book value
Of which: Long-term equity investments	3	125,990.36
Investment properties	4	0.00
Fixed assets	5	155,308.85
Construction in progress	6	109,147.43
Oil and gas assets	7	0.00
Intangible assets	8	244,435.09
Including: Land use right	9	20,449.34
Other non-current assets	10	3,758.87
Total assets	**11**	**2,203,361.57**
III. Current Liabilities	12	696,259.22
IV. Non-Current Liabilities	13	483,391.99
Total liabilities	**14**	**1,179,651.21**
Net assets	**15**	**1,023,710.36**

As at the valuation benchmark date, total assets on a consolidated basis had a book value of RMB22,555,956,400, total liabilities had a book value of RMB10,423,355,900, and owners' equity had a book value of RMB12,132,600,500, of which RMB11,621,321,400 was attributable to the parent company.

The subject and scope of the engaged appraisal align with the subject asset and scope involved in the economic activities. As of the valuation benchmark date, the book values of assets and liabilities within the appraisal scope have been audited by Ernst & Young Hua Ming LLP, which expressed a standard unqualified audit opinion.

iii. The main assets within the appraisal scope are as follows:

The major assets declared by the enterprise to be included within the appraisal scope include: inventories, long-term equity investments, properties and buildings assets, equipment assets, construction in progress, intangible assets, right-of-use assets, and long-term prepaid expenses. The types and characteristics of the main assets are as follows:

1. Inventories

The inventories included within the appraisal scope consist of raw materials and finished products. The raw materials mainly include production-related raw materials and spare parts, such as diesel for vehicles, cutting pick, coking coal No. 9-2, centrifuges, cable drilling rods, W-shaped steel strips, steel strands for anchor ropes, disposable protective clothing, etc. The finished products include coking coal, mixed coal, and refined coal. The inventories of the appraised entity are mainly stored in various warehouses in the production areas of the mines. As at the valuation benchmark date, the various types of inventory assets are managed by designated personnel and are suitable for normal sales or use.

2. Long-term equity investments

As at the valuation benchmark date, Wuhai Energy has 14 long-term equity investment units, including six wholly-owned subsidiaries, six controlling subsidiaries, and two associated subsidiaries. The specific details are as follows:

Unit: RMB'0,000

No.	Name of investee	Shareholding ratio	Investment cost	Book value	Status
1	Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd.	70.03%	236.70	236.70	In operation
2	Inner Mongolia Limin Coal and Coking Co., Ltd.	100.00%	77,134.61	77,134.61	In

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Wuhai Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

No.	Name of investee	Shareholding ratio	Investment cost	Book value	Status
					operation
3	Guoneng Wuhai Energy Information Technology Co., Ltd.	75.00%	195.00	195.00	In operation
4	Wuhai Gongwusu Coal Industry Co., Ltd.	80.52%	5,993.88	5,993.88	In operation
5	Wuhai Lutian Mining Co., Ltd.	86.65%	6,781.97	6,781.97	In operation
6	Wuhai Tianjie Power Co., Ltd.	100.00%	55,051.21	55,051.21	In operation
7	Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	65.00%	3,863.00	3,863.00	In operation
8	Guoneng Wuhai Energy Huangbaici Mining Co., Ltd.	50.80%	4,277.87	4,277.87	In operation
9	Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd.	100.00%	13,000.00	13,000.00	In operation
10	Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd.	100.00%	17,244.43	17,244.43	In operation
11	Inner Mongolia Damengfei Industry and Trade Co., Ltd.	15.63%	100.00	0.00	In operation
12	Guoneng Kehuan (Wuhai) New Energy Co., Ltd.	30.00%	6,000.00	0.00	In operation
13	Shenhua Group Haibowan Mining Co., Ltd.	100.00%	0.00	0.00	Shell company
14	Shenhua Wuhai Coal and Coking Co., Ltd.	100.00%	0.00	0.00	Shell company
Total		/	189,878.67	183,778.67	/

The subscribed capital and paid-in capital of long-term equity investments are shown in the table below:

Unit: RMB'0,000

No.	Name of investee	Shareholding ratio	Subscribed capital	Paid-in capital
1	Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd.	70.03%	236.70	236.70
2	Inner Mongolia Limin Coal and Coking Co., Ltd.	100.00%	77,134.61	77,134.61
3	Guoneng Wuhai Energy Information Technology Co., Ltd.	75.00%	195.00	195.00
4	Wuhai Gongwusu Coal Industry Co., Ltd.	80.52%	5,993.88	5,993.88
5	Wuhai Lutian Mining Co., Ltd.	86.65%	6,781.97	6,781.97
6	Wuhai Tianjie Power Co., Ltd.	100.00%	55,051.21	55,051.21
7	Guoneng Wuhai Energy Wuhushan Mining Co., Ltd.	65.00%	3,863.00	3,863.00
8	Guoneng Wuhai Energy Huangbaici Mining Co., Ltd.	50.80%	4,277.87	4,252.10
9	Guoneng Wuhai Energy Wuda Coal Processing Co., Ltd.	100.00%	13,000.00	13,000.00
10	Guoneng (Wuhai Hainan District) Coal Processing Co., Ltd.	100.00%	17,244.43	17,244.43
11	Inner Mongolia Damengfei Industry and Trade Co., Ltd.	15.63%	100.00	100.00
12	Guoneng Kehuan (Wuhai) New Energy Co., Ltd.	30.00%	6,000.00	6,000.00
13	Shenhua Group Haibowan Mining Co., Ltd.	100.00%	24,786.00	0.00
14	Shenhua Wuhai Coal and Coking Co., Ltd.	100.00%	169,300.00	0.00

Note 1: The shareholders' capital contributions and contribution ratios of Guoneng Wuhai Energy Mining Area Water and Electricity Management Co., Ltd. upon industrial and commercial registration are as follows: Wuhai Energy contributed RMB42,773,500 with shareholding ratio of 51%; and Zhao Qing and other natural persons totally contributed RMB40,926,500 with shareholding ratio of 49%. On

10 August 2023, Huangbaici Company convened the general meeting to considered and approved the transfer of certain equity of RMB257,600 held by Wuhai Energy to an employee to implement the underground worker share allocation policy. After the transfer, the capital contributions of Wuhai Energy and natural persons are shown in the table above. The aforementioned transfer has yet to complete the industrial and commercial change registration.

Note 2: Through a merger, Shenhua Group Haibowan Mining Co., Ltd. and Shenhua Wuhai Coal Coking Co., Ltd. became part of Wuhai Energy. Due to the transfer of mining rights and exploration rights of the two companies not being completed and changed to Wuhai Energy, both companies are retained as independent legal persons.

3. Properties and buildings assets

The properties and buildings assets included in the appraisal scope are mainly located in the factory areas and office areas of Luotuoshan Coal Washing Plant, Luotuoshan Coal Mine, Laoshidan Coal Mine, Pinggou Coal Mine, Suhaitu Coal Mine, and Wuhai Energy's headquarters, mainly built between 1905 and 2024. The basic overview of these properties and buildings assets is as follows:

(1) Buildings

a) Luotuoshan Coal Washing Plant

Properties and buildings are classified by usage into production, office, and auxiliary buildings. Production buildings mainly include the mechanical repair workshop, pump room, fire pump room, main factory building, and screening and crushing workshop. Office building is the comprehensive office building (central control), and auxiliary production buildings include the security room, medium storage, and spare parts warehouse.

b) Luotuoshan Coal Mine

Properties and buildings are classified by usage into production, office, and auxiliary buildings. Production buildings mainly include the secondary shaft heating room, main shaft heating room, secondary shaft headframe, main shaft hoist room, hoist room, and mechanical repair workshop. Office building is the office building, and auxiliary production buildings include the bathhouse, lamp room, union warehouse, and staff canteen.

c) Laoshidan Coal Mine

Properties and buildings are classified by usage into production, office, and auxiliary buildings. Production buildings mainly include the sewage treatment equipment room, casting workshop, metalworking workshop, north three fan room, nitrogen generation workshop, and fan room. Office buildings include the office building, district team office building, comprehensive team office building, and newly built production command centre office building. Auxiliary production buildings include the staff cultural centre, mine lamp room, union warehouse, and staff bathhouse.

d) Pinggou Coal Mine

Properties and buildings are classified by usage into production, office, and auxiliary buildings. Production buildings mainly include the second panel area fan room, second panel area winch room, distribution room, wind selection building, machine shop, and coal blending workshop. Office building is the office building, and auxiliary production buildings include the staff restaurant, laboratory, and joint buildings.

e) Wuhai Energy Headquarters

Properties and buildings are classified by usage into production, office, dormitory, and auxiliary buildings. Production buildings mainly include pump houses for the Ministry of Agriculture and Forestry, material supply centre pump houses, and vehicle weighing stations for the quality management centre. Office buildings include the R&D centre complex and office buildings for the material supply centre. Dormitory buildings include employee dormitories located in the Binhe residential area. Production auxiliary buildings mainly include the vocational training centre teaching building, student dormitories, the residential building and activity centre at Wuhai Energy Headquarters, etc.

(2) Structures

Structures and other auxiliary facilities mainly include the walls, roads, embankments, and belt corridors located in each coal mine and washing plant. The structures are mainly made of concrete, brick, reinforced concrete, and steel construction.

(3) Overview of pipelines and trenches

The pipes and ditches are mainly the water supply and drainage networks located at Pinggou Coal Mine and Luotuoshan Coal Washing Plant, with pipes made of steel and PVC.

(4) Shaft engineering

The Laoshidan Coal Mine has the main inclined shaft, gentle incline secondary inclined shaft, and return air vertical shaft. Among them:

The main inclined shaft has a tunnelling cross-section of 14.31 ㎡, with a shaft length of 962m, responsible for lifting coal. The shaft includes a pedestrian step and handrails, steel 20b I-beams, grouting pipes, nitrogen pipes, fire-fighting sprinkler pipes, drainage pipes, and ventilation pipes. It also serves as a ventilation shaft and emergency exit.

The secondary inclined shaft has a net cross-section of 20.04 ㎡, with a shaft length of 4,442m, with a straight-wall half-arch cross-section. The soil section uses reinforced concrete support, and the bedrock section uses mesh and anchor spraying support. The shaft is equipped with fire-fighting sprinkler pipes, communication cables, and monitoring cables. It is responsible for transporting materials, equipment, waste rock, and personnel, and also serves as a ventilation shaft and safety exit.

As at the valuation benchmark date, the properties and buildings assets are well-maintained and can be used normally.

4. Equipment assets

(1) The machinery and equipment declared by the enterprise and included in this appraisal scope totals 6,550 items, purchased and put into use from 1984 to 2025, mainly including tunnelling machines, coal cutters, scraper conveyors, comprehensive self-protection devices, belt conveyors, box transformers, hydraulic supports, transfer machines, crushers, etc. As at the valuation benchmark date, 836 items of equipment are in a scrapped or awaiting scrapping status, six items have no physical assets, 323 items are idle, and the remaining equipment is in normal use.

(2) The vehicles declared by the enterprise and included in this appraisal scope total 217 vehicles, purchased and put into use from 1998 to 2025, mainly including multi-functional rescue equipment vehicles, Iveco light buses, Great Wall brand pickups, water trucks,

mining rescue vehicles, Audi cars, Buick cars, electric tricycles, forklifts, off-road vehicles, and mobile crane transport vehicles, etc. As at the valuation benchmark date, 18 vehicles are in a state awaiting scrapping or scrapped, two vehicles are awaiting repairs, five vehicles are idle, and the remaining vehicles are in normal use.

(3) The electronic devices declared by the enterprise and included in this appraisal scope total 3,471 items, purchased and put into use from 1995 to 2025, mainly including various models of computers, printers, air conditioners, surveillance systems, copiers, scanners, servers, industrial computers, workstations, switches, projectors, cameras, video conferencing system equipment, etc. As at the valuation benchmark date, 381 items of electronic equipment are in a state awaiting scrapping or have already been scrapped, 30 items are idle, and the remaining equipment is in normal use.

5. Construction in progress

(1) The construction in progress includes projects for the Luotuoshan Coal Mine, Wuhai Energy's Laoshidan Coal Mine, Wuhai Energy's Suhaitu Coal Mine, Wuhai Energy's Pinggou Coal Mine, Wuhai Energy's Luotuoshan Coal Washing Plant, and other related engineering projects at Wuhai Energy Headquarters. The main projects under construction are as follows:

a) Luotuoshan Coal Mine Project

Luotuoshan Coal Mine was approved by the National Development and Reform Commission in 2006 and construction began in the same year. However, construction was halted on 1 March 2010 due to a flooding incident. Following the regional government's requirements, the mine conducted supplementary hydrological geological investigations and modified the initial design and safety facilities design. In 2020, safety facility design approval and preliminary design approval were obtained. On 28 June 2021, a resumption notice was issued by the Wuhai Energy Bureau, and the mine officially resumed construction on 17 July 2021. Joint trial operation is scheduled to begin on 12 December 2024.

The Luotuoshan Coal Mine has five shafts, including the main inclined shaft, secondary inclined shaft, gentle inclined shaft, intake vertical shaft, and No. 1 return air vertical shaft. The mine is divided into four mining areas from north to south: Areas 11, 12, 13, and 14. The main inclined shaft is responsible for the main transport tasks, while the secondary inclined shaft is only used as an intake shaft and emergency exit. The gentle inclined shaft uses rubber-tired vehicles for material and personnel transport. The intake vertical shaft is used for ventilation and also serves as a safety exit. The No. 1 return air vertical shaft is used for ventilation and also serves as a safety exit.

b) Emergency Rescue Base Project

Wuhai Energy's Emergency Rescue Base is planned to house one brigade and one direct subordinate team. The project is intended for daily emergency rescue and relief training for various departments (western region of the Autonomous Region, group, and company), indoor simulation training, as well as hosting various competitions. The project investment is approximately RMB113,645,000, with a total planned construction area of approximately 24,111.48 m^2, and the project is in normal construction as at the valuation benchmark date.

c) Luotuoshan Coal Washing Plant New Raw Coal Storage Shed Project

The Luotuoshan Coal Washing Plant New Raw Coal Storage Shed Project specifically includes the construction of a new raw coal shed, coal retaining walls, return coal tunnels, coal reception pits, tunnels from T2 transfer point to the existing coal shed maintenance tunnel, T1 and T2 transfer points, the southern walkway exit, unloading coal walkway escape exit, northern and southern ventilation tunnels, escape tunnels, and other related engineering works. The total project investment is approximately RMB98,674,100.00, and the project began construction in April 2025 and is expected to be completed by October 2026.

d) Wuda Mining Area Ecological Environment Restoration Project

The Wuda Mining Area Ecological Environment Restoration Project includes the construction of a 1,041,900 cubic metre reservoir, associated pump stations, management buildings, and water diversion pipelines, with a project investment of approximately RMB99,509,500.00. It is expected to be completed by December 2025.

e) Laoshidan Coal Mine New 200,000-Ton Reservoir Project

The New 200,000-Ton Reservoir Project had a total of investment of RMB22,489,900.00, and began construction in May 2025 and is expected to be completed by September 2025.

(2) The construction in progress for equipment installation includes 43 items, mainly for the Wuhai Energy Luotuoshan Project, the Secondary Flotation Process Modification Project, the Suhaitu Coal Mine Ecological Environment Restoration Water Supply and Distribution Project, and the New Rainwater and Sewage Separation System Project at the Luotuoshan Coal Washing Plant.

(3) The construction in progress for deferred investments includes design fees, civil defense relocation construction costs, etc.

(4) There is one item of project material, which is a terminal connector \DT-150mm^2. It is managed and maintained by dedicated personnel and the material can be used normally.

6. Long-term prepaid expenses

The long-term prepaid expenses include costs for Adobe software, parking spaces at the Xingtai Binhe area, etc.

7. Intangible assets declared by the enterprise

The intangible assets declared by the company to be included in the appraisal scope include land use rights, mining rights, patent rights, software, software copyrights, and other intangible assets. The types and characteristics of the intangible assets are as follows:

(1) Intangible assets - Land use right

57 land use rights subject to transfer were included in the appraisal scope, covering an area of 2,304,332.70 square metres (excluding 1,464,005.58 square metres of non-physical land area). Of these, 47 have been registered with land ownership certificates, while ten have not. The specific details are as follows:

a) The land registration status for certificates obtained is as shown in the table below:

No.	Registered owner	Land title certificate No.	Parcel name	Land use	Land purpose	Area (m²)	Notes
1	Shenhua Group Haibowan	Wuhai Land and Resources	Marine Resource	Transferred	Industrial land	140,486.54	/

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No.	Registered owner	Land title certificate No.	Parcel name	Land use	Land purpose	Area (m²)	Notes
	Mining Co., Ltd.	Bureau Haibowan Branch, State-owned Land Use (2008) No. 04012	Supply Department				
2	Shenhua Wuhai Coal and Coking Co., Ltd.	Wuhai Land and Resources Bureau Haibowan Branch, State-owned Land Use (2007) No. 03781	Luotuoshan Coal Mine Project	Transferred	Industrial land	223,774	/
3	Shenhua Wuhai Energy Co., Ltd.	Haibowan Branch, State-owned Land Use (2015) No. 0000049	Comprehensive Office Building Project (South)	Transferred	Other commercial service land	18,977	/
4	Shenhua Group Haibowan Mining Co., Ltd.	Wuhai Land and Resources Bureau Haibowan Branch, State-owned Land Use (2008) No. 04013	Land use right	Transferred	Industrial land	1,590.25	/
5	Shenhua Group Haibowan Mining Co., Ltd.	Wuhai Land and Resources Bureau Haibowan Branch, State-owned Land Use (2008) No. 04014	Land use right	Transferred	Industrial land	102,548.16	/
6	Shenhua Group Haibowan Mining Co., Ltd.	Wuhai Land and Resources Bureau Haibowan Branch, State-owned Land Use (2008) No. 00051	Laoshidan Cultural Centre, Club 1	Transferred	Industrial land	2,778.43	/
7	Shenhua Group Haibowan Mining Co., Ltd.	Wuhai Land and Resources Bureau Haibowan Branch, State-owned Land Use (2008) No. 00052	Laoshidan Cultural Centre, Club 2	Transferred	Industrial land	1,230.31	/
8	Shenhua Group Haibowan Mining Co., Ltd.	Wuhai Land and Resources Bureau Haibowan Branch, State-owned Land Use (2008) No. 04016	Land use right	Transferred	Industrial land	61,870.37	/
9	Shenhua Group Haibowan	Wuhai Land and Resources	Shenhai Lighter Factory	Transferred	Industrial land	11,054.42	/

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No.	Registered owner	Land title certificate No.	Parcel name	Land use	Land purpose	Area (m²)	Notes
	Mining Co., Ltd.	Bureau Haibowan Branch, State-owned Land Use (2008) No. 00053					
10	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2022) Haibowan District Real Property No. 0018046	Land of Original Pinggou Coal Washing Second Workshop	Transferred	Industrial land	244,549.87	/
11	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2025) Haibowan District Real Property No. 0009109	Vocational Training Centre	Transferred	Educational land	43,035.34	/
12	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2019) Hainan District Real Property No. 0013292	Gongwusu 110kV Substation	Transferred	Office land use	5,018.54	/
13	Shenhua Wuhai Coal and Coking Co., Ltd.	Haibowan Branch, State-owned Land Use (2015) No. 0000076	Comprehensive Office Building Project	Transferred	Commercial land	17,589	/
14	Shenhua Wuhai Energy Co., Ltd.	Inner Mongolia (2017) Alxa Economic Development Zone Real Property No. 0001452	Darong Mei Tong	Transferred	Industrial land	20,407.3	/
15	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2022) Haibowan District Real Property No. 0001274	Luotuoshan Coal Mine Intake Vertical Shaft Industrial Site	Transferred	Industrial land	18,589.31	/
16	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2022) Wuda District Real Property No. 0012906	Wuda Coal Processing Land 1	Transferred	Industrial land	275,573.98	/
17	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2022) Wuda District Real Property No. 0012900	Wuda Coal Processing Land 2	Transferred	Industrial land	81,815.61	/
18	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2022) Wuda District Real Property No. 0012901	Wuda Coal Processing Land 3	Transferred	Industrial land	520.95	/
19	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2023) Haibowan District Real Property No. 0000618	Emergency Rescue Base Land	Transferred	Science and education land	48,000	/
20	CHN Energy Wuhai Energy	Inner Mongolia (2023) Haibowan	Mine Water Treatment	Transferred	Industrial land	2,490.11	/

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No.	Registered owner	Land title certificate No.	Parcel name	Land use	Land purpose	Area (m²)	Notes
	Co., Ltd.	District Real Property No. 0017233	Improvement Land				
21	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2023) Haibowan District Real Property No. 0017196	Land of No. 1 Return Ventilation Vertical Shaft Industrial Site	Transferred	Industrial land	31,943.32	/
22	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2023) Haibowan District Real Property No. 0017197	Land of Gentle Inclined Shaft Industrial Site	Transferred	Industrial land	149,465.45	/
23	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2023) Haibowan District Real Property No. 0017194	Land of Luotuoshan Coal Washing Plant New Raw Coal Storage Yard	Transferred	Industrial land	43,384.03	/
24	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Wuda District Real Property No. 0002176	Yellow River Diversion	Transferred	Public facilities land use	136,925	/
2-5	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Wuda District Real Property No. 0002180	Yellow River Diversion	Transferred	Public facilities land use	63	/
26	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012560	Laoshidan Coal Mine Technological Transformation Project 1	Transferred	Industrial land	41.17	/
27	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012561	Laoshidan Coal Mine Technological Transformation Project 2	Transferred	Industrial land	31,952.18	/
28	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012562	Laoshidan Coal Mine Technological Transformation Project 3	Transferred	Industrial land	109	/
29	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012563	Laoshidan Coal Mine Technological Transformation Project 4	Transferred	Industrial land	21.54	/
30	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012564	Laoshidan Coal Mine Technological Transformation Project 5	Transferred	Industrial land	515.34	/
31	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012565	Laoshidan Coal Mine Technological Transformation Project 6	Transferred	Industrial land	350.82	/
32	CHN Energy Wuhai Energy	Inner Mongolia (2024) Hainan	Laoshidan Coal Mine	Transferred	Industrial land	386.18	/

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No.	Registered owner	Land title certificate No.	Parcel name	Land use	Land purpose	Area (m²)	Notes
	Co., Ltd.	District Real Property No. 0012566	Technological Transformation Project 7				
33	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012108	Laoshidan Coal Mine Technological Transformation Project 8	Transferred	Industrial land	581.28	/
34	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012117	Laoshidan Coal Mine Technological Transformation Project 9	Transferred	Industrial land	48,174.28	/
35	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0012119	Laoshidan Coal Mine Technological Transformation Project 10	Transferred	Industrial land	1,181.31	/
36	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025299	Environmental Comprehensive Management and Public Facilities Renovation Project 1	Transferred	Industrial land	4,286.16	/
37	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025300	Environmental Comprehensive Management and Public Facilities Renovation Project 2	Transferred	Industrial land	2,333.4	/
38	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025301	Environmental Comprehensive Management and Public Facilities Renovation Project 3	Transferred	Industrial land	11,180.94	/
39	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025302	Environmental Comprehensive Management and Public Facilities Renovation Project 4	Transferred	Industrial land	51,555.01	/
40	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025303	Environmental Comprehensive Management and Public Facilities Renovation Project 5	Transferred	Industrial land	1,001.82	/
41	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025304	Environmental Comprehensive Management and Public Facilities Renovation Project 6	Transferred	Industrial land	191.72	/
42	CHN Energy	Inner Mongolia	Environmental	Transferred	Industrial	1,587.62	/

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No.	Registered owner	Land title certificate No.	Parcel name	Land use	Land purpose	Area (m²)	Notes
	Wuhai Energy Co., Ltd.	(2024) Hainan District Real Property No. 0025305	Comprehensive Management and Public Facilities Renovation Project 7		land		
43	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025306	Environmental Comprehensive Management and Public Facilities Renovation Project 8	Transferred	Industrial land	122.35	/
44	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025307	Environmental Comprehensive Management and Public Facilities Renovation Project 9	Transferred	Industrial land	6,559.84	/
45	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0025308	Environmental Comprehensive Management and Public Facilities Renovation Project 10	Transferred	Industrial land	131.46	/
46	CHN Energy Wuhai Energy Co., Ltd.	Inner Mongolia (2024) Hainan District Real Property No. 0006117	Laoshidan Coal Mine Washing Plant Technological Transformation Project	Transferred	Industrial land	253,079.27	/
47	Wuhai Gongwusu Branch Office, Industrial and Commercial Bank of China	Inner Mongolia, State-owned Land Use (2006) No. 0445	Gongwusu Accounting Centre	Capital contribution by land value	Financial and Insurance Land	433.05	/

b) The status of unregistered land is as follows:

No.	Registered owner	Land title certificate No.	Parcel name	Land Nature	Land Use	Area (m²)	Notes
1	None	None	Land use right	/	/	/	No physical presence/overlaps with registered land parcels
2	None	None	Maintenance Centre Project	Proposed for grant		199,709.67	/
3	None	None	Mining Land	/	/	/	Demolished by the government, but the government has not yet agreed to compensation, and the land is now used by others
4	None	None	Land Assets	/	/	/	No physical

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No.	Registered owner	Land title certificate No.	Parcel name	Land Nature	Land Use	Area (m²)	Notes
							presence/overlaps with registered land parcels
5	None	None	Land use right	/	/	/	No physical presence/overlaps with registered land parcels
6	None	None	Gongwusu Small Fleet Land	Proposed for allocation		5,167.00	/
7	None	None	Retirement Management Office Land	/	/	/	No physical presence/overlaps with registered land parcels
8	None	None	Haiduo Workshop 1 Land	/	/	/	No physical presence/overlaps with registered land parcels
9	None	None	Haiduo Workshop 2 Land	/	/	/	No physical presence/overlaps with registered land parcels
10	None	None	Public Service Centre Land (formerly Laoshidan Hospital)	/	/	/	No physical presence/overlaps with registered land parcels

(2) Intangible assets - Mining rights

The mining rights declared by the enterprise and included in this appraisal scope include nine mining rights, two exploration rights, and three hazard management projects. The details are as follows:

a) Mining rights

The enterprise declared nine mining rights to be included in this appraisal scope. The details are as follows:

No.	Name of mining rights	Licence number	Mining right holder	Mining type	Production scale
1	Shenhua Group Haibowan Mining Co., Ltd. Luotuoshan Coal Mine	C1000002011071120115468	Shenhua Group Haibowan Mining Co., Ltd.	Coal	1.5 million tonnes per year
2	Shenhua Group Haibowan Mining Co., Ltd. Open-pit Coal Mine	C1500002011101120120203	Shenhua Group Haibowan Mining Co., Ltd.	Coal	1.6 million tonnes per year
3	CHN Energy Wuhai Energy Co., Ltd. Huangbaici Coal Mine	C1000002012011140122410	CHN Energy Wuhai Energy Co., Ltd.	Coal	1.8 million tonnes per year
4	Shenhua Wuhai Energy Co., Ltd. Suhaitu Coal Mine	C1000002012011140122378	Shenhua Wuhai Energy Co., Ltd.	Coal	Capacity has been phased out
5	Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3	C1000002012011140122379	Shenhua Group Haibowan Mining Co., Ltd.	Coal	2.7 million tonnes per year
6	CHN Energy Wuhai Energy Co., Ltd. Laoshidan Coal Mine	C1500002010041120062203	CHN Energy Wuhai Energy Co., Ltd.	Coal	1.8 million tonnes per year
7	CHN Energy Wuhai Energy Co., Ltd. Wuhushan Coal Mine	C1000002012011140122412	CHN Energy Wuhai Energy Co., Ltd.	Coal	2 million tonnes per year

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No.	Name of mining rights	Licence number	Mining right holder	Mining type	Production scale
8	Shenhua Group Haibowan Mining Co., Ltd. Pinggou Coal Mine	C1000002012101140127769	Shenhua Group Haibowan Mining Co., Ltd.	Coal	1.8 million tonnes per year
9	Inner Mongolia Limin Coal and Coke Co., Ltd. Coal Mine	C1500002011011120104723	Inner Mongolia Limin Coal and Coking Co., Ltd.	Coal	1.5 million tonnes per year

b) Exploration rights

A. Coal Exploration in the West Part of Hongliusshu Mining Area, Zhuozishan Coalfield, Inner Mongolia (Retained)

Licence number	T1500002008111010018837
Exploration right holder	Shenhua Wuhai Coal and Coking Co., Ltd.
Area	6.0983km²
Mineral type	Not available
Validity period	From 18 November 2024 to 17 November 2029
Issuing authority	Inner Mongolia Autonomous Region Natural Resources Department

B. Approval for Delineating the Mining Area Boundary for Deep Exploration at Kabuqi

Licence number	Land Resources Mining Delimitation [2005] No. 015
Exploration right holder	Shenhua Group Haibowan Mining Co., Ltd.
Area	28.6771km²
Mineral type	Coal
Validity period	The reserved period lasts until the mining registration application is approved, and the mining licence is obtained
Issuing authority	Ministry of Natural Resources

c) Hazard management projects

As at the valuation benchmark date, the environmental risk mitigation projects included in the appraisal scope mainly include the Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine, the Hazard Management Project of Eastern Part of Pingou Coal Mine Section III and Fire Point Hazard Management Project for the Open-Pit Coal Mine.

A. Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine

The project aims to eliminate the ground subsidence, cracking, regional ecological degradation, and safety hazards caused by outdated mining practices in Wuhai City, as well as to protect coal resources. According to the *Minutes of the First Meeting of the Wuhai City State-owned Resource Management and Public Resource Trading Committee* (W.H.R.M.Z.F.B.G.T. [2017] No. 22), the meeting decided that the Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine would be jointly completed by Shenhua Wuhai Energy Co., Ltd. and Inner Mongolia Dongyuan Technology Co., Ltd., and agreed to start the construction of the project, with construction beginning on 22 February 2018. Currently, Suhaitu Coal Mine is implementing the management work for the second area of the Comprehensive Disaster Management Project for the Goaf Area. The area under management is 3.78 square kilometres.

Management method: The area is being subjected to open-cut coal recovery, which fundamentally solves the geological disaster caused by the sudden collapse of large areas of roof under the pressure of stagnant coal pillars, and eliminates environmental pollution and ecological balance destruction caused by underground spontaneous combustion of abandoned coal. At the same time, by conducting open-cut coal recovery in the disaster

management area, the land is being reclaimed to restore good farmland, and hilly land is being transformed into flat land. Green measures are being taken to beautify the environment and purify the air, which can fundamentally improve the surrounding ecological environment of the disaster management area.

B. Hazard Management Project of Eastern Part of Pingou Coal Mine Section III

The eastern part of Pinggou Coal Mine Section III has steep slopes with a 110-metre-high pile of gangue, totaling 270 meters in height, at a 90° angle. Due to long-term wind and oxidation, the surrounding rock of the slope is loose, leading to local collapses, landslides, and numerous ground fissures. Currently, there are disasters such as local collapses, landslides, and subsidence. The exposed coal seam on the steep slope is a Type II self-igniting coal seam, which poses safety risks such as coal seam spontaneous combustion, slope collapse, air leakage in the working face, harmful gases entering the mine, and potential mine fires.

On 29 July 2024, Wuhai Energy submitted the *Request of Pinggou Coal Mine for Hazard Management in the Eastern Part of Section III* to the Haibowan District People's Government. On 9 August 2024, the Haibowan District People's Government approved the project in principle. On 30 August 2024, Haibowan District Emergency Management Bureau issued an approval in principle, agreeing to proceed with the hazard management according to safety production requirements, and stressing the need to review and validate the management rectification plan.

On 31 October 2024, Wuhai Energy organised relevant departments to review the design plan. In principle, the plan was approved, and an official approval document was issued. After the 29th Party Committee meeting of Wuhai Energy in 2024, approval has been granted for the initiation of the Pinggou Coal Mine Hazard Management Project. Region 1 is expected to begin management in January 2027 and be completed by December 2028. Region 2 is expected to begin management in January 2029 and be completed by December 2030.

C. Fire Point Hazard Management Project for the Open-Pit Coal Mine

To address issues arising from outdated coal mining techniques at the Open-Pit Coal Mine, including fires in old goaf areas, ground fissures, regional ecological degradation, and potential safety hazards, according to the *Notice on Approving Wuhai Lutian Mining Company to Conduct Fire Point Management Within Its Mining Rights Area* (Hainan Zheng Zi [2024] No. 246) issued by Hainan District People's Government on 19 September 2024, Wuhai Lutian Mining Company is granted approval in principle to conduct fire point management within its mining rights area, including the junction between the eastern pit of the third mining area and the southern second mining area of the Gongwusu No. 3 Mine, as well as the northern wing of the fourth mining area. The District Energy Bureau is tasked with overseeing the company's fulfillment of its primary responsibilities, and the bureau shall develop scientifically sound plans for fire point management and dynamic clearance based on the actual conditions within the mining rights area. The fire point management, stripping and excavation, and geological restoration project for the south wing of first and fourth mining areas at the Open-Pit Coal Mine received the notice of award on 4 March 2025, and the contract was signed on 27 March 2025. Construction commenced in May 2025. The management area covers 614,000 square metres.

Management method: Open-pit stripping methods will be employed to remediate areas

with potential hazards, addressing risks such as slope landslides and rockfalls. Spontaneous combustion hotspots will be thoroughly eliminated, thereby improving the ecological environment of the open-pit coal mining area, enhancing the surrounding topography and landscape, achieving a fundamental improvement in the regional ecological environment, and ultimately realising the harmonious integration of social, ecological, and economic benefits in the area.

(3) Patents

Among the 281 patent rights declared by the enterprise for inclusion in the appraisal scope, Wuhai Energy holds 93 patent rights, of which the certificate holder of 3 patent rights is Shenhua Wuhai Energy Co., Ltd. (Wuhai Energy's former name); Wuhai Energy holds 188 patent rights with other parties, of which the certificate holder of 76 patent rights is Shenhua Wuhai Energy Co., Ltd. (Wuhai Energy's former name); one patent is jointly owned by the subsidiary Shenhua Wuhai Coal and Coking Co., Ltd. and Shenhua Group Co., Ltd.; one patent is jointly owned by the subsidiary Shenhua Group Haibowan Mining Co., Ltd. and Shenhua Group Co., Ltd. Regarding the aforementioned patents with common ownership or unamended certificate holder, the appraised entity has issued a statement confirming that these patents are either solely owned by it or co-owned with other companies, with no existing or potential ownership disputes. For patents with co-ownership, each party retains the right to apply them in its own production and operation, with resulting benefits and costs borne by the respective parties.

(4) Other intangible assets

The enterprise has declared other intangible assets to be included in the appraisal scope, including software and software copyrights.

a) The enterprise declared 114 items of externally purchased software, mainly including the Wuhai Energy Foundation Project, intelligent asset management system, quality measurement management information system, team construction information management platform expansion, Beijing Join-Cheer network reporting management software, geotechnical water control information management software development, Wuhai Energy's safety production dispatch command system, and HOPE Coal Industry team construction management information system, etc. All of the above software was purchased externally by the appraised entity, with 77 items in normal active use and 37 items in inactive status.

b) The enterprise declared 31 software copyrights to be included in this appraisal scope, all of which have obtained rights certificates. Among them, 11 items are solely owned by the appraised entity, and 20 items are jointly owned by the appraised entity and others. The software copyrights were all developed and obtained through outsourced commissioning by the appraised entity. For detailed information, refer to the "Asset-based Approach Appraisal Details Sheet."

c) The enterprise declared 11 development expenditures to be included in this appraisal scope, mainly including research on the innovative application of 5g-integrated technology in coal mining equipment, research and development on key technologies and complete equipment for integrated intelligent cutting, support, anchoring, transportation, and exploration in driving face, research on safe and efficient intelligent mining technology for camel mountain coal mine under multi-hazard coupling conditions and demonstration project, and research and application of efficient intelligent mining and filling process

technology for weak and extra-thick coal seams and other development projects. As of the valuation benchmark date, the R&D expenditure projects were progressing normally and were commissioned by the appraised entity to external entities for development.

9. Other off-balance-sheet assets declared by the enterprise

The patents and software copyrights declared by the enterprise to be included in the appraisal scope are considered off-balance-sheet assets.

10. Related assets mentioned in other institutions' reports and conclusions

The appraised value of the mining rights in this asset appraisal report was determined with reference to the mining rights appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. The referenced appraisal report is summarised as follows:

(1) Pinggou Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1066
Subject asset	Shenhua Group Haibowan Mining Co., Ltd. Pinggou Coal Mine Mining Rights
Appraisal scope	The scope of the Pinggou Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

(2) Laoshidan Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1067
Subject asset	CHN Energy Wuhai Energy Co., Ltd. Laoshidan Coal Mine Mining Rights
Appraisal scope	The scope of the Laoshidan Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

(3) Luotuoshan Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1068
Subject asset	Shenhua Group Haibowan Mining Co., Ltd. Luotuoshan Coal Mine Mining Rights
Appraisal scope	The scope of the Luotuoshan Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

(4) Huangbaici Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1069
Subject asset	CHN Energy Wuhai Energy Co., Ltd. Huangbaici Coal Mine Mining Rights
Appraisal scope	The scope of the Huangbaici Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

(5) Wuhushan Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1070
Subject asset	CHN Energy Wuhai Energy Co., Ltd. Wuhushan Coal Mine Mining Rights
Appraisal scope	The scope of the Wuhu Mountain Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025

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Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1070
Value Type	Market Value
Appraisal methods	Discounted cash flow method

(6) Open-pit Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1071
Subject asset	Shenhua Group Haibowan Mining Co., Ltd. Open-Pit Coal Mine Mining Rights
Appraisal scope	The scope of the Open-pit Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Income equity method

(7) Limin Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1072
Subject asset	Inner Mongolia Limin Coal and Coke Co., Ltd. Coal Mine Mining Rights
Appraisal scope	The scope of the Limin Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

(8) Gongwusu Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1073
Subject asset	Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3 Mining Rights
Appraisal scope	The scope of the Gongwusu Coal Mine Mining Rights, defined by the coordinate points, and the resource reserves within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

IV. Value Type

Based on the appraisal purpose, the value type of the subject asset is determined to be market value.

Market value refers to the estimated value of the subject asset in normal and fair transactions as of the valuation benchmark date, between a willing buyer and a willing seller, each acting rationally and without coercion.

V. Valuation benchmark date

The valuation benchmark date for this report is 31 July 2025.

The valuation benchmark date is determined by the client. The selection of the valuation benchmark date mainly considers the realisation of economic activities and end-of-accounting-period factors. Asset appraisal provides a value reference for assets at a specific point in time. By choosing the end of the accounting period as the valuation benchmark date, it can comprehensively reflect the overall status of the subject assets. At the same time, adhering to the principles of ensuring the appraisal results effectively serve the appraisal purpose, accurately delineating the appraisal scope, conducting precise and efficient verification of assets, and rationally selecting the basis for appraisal, this date was selected as the valuation benchmark date.

VI. Basis of Appraisal

i. Economic behavior basis

1. Minutes of the 18th Special Meeting of the Chairman of China Energy Investment Corporation Co., Ltd. in 2025 (1 August 2025).

ii. Legal and regulatory basis

1. *Asset Appraisal Law of the People's Republic of China* (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. *Company Law of the People's Republic of China* (second amendment at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. *Civil Code of the People's Republic of China* (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020)

4. *Securities Law of the People's Republic of China* (second amendment at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019)

5. *Vehicle Purchase Tax Law of the People's Republic of China* (approved at the 7th Session of the Standing Committee of the 13th National People's Congress);

6. *Law of the People's Republic of China on the State-owned Assets of Enterprises* (third amendment at the 10th Session of the Standing Committee of the 12th National People's Congress on 31 August 2014);

7. *Law of the People's Republic of China on Enterprise Income Tax* (amended at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

8. *Law of the People's Republic of China on the Administration of Urban Real Estate* (amended at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

9. *Land Administration Law of the People's Republic of China* (approved at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

10. *Resource Tax Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019)

11. *Patent Law of the People's Republic of China* (fourth amendment on 17 October 2020);

12. *Copyright Law of the People's Republic of China* (third amendment on 11 November 2020);

13. *Energy Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024, effective from 1 January 2025)

14. *Mineral Resources Law of the People's Republic of China* (revised and promulgated on 8 November 2024);

15. *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (amended by State Council Order No. 714 on 23 April 2019);

16. I*nterim Regulations on the Supervision and Administration of State-Owned Assets of*

Enterprises (amended by State Council Orders No. 378 and No. 588);

17. *Interim Regulations of the People's Republic of China on City and Town Land Use Tax* (fourth amendment by State Council Order No. 17 on 2 March 2019);

18. *Interim Regulations on Value-Added Tax of the People's Republic of China* (second amendment by State Council Order No. 134 on 19 November 2017);

19. *Regulations on the Assets Appraisal and Management of State-owned Assets (*amended by State Council Order No. 91 on 29 November 2020);

20. I*nterim Measures for the Assessment and Management of Enterprises* (Order No. 12 of the SASAC);

21. *Measures for Supervision and Administration of State-owned Assets of Enterprises* (Order No. 32 of the SASAC and the Ministry of Finance);

22. *Notice on Strengthening the Matters Related to the Appraisal Management of the State-owned Assets* (G.Z.W.CH.Q.[2006] No. 274);

23. *Notice on Matters Related to the Review of Appraisal Report of State-owned Assets of Enterprises* (G.Z.CH.Q. [2009] No. 941);

24. *Guideline for the Filing for the Appraisal Project of State-owned Assets of Enterprises* (G.Z.F.CH.Q [2013] No. 64);

25. *Notice on Optimising the Management of Asset Appraisal of State-Owned Enterprises* (G.Z.F.CH.Q.G. [2024] Document No. 8);

26. *Notice on Issuing the Rules for the Implementation of Regulations on the Assets Appraisal and Management of State-owned Assets* (G.Z.B.F. [1992] No. 36);

27. *Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Regarding the National Implementation of VAT Reform* (C.SH. [2008] No. 170);

28. *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner* (C.SH. [2016] No. 36);

29. *Notice of the Ministry of Finance and the State Taxation Administration on Adjusting VAT Rate* (C.SH. [2018] No. 32);

30. *Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China* (Order No. 65 of the Ministry of Finance and the State Administration of Taxation);

31. *Announcement on Policies Relevant to Deepening VAT Reform* (Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs);

32. *Financial Supervision and Management Measures for the Asset Appraisal Industry* (MOF Order No. 86, amended by MOF Order No. 97);

33. *Accounting Standards for Business Enterprises - Basic Standards*, *Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 33, MOF Order -No. 76)

34. *Notice on Further Standardising Bank Letters and Reply Letters* (Ministry of Finance,

C.K. [2020] No. 12);

35. *Regulations on the Transfer of State-Owned Land Use Rights* (MLR Order No. 21);

36. *Interim Regulations on Mining Rights Transfer and Assignment Management* (G.T.Z.F. [2000] No. 309);

37. *Notice on the Mining Rights* Appraisal Management Measures (Trial) (G.T.Z.F. [2008] No. 174);

38. *Notice of the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration on the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue* (C.Z. [2023] No. 10);

39. *Announcement on the Implementation Criteria for Relevant Issues on Resource Tax (Announcement* [2020] No. 34 of the Ministry of Finance and the State Taxation Administration);

40. *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Extending the Corporate Income Tax Policy for the Western Development* (Ministry of Finance Announcement No. 23, 2020);

41. Other relevant Laws, regulations, and notices.

iii. Appraisal standards basis

1. *Basic Rules for Asset Appraisal* (C.Z. [2017] No. 43);

2. *Code of Professional Ethics for Asset Appraisal* (Z.P.X. [2017] No. 30);

3. *Asset Appraisal Practice Standards – Appraisal Report* (ZH.P.X. [2018] No. 35);

4. *Asset Appraisal Practice Standards – Appraisal Procedures* (ZH.P.X. [2018] No. 36);

5. *Asset Appraisal Practice Standards – Appraisal Methods* (ZH.P.X. [2019] No. 35);

6. *Asset Appraisal Practice Standards – Engagement Contract* (ZH.P.X. [2017] No. 33);

7. *Asset Appraisal Practice Standards – Appraisal Archives* (ZH.P.X. [2018] No. 37);

8. *Asset Appraisal Practice Standards – Utilisation of Expert Work and Relevant Reports* (ZH.P.X. [2017] No. 35);

9. *Asset Appraisal Practice Standards – Enterprise Value* (ZH.P.X. [2018] No. 38);

10. *Asset Appraisal Practice Standards – Intangible Assets* (ZH.P.X. [2017] No. 37);

11. *Asset Appraisal Practice Standards – Intellectual Property* (ZH.P.X. [2023] No. 14);

12. *Asset Appraisal Practice Standards – Real Estate* (ZH.P.X. [2017] No. 38);

13. *Asset Appraisal Practice Standards – Machinery and Equipment* (ZH.P.X. [2017] No. 39);

14. *Guidelines for Appraisal Reports of State-owned Enterprise Assets* (ZH.P.X. [2017] No. 42);

15. *Guidelines for Quality Control of Asset Appraisal Institutions* (ZH.P.X. [2017] No. 46);

16. *Guidance on Types of Asset Appraisal Value* (ZH.P.X. [2017] No. 47);

17. *Guidance on Legal Ownership of Subject Asset* (ZH.P.X. [2017] No. 48).

18. *Guidelines on Patent Asset Appraisal* (ZH.P.X. [2017] No. 49);

19. *Guidelines on Copyright Asset Appraisal* (ZH.P.X. [2017] No. 50);

20. *Guidance on Determining Mining Rights Appraisal Parameters* (Chinese Association of Mineral Resources Appraisers, October 2008);

21. *Chinese Mineral Rights Appraisal Standards* (Chinese Association of Mineral Resources Appraisers, September 2010);

22. *Chinese Mining Rights Appraisal Standards* (ii) (Chinese Association of Mineral Resources Appraisers, September 2010);

23. *Guiding Opinions on the Mineral Rights Appraisal Standards issued by the Chinese Association of Mineral Resources Appraisers (CMV 13051-2007) — Determination of Types of Solid Mineral Resource Reserves.*

iv. Ownership basis

1. State-owned Property Registration Certificates;

2. Real estate ownership certificate / State-owned land use tights certificate / property ownership certificate;

3. Mining Licences;

4. Patent Certificates;

5. Copyright ownership certificates;

6. Motor Vehicle Registration Certificates;

7. Other relevant ownership certificates.

v. Pricing basis

1. *Basic Construction Financial Rules* (Ministry of Finance Order No. 81, effective from 1 September 2016);

2. *Regulations on the Management of Construction Costs for Basic Construction Projects* (C.J. [2016] No. 504);

3. *Electromechanical Product Information Price Query System* (2025);

4. *Mandatory Scrap Standards for Motor Vehicles*;

5. *Notice of the National Development and Reform Commission on Further Liberalising Professional Service Prices for Construction Projects* (F.G.J.G. [2015] No. 299) (ZH.D.L.D.E. [2015] No. 162);

6. *Budget Standards for Housing and Decoration Engineering in Inner Mongolia* (2017);

7. *Budget Standards for General Installation Engineering in Inner Mongolia* (2017);

8. *Ground Building Engineering Consumption Quotas for Coal Construction* (2015, After-tax Base Price);

9. *Coal Construction Cost Quotas and Price Management Regulations* (2015);

10. *Coal Construction Engineering Cost Quotas and Other Regulations for Coal Construction* (NB/T51064-2016);

11. *Other Costs Standards for Coal Construction* (2015);

12. *Consumption Quotas for Coal Mining Shaft Engineering* (2015, After-tax Base Price);

13. *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering* (2015, After-tax Base Price);

14. *Wuhai City Engineering Cost Information* (July 2025);

15. *Notice on Adjusting Coal Mining Construction Engineering Quotation Standards (2015 Base Price) for Labour Unit Prices and Related Regulations*;

16. *Construction Materials Price Information for Various Cities in Inner Mongolia* (September-October 2025);

17. LPR (loan prime rate) on the valuation benchmark date;

18. Records of on-site inspection by the appraisers and other relevant appraisal information collected;

19. Project feasibility study reports, project investment estimates, design estimates, and other materials provided by the appraised entity;

20. Relevant engineering budget and final accounts data provided by the appraised entity;

21. Engineering contract agreements signed by the appraised entity with relevant parties;

22. Payment progress statistics and related payment vouchers for ongoing projects provided by the appraised entity;

23. Financial statements, audit reports, and data from previous years provided by the appraised entity;

24. Future business plans provided by relevant departments of the appraised entity;

25. Market forecast data for the main products of the appraised entity for the current and future years;

26. Raw material purchase contracts signed by the appraised entity with relevant parties;

27. WIND financial information terminal;

28. iFinD financial terminal;

29. Other materials related to the asset appraisal.

vi. Other reference basis

1. *Terminology of the Rules for Asset Appraisal 2020* (ZH.P.X. [2020] No. 31);

2. *Expert Guidance No. 8 – Verification in Asset Appraisal* (ZH.P.X. [2019] No. 39);

3. *Expert Guidance No. 12 - Measurement of Rate of Discount for the Enterprise Value by the Income Approach* (ZH.P.X. [2020] No. 38);

4. *Expert Guidance No. 16 – Computer Software Copyright Asset Appraisal* (ZH.P.X. [2023] No. 23);

5. *Common Parameters Manual for Asset Appraisal*;

6. *Regulations for Appraisal on Urban Land* (GB/T 18508-2014);

7. *Regulations for Gradation and Classification on Urban Land* (GB/T 18507-2014);

8. *Current Land Use Classification* (GB/T21010-2017);

9. *Regulations for Standardised Price of Land* (TD/T1052-2017);

10. *Technical Specifications for Dynamic Monitoring of Urban Land Prices* (TD/T1009-2007);

11. *Technical Specifications for the Appraisal of State-owned Construction Land Use Rights* (G.T.Z.T.F. [2018] No. 4);

12. *Code for Real Estate Appraisal* (GB/T 50291-2015);

13. *Building Condition Rating Standards (Trial)* (CH.ZH.Z. [1984] No. 678);

14. *General Requirements for Mineral Exploration* (GB/T 13908-2020);

15. *Specifications for Coal Exploration – Coal* (DZ/T 0215-2020);

16. *Classifications for Mineral Resources and Mineral Reserves* (GB/T 17766-2020);

17. Asset list and appraisal declaration form provided by the appraised entity;

18. Special audit report issued by Ernst & Young Hua Ming LLP ;

19. Mining rights appraisal report issued by China Enterprise Appraisals Co., Ltd.;

20. Information database of China Enterprise Appraisals Co., Ltd.

VII. Appraisal Methods

The income approach refers to the appraisal method that capitalises or discounts the expected income of the subject asset to determine its value.

The market approach refers to the appraisal method that compares the subject asset with comparable listed companies or transaction cases to determine its value.

The asset-based approach refers to the appraisal method that uses the balance sheets of the subject asset as at the valuation benchmark date to assess the value of the identified on-balance-sheet and off-balance-sheet assets and liabilities.

According to the Asset Appraisal Practice Standards – Enterprise Value, when conducting an enterprise value appraisal, the applicability of the three basic methods—income approach, market approach, and asset-based approach—must be analysed based on the appraisal purpose, subject asset, value type, and data collection, and select the appropriate appraisal method. For cases suitable for different appraisal methods for corporate value appraisal, asset appraisal professionals should use more than one appraisal method.

The appraisal methods selected for this appraisal are: the asset-based approach and the income approach.

i. Reasons for the selection of appraisal methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

ii. Introduction to the appraisal methods

1. Income approach

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

a) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC);

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

Of which, the free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes + Depreciation and amortisation - Capital expenditures - Increase in working capital + End-of-term asset recovery

Of which, the discount rate (weighted average cost of capital, WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Where:

K_e: Cost of equity capital;

K_d: Cost of interest-bearing debt capital;

E: Market value of equity;

D: Market value of debt;

t: Tax rate.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where:

r_f: Risk-free rate of return;

MRP: Market risk premium;

β_L: Systematic risk coefficient of equity;

r_c: Company-specific risk adjustment coefficient.

b) Determination of surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. Surplus assets are analysed and appraised separately.

c) Value of non-operating assets and liabilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. Non-operating assets and liabilities are analysed and

appraised separately.

d) Long-term equity investment value

A. An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity. The appraisal methods used for the investees and the reasons for selecting the appraisal methods are detailed in the corresponding technical appraisal notes.

B. For affiliated companies, since conditions for appraisal are not met, this appraisal uses the verified financial statements of the affiliated company as at the valuation benchmark date, or the most recent financial statements before the valuation benchmark date, multiplied by the holding ratio as the appraisal value. If the net assets of the affiliated company are negative on the valuation benchmark date or for the most recent financial statement, the appraisal value is zero.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date. As of the valuation benchmark date, the appraised entity has no interest-bearing debt.

2. Asset-based approach

(1) Current assets

a) Cash funds, including bank deposits and other monetary funds, are verified by on-site inventory to reverse and verify the book value, which will be used as the appraisal value. For bank deposits, the bank statements, certificates, or bank confirmation are verified to determine the verified value as the appraisal value. For other monetary funds, the appraisers obtained the contracts for the construction guarantee deposits of each household, and the appraised value was determined by the verified book value.

b) For accounts receivable, the appraisers conducted inquiries with the appraised entity regarding its sales credit policies, customer composition and creditworthiness, as well as the historical recovery of accounts receivable. Following the principle of materiality, the appraisers conducted confirmations for large accounts receivable and reviewed relevant contracts and vouchers on a sample basis. Based on the verification of accounts receivable, the appraisers determined the appraisal value according to the recoverable amount for each receivable. For receivables where there is sufficient reason to believe full recovery is possible, the appraisal value is calculated based on the full amount receivable; for receivables where a portion is highly unlikely to be recovered, when the exact unrecoverable amount is difficult to determine, the appraisers analyze the amount, duration and reasons for debt, collection history, and the debtor's current financial position, creditworthiness, and operational status using historical data and findings from on-site investigations. The estimated unrecoverable portion is then deducted as a risk allowance to calculate the appraisal value. Concurrently, the "bad debt allowance" account on the books is valued at zero.

c) For prepayments, the appraisers conducted inquiries with the relevant personnel of the appraised entity to understand the reasons for the formation of the prepayments and the

creditworthiness of the counterparties. Following the principle of materiality, the appraisers conducted confirmations for large accounts receivable and reviewed relevant contracts and accounting vouchers on a sample basis. For prepayments where corresponding goods or rights can be received as per the contract, the verified book value was used as the appraisal value.

d) For other receivables, the appraisers conducted inquiries with the appraised entity regarding its other receivables, customer composition, and creditworthiness, as well as the historical recovery of other receivables. Following the principle of materiality, the appraisers conducted confirmations for large amounts or long overdue other receivables, and reviewed relevant contracts and original accounting voucher on a sample basis. Based on the verification of other receivables, the appraisers determined the appraisal value according to the recoverable amount for each receivable. For receivables where there is sufficient reason to believe full recovery is possible, the appraisal value is calculated based on the full amount receivable; for receivables where a portion is highly unlikely to be recovered, when the exact unrecoverable amount is difficult to determine, the appraisers analyze the amount, duration and reasons for debt, collection history, and the debtor's current financial position, creditworthiness, and operational status using historical data and findings from on-site investigations. The estimated unrecoverable portion is then deducted as a risk allowance to calculate the appraisal value. Concurrently, the "bad debt allowance" account on the books is valued at zero.

e) For outsourced raw materials, the appraisers conducted inquiries with the appraised entity regarding the purchasing model, supply-demand relationships, market price information, etc., related to raw materials. In accordance with the principle of materiality, large procurement contracts and vouchers were reviewed on a sample basis. The appraisers, together with the inventory management personnel of the appraised entity, performed an inventory check and closely examined the quality and performance of the raw materials. The final appraisal was conducted based on the results of the inventory check, which was consistent with the raw material quantity and value as at the valuation benchmark date. As the raw materials purchased by the appraised entity have been acquired recently, have a fast turnover rate, and the book value has not fluctuated significantly from the market price on the valuation benchmark date, the verified book value is used as the appraisal value.

f) Finished goods: The finished goods of the appraised entity are normal sales products. This appraisal uses the selling price-backward method, deducting sales expenses, all taxes and fees, income tax, and an appropriate amount of after-tax net profit based on the sales price as at the valuation benchmark date to determine the appraisal value. The specific appraisal calculation formula is as follows:

Appraisal value of finished products for normal sale = Quantity of finished products × Non-taxable sales unit price of finished products × (1 - Tax and surcharge rate - Sales expense rate - Income tax rate - Net profit margin × Deduction rate)

g) Other current assets: The appraisers have verified that the detailed ledger matches the general ledger and balance sheets, and checked some original vouchers and contracts, verifying the authenticity, business content, and amounts of transactions. Other current assets are appraised at their verified book value.

(2) Long-term equity investments

a) An overall appraisal was conducted for long-term equity investments in wholly-owned

and controlling subsidiaries. The appraisers first appraise the entire shareholder's equity of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity. The appraisal methods used for the investees and the reasons for selecting the appraisal methods are detailed in the corresponding technical appraisal notes.

b) For affiliated companies, since conditions for appraisal are not met, this appraisal uses the verified financial statements of the affiliated company as at the valuation benchmark date, or the most recent financial statements before the valuation benchmark date, multiplied by the holding ratio as the appraisal value. If the net assets of the affiliated company are negative on the valuation benchmark date or for the most recent financial statement, the appraisal value is zero.

(3) Fixed assets - Equipment assets

Equipment assets include machinery, vehicles, and electronic equipment. Depending on the nature of the project and the characteristics of the equipment assets within the appraisal scope, for some old electronic equipment (such as computers), where an active secondary market exists, the appraisal value is calculated based on the second-hand market prices of similar equipment. For other equipment, due to the lack of independent profit-generating capability and the scarcity of similar transaction examples, the income or market approach is not suitable, and therefore the cost method is used.

a) Cost method

The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

A. Determination of replacement cost for machinery and equipment

a. For equipment that requires installation, the replacement cost generally includes: purchase price, transportation and miscellaneous fees, installation engineering fees, foundation costs, pre-construction and other costs, and capital costs. For equipment that does not require installation, the replacement cost generally includes: purchase price and transportation and handling fees. According to the regulations in "C.SH.[2008] No. 170, C.SH. [2016] No. 36, C.SH. [2018] No. 32", "*Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration, and General Administration of Customs*", for VAT general taxpayers, if the equipment qualifies for VAT deduction, the equipment replacement cost should exclude the corresponding VAT. The equipment replacement cost calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling costs + Foundation costs + Installation costs + Pre-construction and other costs + Capital costs - Deductible VAT

b. Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

I. Equipment purchase price

For large, critical machinery, the purchase price is primarily determined by consulting the market price as at the valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is

determined by checking the market price information for the valuation benchmark date. If the purchase price cannot be found, the purchase price is adjusted using the price index for similar equipment from the same period.

II. Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume. The formula for calculating transport and handling fees is as follows:

Transportation and handling fees = Equipment purchase price × Transport and handling fee rate

If transport and handling fees are already included in the equipment purchase price, no additional calculation is made.

III. Equipment foundation costs

The foundation cost for equipment is determined based on the equipment's characteristics, using the purchase price as a base and applying different foundation cost rates. If the equipment does not require a separate foundation, or if the foundation was constructed as part of the plant building, the foundation cost is not considered when calculating the equipment's replacement cost. The specific calculation formula is as follows:

Foundation costs = Equipment purchase price × Foundation cost rate

IV. Determination of equipment installation engineering costs

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

V. For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering costs are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

VI. Pre-construction and other costs

Pre-construction and other costs include project construction management fees, bidding agency fees, environmental impact assessment fees, surveying and design fees, engineering supervision fees, joint trial operation fees, and others. The rates for these expenses are determined by investigating the average cost levels of similar projects and referring to the

Standards for *Other Expenses of Coal Mining Construction Project* (NBT51064-2016) and other related standards, as well as the specific conditions of this project.

VII. Capital costs

Capital costs are determined based on the appraised entity's reasonable construction period, referencing the RMB loan market interest rate (LPR) published by the People's Bank of China on the valuation benchmark date. The capital cost rate is applied to the sum of the equipment purchase price, transportation and miscellaneous expenses, installation engineering fees, preliminary expenses, and other costs, according to the principle of uniform capital investment.

Capital costs = (Equipment purchase price + Transport and handling costs + Installation costs + Pre-construction and other costs) × Reasonable construction period × Loan benchmark interest rate × 1/2

VIII. Determination of deductible VAT

According to the regulations in "C.SH [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the input VAT includes VAT on the equipment purchase price (tax rate 13%), VAT on transport and handling fees (tax rate 9%), and VAT on pre-construtction and other costs (tax rate 6%).

B. Determination of replacement costs for vehicles

The reset cost for vehicles is determined by market price information from the local automobile market and other recent vehicle price data. Vehicle purchase tax is calculated according to the *Vehicle Purchase Tax Law of the People's Republic of China*. Licence fees and other expenses are determined based on the relevant regulations at the location where the vehicle is registered. According to "C.SH. [2016] No. 36, C.SH. [2018] No. 32, and Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration, and General Administration of Customs", VAT deduction is calculated for eligible vehicles.

Reset costs = Purchase price + Vehicle purchase tax + Licence fees - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase price / (1 + 13%) × Vehicle purchase tax rate

Deductible VAT = Vehicle purchase Price / (1 + 13%) × 13%

C. Determination of replacement costs for electronic equipment

For electronic equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electronic equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date. According to the regulations in "C.SH.[2016] No. 36, C.SH. [2018] No. 32, Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration, and General Administration of Customs", for VAT general taxpayers, if the equipment qualifies for VAT deduction, the replacement costs should exclude the corresponding VAT. The equipment replacement cost calculation formula is as follows:

Equipment replacement costs = Equipment purchase price + Transportation and handling costs - Deductible VAT

D. Determination of composite depreciation rate

a. For specialised equipment and general machinery, the composite depreciation rate is mainly based on the equipment's economic service life and its used lifespan. The remaining useful life is determined through on-site inspections of the equipment's usage and technical condition. Some equipment, such as mining supporting equipment, has a remaining useful life closely linked to the mine's remaining service life. The remaining useful life of this equipment is determined based on the shorter of the mine's remaining service life and the equipment's remaining economic life. The composite depreciation rate is then determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

b. For electronic equipment, air conditioning equipment, and other small equipment, the composite depreciation rate is mainly determined based on its economic lifespan. For large electronic equipment, the work environment and operational status are also taken into account. The calculation formula is as follows:

Age-based depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

c. For vehicles, the determination is based on the *Standard for Compulsory Scrapping of Motor Vehicles jointly* ([2012] Order No. 12). issued by the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection on 27 December 2012. The theoretical depreciation rate is determined based on either the vehicle's mileage or years of use, using the lower of the two methods (for vehicles without a mandatory scrapping age, the remaining useful life method is used). The final depreciation rate is determined by comparing both the age-based and mileage-based depreciation rates, adjusting as necessary based on the on-site inspection. If the difference between the calculated depreciation rate and the on-site inspection result is negligible, no adjustment is made. The formula is as follows:

Age-based Newness Rate (No Mandatory Scrapping Age) = Remaining Useful Life / (Years of Use + Remaining Useful Life) × 100%

Age-based Newness Rate (With Mandatory Scrapping Age) = (Prescribed Service Life - Years of Use) / Prescribed Service Life × 100%

Mileage-based Newness Rate = (Prescribed Mileage - Mileage Run) / Prescribed Mileage × 100%

E. Determination of the appraisal value

Appraised value = Replacement cost × Composite depreciation rate

b) Market approach

For some old electronic equipment (such as computers) and scrap equipment, where an active secondary market exists, the appraisal value is calculated based on the second-hand prices or scrap prices of similar equipment.

c) For equipment assets with no physical presence, the appraisal amount is zero.

(4) Fixed assets - Properties and buildings

According to the characteristics of various properties and buildings (structures) assets, the type of appraisal, data collection conditions, and other related factors, the market approach is used to appraise employee dormitories in the Xingtai Binhe area, while the cost method is used for the remaining assets.

a) Cost method

The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

A. Determination of replacement cost

The replacement cost of general properties and buildings (structures) generally includes construction and installation engineering costs, pre-construction and other costs, and capital costs. The calculation formula is as follows:

Replacement costs = Construction and installation project costs + Pre-construction and other costs + Capital costs - Deductible VAT

a. Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation project costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation project costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and structure simple, the comparable method is used to determine the construction and installation costs.

b. Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment of the appraised entity, referencing industry, national, or local government fee standards.

c. Capital costs

Capital costs are calculated based on the appraised entity's reasonable construction period, referencing the Loan Prime Rate (LPR) published by the People's Bank of China on the valuation benchmark date. The total sum of construction and installation project costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The calculation formula of capital costs is as follows:

Capital costs = (Construction and installation cost + Pre-construction and other costs) × Reasonable construction period × Loan benchmark interest rate / 2

d. Deductible VAT

According to "C.SH. [2016] No. 36" and "Announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration, and General Administration of Customs", for VAT general taxpayers that meet VAT deduction conditions, the reset cost should exclude the corresponding VAT.

Deductible VAT = Construction and installation project cost / 1.09 × 9% + Construction and installation project cost × Deductible pre-construction and other cost rates / 1.06 × 6%

e. Determination of composite depreciation rate

I. For important buildings (and structures), the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

II. For low-value buildings (and structures), the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

III. For buildings (and structures) closely related to coal production, when the remaining service life of the mine is shorter than the remaining useful life, the remaining service life of the mine is used to determine the remaining useful life of the building.

B. Determination of the appraisal value

Appraised value= Replacement cost × Composite depreciation rate

b) Market approach

The market approach refers to comparing the subject asset with similar real estate that has recently been traded on the valuation benchmark date, adjusting the known prices of these comparable properties to estimate the objective and reasonable price or value of the subject asset.

For employee dormitory apartments, where the local real estate market is well-developed and comparable transactions exist, the market approach is used for appraisal. This involves selecting suitable comparable transaction examples, adjusting for transaction conditions, transaction dates, regional factors, and individual factors to determine the market value of the property. The calculation formula is as follows:

Estimated real estate price = Comparable transaction price × Normal transaction conditions / Comparable transaction conditions × Real estate price index at valuation benchmark date / Price index at comparable real estate transaction date × Real estate regional factor at appraisal date / Comparable real estate regional factor × Real estate individual factors at appraisal date / Comparable real estate individual factors

Appraisal using the market approach should proceed as follows:

A. Collect transaction examples;

B. Select comparable examples;

C. Establish a comparable price basis;

D. Make adjustments for transaction conditions;

E. Make adjustments for transaction dates;

F. Conduct regional factor adjustments;

G. Conduct individual factor adjustments;

H. Determine the comparable price.

c) For properties and buildings (and structures) that were demolished on the valuation benchmark date, properties and buildings (and structures) with no physical presence, idle properties and buildings (and structures) with no use value, or properties and buildings (and structures) pending or already scrapped, the appraisal amount is zero.

(5) Shaft engineering

Based on the characteristics of various shaft engineering projects, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraising shaft engineering projects. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

a) Determination of replacement cost

Replacement costs = Comprehensive cost + Pre-construction and other costs + Capital cost − Deductible input tax

A. Comprehensive cost

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

For large-scale, high-value, and critical shaft engineering project, the comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

Engineering cost = Base price of engineering quotas + Measure fees + Company management fees + Profits + Regulatory fees + Other project fees + Regional price differences

Where:

Base price of engineering quotas – The base price is calculated based on the shaft engineering's lifting method, lifting depth, tunnel cross-section, support method, materials, and thickness. The *Consumption Quotas for Coal Mining Shaft Engineering* (2015, After-tax Base Price) and *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering* (2015, After-tax Base Price) are applied. This includes wages, material consumption, machine usage fees, etc., with adjustments made according to relevant regulations.

Other fees — determined in accordance with the "Notice issued by the China Coal Construction Association on *Adjustment of Pricing Basis for Coal Construction Projects under the VAT Reform for the Construction Industry* (ZH.M.J.X.Z. [2016] No. 46)" and the *Notice on Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis* (ZH.M.J.X.Z. [2019] No. 37), together with the *Notification on Release of the Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* (ZH.M.J.X.Z. [2016] No. 115) and the *Supplementary Provisions on the Implementation of the Valuation Standards for Coal-Construction Projects* (ZH.M.J.X.Z. [2016] No. 116), and calculated in combination with the actual construction conditions of the mine.

Labour, materials, and equipment price differences – Adjusted according to the *Notice on Adjusting Coal Construction Engineering Quotation Standards (2015 Base Price) for Labour Unit Prices and Related Regulations (ZH.M.J.X.*Z. [2021] No. 125), *Urumqi City*

Construction Engineering Material Information Price List (Q2 2025), and materials price information provided by the enterprise for the valuation benchmark date.

For general shaft engineering projects, or when final settlement data is incomplete, or when the value is small and the structure is simple, the Analogy Method is used to determine the construction cost.

B. Pre-construction and other costs

Preliminary and other costs include construction unit management fees, engineering supervision fees, surveying and design fees, environmental evaluation fees, and soil and water conservation consulting service fees. These costs are calculated based on the engineering construction investment amount, according to industry, national, or local government fee standards. Preliminary and Other Costs Calculation Formula:

Preliminary and other costs = Engineering cost × Fee rate

c. Capital costs

Financing costs are calculated based on the appraised entity's reasonable construction period, referencing the LPR published by the People's Bank of China on the valuation benchmark date, and considering the appraised entity's loan interest rate adjustments. The total sum of engineering costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment.

Financing cost = (Engineering cost + Preliminary and other fees) × Reasonable construction period × Interest rate / 2

2) Determination of composite depreciation rate

Shaft engineering in coal mines differs from surface buildings in that it is a special structure attached to coal resources. Its economic lifespan is closely linked to the coal reserves that can be mined. As coal resources are depleted, the economic lifespan shortens, and when coal resources are exhausted, the economic lifespan ends.

Underground engineering has a complex geological structure, many unpredictable factors, and poor construction conditions. The stability of the tunnels depends on their location, rock layer properties, and mining methods. The service life of each type of tunnel is determined by the coal reserves in the service area.

Therefore, before determining the depreciation rate, the appraisers first reviewed geological reports, mine design data, and understood the position, rock properties, support methods, geological structures, and the impact of mining on the tunnels. They then visited representative tunnels underground to inspect the support conditions and maintenance status and consulted with on-site engineering personnel to verify and review the maintenance records and methods. Finally, based on the coal reserves, remaining reserves, recoverable reserves, and production capacity provided by the geological survey department, the remaining service life of each tunnel was calculated, and the composite depreciation rate was determined. The calculation formula is as follows:

Composite depreciation rate = Remaining service life / (Service life + Remaining service life) × 100%

c) Appraisal value

Appraised value = Replacement cost × Composite depreciation rate

(6) Construction in progress

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost approach was adopted for the appraisal.

a) Completed Projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

b) Incomplete Projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period, and the capital costs are not calculated if the reasonable construction period is less than six months. If the book value differs significantly from the price level on the valuation benchmark date, the construction costs are adjusted to the valuation benchmark date price level.

c) Pure Expense-Based Construction Projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

d) Completed but inactive and unfinished, suspended projects

For projects that have been completed but are inactive, or for unfinished projects that have been suspended, due to their long-term inactivity or suspension with no future construction or use, the appraisal is based on the recoverable realizable value as at the valuation benchmark date. If the expense incurred is a pre-operating cost, the appraisal amount will be zero.

(7) Right-of-use assets

The appraisers obtained lease contracts and the asset amortisation schedule for right-of-use assets, verifying lease terms, rent standards, payment methods, and lease periods, using the verified book value as the appraisal value.

(8) Land use rights

According to the *Asset Appraisal Practice Standards – Real Estate*, and referring to the *Regulations for Appraisal on Urban Land*, the main methods for appraising land include the market approach (market comparison method), the income approach (income capitalisation method), the hypothetical development approach (residual method), the cost method (cost approach method), and the benchmark land price adjustment approach (benchmark land price coefficient adjustment method). According to the local real estate market development status, and in conjunction with the specific characteristics and

purposes of the project, the benchmark land price adjustment approach and the market approach are used for the appraisal. A brief introduction to the appraisal method is as follows:

a) Benchmark land price adjustment approach

The benchmark land price adjustment method uses urban benchmark land prices and benchmark land price adjustment tables to assess the value of land. According to the principle of substitution, the regional and individual conditions of the subject asset are compared with the average conditions of the region, and the corresponding adjustment coefficients are selected from the coefficient adjustment table to modify the benchmark land price. This method determines the value of the subject asset on the valuation benchmark date.

The calculation formula for the Benchmark Land Price Adjustment Method is as follows:

$$V = (V1 \times (1 \pm \Sigma K) \times Kr \times Km + Kk) \times Kq$$

Where:

V — The adjusted land price of the appraised land;

V1 — The benchmark land price of land with the same usage in the region where the appraised land is located;

ΣK — The total adjustment coefficient for regional and individual factors of the appraised land;

Km — The usage period adjustment coefficient;

Kq — The date adjustment coefficient;

Kr — The floor area ratio adjustment coefficient;

Kk — The land development degree adjustment coefficient.

b) Market approach

The market approach is used to determine the price of the land being appraised by comparing it to similar land transactions that have occurred recently. Based on the prices of these comparable transactions, adjustments are made for differences in transaction conditions, dates, regional factors, and individual factors to determine the objective and reasonable value of the land. The calculation formula for the market approach is:

$$\text{Formula: } P = PB \times A \times B \times C \times D$$

Where:

P — Estimated land price;

PB — Comparable transaction price;

A — Transaction condition index for the land to be appraised / Transaction condition index for the comparable instance;

B — Land price index at the valuation benchmark date / Land price index at the comparable transaction date;

C — Regional factor index for the land to be appraised / Regional factor index for the comparable transaction;

D — Individual factor index for the land to be appraised / Individual factor index for the comparable transaction.

(9) Mining rights

a) Mining rights

For mining rights, China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited entrusted China Enterprise Appraisals Co., Ltd. to conduct independent appraisals; the mining rights appraisals in this asset appraisal report reference the appraisal conclusions issued by China Enterprise Appraisals Co., Ltd.

b) Coal resource usage fees

Some mining rights holders collect "coal resource usage fees" by granting mining rights to subsidiaries for extraction and operation.

In this appraisal, the future projected cash flows derived from mining rights are not considered at the owner level, and the appraisal value is zero; the usage fee of mining rights is solely calculated based on the usage fee per tonne and the expected output, and after deducting income tax expenses, the "usage fees of mining rights" appraisal is discounted using the discount rate applied in the mining rights appraisal.

The operating rights holder enjoys the mining and operating income. Therefore, when considering the future projected cash flows derived from mining rights at the level of the actual operator, and valuating the target company with actual operating, the intangible asset - mining rights appraisal is summarised using the mining rights appraisal report's conclusion, while the "usage fees of mining rights" net value (negative) to be paid by the actual operator is listed.

c) Hazard management rights value

The environmental hazard management projects included in this appraisal scope include the Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine, and the Hazard Management Project of Eastern Part of Pingou Coal Mine Section III. According to the *Preliminary Design Optimization of Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine*, and the *Implementation Plan for Hazard Management Project of Eastern Part of Pingou Coal Mine Section III of CHN Energy Wuhai Energy Co., Ltd.*, the future benefits and risks of the hazard management projects can be quantified in monetary terms, meeting the technical and economic parameters required for the income approach appraisal method—discounted cash flow method. Thus, this appraisal adopts the discounted cash flow method. The calculation formula is as follows:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where: P — Hazard management project appraisal;

CI — Annual cash inflows;

CO — Annual cash outflows;

i — Discount rate;

t — Year number (t = 1, 2, 3, …, n);

n — Appraisal calculation period.

d) Exploration rights

For exploration rights, due to the inability to obtain the necessary geological survey, preliminary design, mine area general plan, formal feasibility report, and other documents required for mining rights appraisal, it is not possible to model and calculate the market value of the exploration rights as of the valuation benchmark date according to mining rights appraisal standards and theories. Therefore, the related costs for exploration rights are retained based on the audited book value.

(10) Other intangible assets

The enterprise has declared other intangible assets to be included in the appraisal scope, including software, patent assets and software copyrights. Based on the characteristics of other intangible assets, the type of valuation, and the availability of data, the market approach is employed for valuation, as detailed below:

a) For software currently in normal use, since most software was not recently acquired, the software adjustment factor is determined with reference to price increases and average income in the information software industry, and then applied to adjust the original book value to establish the appraisal value of software. For software that has been discontinued and verified by the enterprise as having no remaining value, the appraisal value is zero.

b) Patent assets: Given that China's market for technology-based intangible assets remains in its nascent stage, collecting relevant fair transaction data is relatively challenging. Therefore, the market approach is not feasible for this valuation.

Due to the patent rights held by the appraised entity, and after verification with the appraised entity, all relevant patents were generated during production activities. Some patents were acquired a long time ago and have not been utilized in related production and business operations. Therefore, the income approach is not feasible for this valuation.

Therefore, the cost approach is considered in this appraisal. The appraisal mainly considers the reset cost of patents, including application fees, printing fees, patent registration, printing, substantial review fees, and other related fees.

(11) Long-term prepaid expenses

For the appraisal of long-term prepaid expenses, the appraisers reviewed all original accounting vouchers, contracts, and other relevant documents to verify the authenticity and completeness of the accounting content. For the five parking spaces, the value was already included in the value of the associated properties and was appraised as zero. For office software that has been fully amortised but is still in normal use as of the valuation benchmark date, the cost method is used for the appraisal.

(12) Other non-current assets

Other non-current assets, such as prepayment for construction. The appraisers investigated the origins of other non-current assets and reviewed relevant accounting vouchers. Regarding the prepaid land transfer fee for the Wuhai Public Resource Trading Center Vocational Training Center, since the land use right – Haihe – Vocational Training Center had already been appraised and valued, the appraisal value of the prepaid land transfer fee

was zero; for other non-current asset items, the verified book value was adopted as the appraisal value.

(13) Liabilities

The liabilities of the appraised entity include accounts payable, contract liabilities, employee remuneration payable, taxes payable, other payables, non-current liabilities due within one year, other current liabilities, lease liabilities, long-term payables, and provisions. The appraisers first checked the consistency between the subsidiary accounts and the general ledger, and examined the detailed items. They also sampled relevant accounting vouchers and documents to confirm the accuracy of the debt book values. For current and non-current liabilities, the appraised values are determined based on the actual liabilities borne by the company as verified.

VIII. Appraisal Process and Procedure

The appraisers carried out the appraisal of the assets and liabilities involved in the subject asset from 9 August 2025 to 16 December 2025. The main appraisal procedures and process are as follows:

i. Acceptance of commission

On 9 August 2025, the client and us reached an agreement on the basic matters of the appraisal, including the appraisal purpose, the subject asset, the appraisal scope, the valuation benchmark date, and the rights and obligations of each party. We then negotiated with the client and developed the corresponding appraisal plan.

ii. Preliminary preparation

After accepting the commission, the project team formulated a corresponding work plan based on the appraisal purpose and subject asset, and established the appraisal team. Simultaneously, the team drafted a list of required materials and appraisal forms based on the actual needs of the project.

iii. On-site investigation

The appraisers conducted the necessary asset and liability verification of the subject asset from 18 August 2025 to 31 October 2025, and conducted the necessary due diligence on the operating and management conditions of the appraised entity.

1. Asset verification

(1) Guidance for the Appraised Entity in Completing Forms and Preparing Materials to be Provided to the Appraisal Agency

The evaluators guided the financial and asset management personnel of the appraised entity to accurately complete the assets appraisal details sheet and checklists based on the self-conducted asset verification, while collecting ownership proof documents and other supporting materials such as performance data, technical indicators, etc.

(2) Preliminary review and improvement of the Assets Appraisal Details Sheet submitted by the appraised entity

The appraisers reviewed the relevant documents, understood the detailed status of the assets included in the appraisal scope, and then carefully reviewed the "Assets Appraisal Details Sheet" to check for incomplete or incorrect entries, unclear asset items, and other

issues. Based on experience and the gathered information, the appraisers ensured the accuracy of the sheet and provided feedback to the appraised entity to improve them.

(3) On-Site inspection

Based on the type, quantity, and distribution of assets included in the appraisal scope, the appraisers, with the cooperation of the relevant personnel of the appraised entity, conducted on-site inspections in accordance with the relevant provisions of the asset appraisal standards. Different inspection methods were applied depending on the nature and characteristics of the various assets.

(4) Supplementing, modifying, and improving the Assets Appraisal Details Sheet

Based on the results of the on-site inspection and after thorough communication with the relevant personnel of the appraised entity, the appraisers further refined the "Assets Appraisal Details Sheet" to ensure consistency between the accounts, sheet, and actual assets.

(5) Verification of ownership documentation

The appraisers verified the ownership documentation for assets within the appraisal scope, such as buildings, vehicles, land use rights, patents, and software copyrights. In cases where ownership information was incomplete or unclear, the appraisers requested the enterprise to verify or provide relevant ownership clarification documents.

2. Due diligence

To fully understand the operational management status and risks faced by the appraised entity, the evaluators conducted necessary due diligence. The main contents of the due diligence were as follows:

(1) The history of the appraised entity, its major shareholders and their shareholding ratios, and the necessary ownership and management structure;

(2) The asset, financial, and operational management status of the appraised entity;

(3) The business plan, development plan, and financial forecast information of the appraised entity;

(4) Previous appraisals and transactions related to the appraised entity;

(5) Macro and regional economic factors affecting the appraised entity's operations;

(6) The development status and prospects of the industry in which the appraised entity operates;

(7) Other relevant information.

iv. Data collection

Based on the specific situation of the appraisal project, the evaluators collected appraisal data from various sources, including direct market information, materials provided by the client and other relevant parties, and documents from government departments, professional institutions, and other relevant agencies. The collected appraisal data was then analyzed, summarised, and organised to form the basis for the appraisal estimate.

v. Appraisal estimate

Based on the specific conditions of the various assets, the appraisers selected the appropriate formulas and parameters according to the chosen appraisal methods, performing analysis, calculations, and judgments to form preliminary appraisal conclusions. The project leader summarised the preliminary conclusions for each asset appraisal and drafted the preliminary asset appraisal report.

vi. Internal review

According to our company's appraisal business process management regulations, the project leader submitted the preliminary asset appraisal report for internal review after completion. After the internal review, the appraisers communicated with the client or other relevant parties, as agreed, on the contents of the asset appraisal report, ensuring that the independence of the appraisal conclusions was maintained. After completing the above appraisal procedures, the formal asset appraisal report was issued and submitted.

IX. Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

i. It is assumed that all appraisal subjects are already in the transaction process, and the appraisal professionals simulate the market to perform the appraisal based on the transaction conditions of the appraised assets.

ii. It is assumed that for assets traded or to be traded in the market, the parties involved in the asset transaction are in an equal position, with both parties having the opportunity and time to obtain sufficient market information. The transaction is voluntary and rational, with both parties able to make rational judgments regarding the asset's function, purpose, and transaction price.

iii. It is assumed that the appraised assets will continue to be used according to their current usage and mode of operation during the period of service at the mine.

iv. It is assumed that there are no significant changes in the relevant national laws, regulations, and policies, and no significant changes in the political, economic, and social environment in the regions where the parties to the transaction are located.

v. Based on the actual condition of the assets on the valuation benchmark date, it is assumed that the enterprise will continue as a going concern during the period of service at the mine.

vi. It is assumed that there will be no significant changes in the interest rate, tax bases and rates, or policy-related levies related to the appraised entity after the valuation benchmark date;

vii. It is assumed that the management team of the appraised entity after the valuation benchmark date will be responsible, stable, and capable of fulfilling their duties.

viii. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations.

ix. it is assumed that no force majeure or unforeseeable factors will have a significant adverse impact on the appraised entity after the valuation benchmark date.

x. It is assumed that the accounting policies adopted by the appraised entity after the valuation benchmark date will remain consistent in important aspects with the accounting policies used in preparing this asset appraisal report.

xi. It is assumed that, based on the current management approach and management level, the scope and method of operations of the appraised entity will remain consistent with the present.

xii. It is assumed that the cash inflows of the appraised entity after the valuation benchmark date will be average inflows, and the cash outflows will be average outflows.

xiii. It is assumed that the market competition conditions for the products or services of the appraised entity will remain the same as at present.

xiv. It is assumed that in the future, the production and sales of commodity coal will achieve a balance between output and sales;

xv. It is assumed that during the appraisal calculation period, the entity cost for environmental restoration and land reclamation will be equal to the extracted and spent amounts;

xvi. As at the valuation benchmark date, the appraised entity enjoys the preferential enterprise income tax policy for the Western Development, with an enterprise income tax rate of 15% from 1 January 2021 to 31 December 2030; This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;

xvii. It is assumed that China Energy Group Wuhai Energy Co., Ltd. will continue to charge coal resource usage fees to Wuhai Lutian Mining Co., Ltd., Guoneng Wuhai Energy Wuhushan Mining Co., Ltd., Guoneng Wuhai Energy Huangbaici Mining Co., Ltd., and Wuhai Gongwusu Coal Industry Co., Ltd. at the current level;

xviii. It is assumed that Shenhua Group Haibowan Mining Co., Ltd. Pinggou Coal Mine will complete the technological transformation and reach production capacity by 2030, and Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3 will complete the technological transformation and reach production capacity by 2029.

xix. It is assumed that the mineral resources reserves reviewed in the mining licence will be used as the basis, and the mining licence will be successfully extended in the future.

The conclusions of this asset appraisal report are valid under the above assumptions as of the valuation benchmark date. If there are significant changes in these assumptions, the signing asset appraisers and this appraisal agency will not bear responsibility for deriving different appraisal conclusions due to changes in assumptions.

X. Appraisal Conclusions

i. Income approach appraisal result

As at the valuation benchmark date, CHN Energy Wuhai Energy Co., Ltd.'s parent company had total assets with a book value of RMB22,033,615,700; total liabilities with a book value of RMB11,796,512,100; and net assets with a book value of RMB10,237,103,600. Under the income approach, the entire shareholders' equity of shareholders was RMB12,557,566,000, with an increase of RMB2,320,462,400, representing an appreciation rate of 22.67%.

As at the valuation benchmark date, CHN Energy Wuhai Energy Co., Ltd.'s total assets on a consolidated had a book value of RMB22,555,956,400, total liabilities had a book value of RMB10,423,355,900, and owners' equity had a book value of RMB12,132,600,500, of

which RMB11,621,321,400 was attributable to the parent company. Under the income approach, the entire shareholders' equity was RMB12,557,566,000, with an increase of RMB936,244,700, representing an appreciation rate of 8.06%.

ii. Asset-based approach appraisal result

As at the valuation benchmark date, CHN Energy Wuhai Energy Co., Ltd.'s parent company had total assets with a book value of RMB22,033,615,700, with the appraisal value at RMB25,938,906,500, an increase of RMB3,905,290,800, representing an appreciation rate of 17.72%; total liabilities had a book value of RMB11,796,512,100, with the appraisal value at RMB11,724,613,200, a decrease of RMB71,898,900, representing a decrease rate of 0.61%; and net assets had a book value of RMB10,237,103,600, with the appraisal value at RMB14,214,293,300, an increase of RMB3,977,189,700, representing an appreciation rate of 38.85%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-Based Approach

Unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
I. Current Assets	1	1,564,720.97	1,564,613.84	-107.13	-0.01
II. Non-Current Assets	2	638,640.60	1,029,276.81	390,636.21	61.17
Of which: Long-term equity investments	3	125,990.36	396,045.89	270,055.53	214.35
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	155,308.85	55,772.58	-99,536.27	-64.09
Construction in progress	6	109,147.43	111,189.62	2,042.19	1.87
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	244,435.09	463,883.47	219,448.38	89.78
Including: Land use right	9	20,449.34	19,920.53	-528.81	-2.59
Other non-current assets	10	3,758.87	2,385.25	-1,373.62	-36.54
Total assets	**11**	**2,203,361.57**	**2,593,890.65**	**390,529.08**	**17.72**
III. Current Liabilities	12	696,259.22	696,259.22	0.00	0.00
IV. Non-Current Liabilities	13	483,391.99	476,202.10	-7,189.89	-1.49
Total liabilities	**14**	**1,179,651.21**	**1,172,461.32**	**-7,189.89**	**-0.61**
Net assets	**15**	**1,023,710.36**	**1,421,429.33**	**397,718.97**	**38.85**

As at the valuation benchmark date, CHN Energy Wuhai Energy Co., Ltd.'s total assets on a consolidated basis had a book value of RMB22,5555,956,400, total liabilities had a book value of RMB10,423,355,900, and owners' equity had a book value of RMB12,132,600,500, of which RMB11,621,321,400 was attributable to the parent company. The appraised value reached RMB14,214,293,300, reflecting an increase of RMB2,592,971,900, representing an appreciation rate of 22.31%.

iii. Appraisal conclusions

Under the income approach, the entire shareholders' equity was RMB12,557,566,000 and RMB14,214,293,300 under the asset-based approach, with a difference of

RMB1,656,727,300 representing a variance rate of 13.19%.

The two appraisal methods consider different perspectives. The asset-based approach is a appraisal approach that determines the value of the subject asset based on a reasonable appraisal of the enterprise's assets and liabilities, estimating the enterprise's value from the perspective of the value of the assets it currently holds. The income approach, on the other hand, capitalises or discounts the expected future income of the appraised entity to determine its value, estimating the enterprise's value from the perspective of expected income, reflecting the overall profitability of the enterprise's assets.

The appraised entity is a coal mining enterprise, and coal prices are significantly affected by national economic policies and coal supply-demand relationships, introducing considerable uncertainty into key technical parameters and indicators in the income approach. The coal mining industry is a capital-intensive sector, and the main operating assets of the enterprise are largely dependent on the mineable reserves. The initial investment in fixed assets is significant, and the value of the mining rights has already been appraised by a professional appraisal agency. Therefore, the Asset-Based Approach better reflects the value of the enterprise. The conclusion of this appraisal adopts the results from the asset-based approach.

Based on the above analysis, this asset appraisal report adopts the asset-based approach appraisal result, i.e., the entire shareholders' equity of CHN Energy Wuhai Energy Co., Ltd. was RMB14,214,293,300.

XI. Special Matters Statement

The following matters were identified during the appraisal process that may affect the appraisal conclusion but cannot be assessed or estimated by the professional expertise and ability of the appraisers:

i. According to the *Asset Appraisal Law* and the *Guidance on Legal Ownership of Subject Asset*, the client and relevant parties commissioning the asset appraisal business shall be responsible for the authenticity, completeness, and legality of the ownership certificates, financial accounting information, and other materials they provide. The purpose of conducting asset appraisal is to estimate the value of the subject asset and provide professional opinions. Confirming the legal ownership or providing opinions on the legal status of the assets goes beyond the scope of professional asset appraisal. Asset appraisers do not provide guarantees on the legal ownership of the subject asset.

ii. In this asset appraisal report, any discrepancies between the total sum and the sum of individual items in tables or textual representations, where amounts are expressed in ten thousand yuan, are due to rounding.

iii. This appraisal makes use of the audit report EY Hua Ming (2025) Zhuan Zi No. 70066400_A01 issued by Ernst & Young Hua Ming LLP on 16 December 2025 We obtained the audit report through legal channels, and after analyzing and reviewing the contents of the audit report in accordance with the relevant asset appraisal standards, we have prudently used the relevant contents of the audit report. The audited financial data in the audit report forms the basis for the asset appraisal. If this financial data changes, the conclusions of this appraisal may become invalid. According to Article 12 of the *Asset Appraisal Practice Standards – Enterprise Value*: Asset appraisers analyse and assess the use of financial statements based on the chosen appraisal methods. However, it is not the

responsibility of the asset appraisers to offer professional opinions on whether the financial statements fairly reflect the financial status, operating results, or cash flow of the appraised entity as at the valuation benchmark date. We only bear responsibility for improper referencing that may arise in the use of the audit report during the appraisal process.

iv. The appraisal value of the intangible assets—mining rights within the scope of this appraisal refers to the appraisal conclusions of the *Shenhua Group Haibowan Mining Co., Ltd. Pingou Coal Mine Mining Rights Report* (ZH.Q.H.K.P.B.Z. [2025] No. 1066), CHN Energy Wuhai *Energy Co., Ltd. Laoshidan Coal Mine Mining Rights Report* (ZH.Q.H.K.P.B.Z. [2025] No. 1067), *Shenhua Group Haibowan Mining Co., Ltd. Luotuoshan Coal Mine Mining Rights Report* (ZH.Q.H.K.P.B.Z. [2025] No. 1068), CHN Energy Wuhai *Energy Co., Ltd. Huangbaici Coal Mine Mining Rights Report* (ZH.Q.H.K.P.B.Z. [2025] No. 1069), *Appraisal Report on CHN Energy Wuhai Energy Co., Ltd. Wuhushan Coal Mine Mining Rights* (ZH.Q.H.K.P.B.Z. [2025] No. 1070), *Appraisal Report on Shenhua Group Haibowan Mining Co., Ltd. Open-pit Coal Mine Mining Rights* (ZH.Q.H.K.P.B.Z. [2025] No. 1071), *Appraisal Report on Inner Mongolia Limin Coal and Coke Co., Ltd. Coal Mine Mining Rights* (ZH.Q.H.K.P.B.Z. [2025] No. 1072), and *Appraisal Report on Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3 Mining Rights* (ZH.Q.H.K.P.B.Z. [2025] No. 1073) issued on 16 December 2025.

During this appraisal process, the appraisers communicated and coordinated with mining rights appraisers, who adopted the discounted cash flow method for the appraisal of the mining right. After verifying that the mining rights appraisal report's subject asset, scope, purpose, base date, value type, and other aspects were consistent with this asset appraisal report and in line with the requirements of the economic transaction, the mining rights value involved in this appraisal report directly references the appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

v. Discrepancies between mining rights holders and operators

As at the valuation benchmark date, the enterprise declared eight mining rights within the appraisal scope, of which four have inconsistencies between the registered holder and the actual operator, i.e., the holder of the mining rights has transferred the mining rights to subsidiaries for operation in exchange for a "coal resource usage fee." The specific details are as follows:

No.	Mine name	Mining right holder	Operator	Notes
1	Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3	Shenhua Group Haibowan Mining Co., Ltd.	Wuhai Gongwusu Coal Industry Co., Ltd.	The mining rights holder and operator are both subsidiaries of Wuhai Energy
2	Shenhua Group Haibowan Mining Co., Ltd. Open-pit Coal Mine	Shenhua Group Haybarn Mining Co., Ltd.	Wuhai Lutian Mining Co., Ltd.	The mining rights holder and operator are both subsidiaries of Wuhai Energy
3	CHN Energy Wuhai Energy Co., Ltd. Huangbaici Coal Mine	CHN Energy Wuhai Energy Co., Ltd.	Guoneng Wuhai Energy Huangbaici Mining Co., Ltd.	The mining rights holder and operator are both subsidiaries of Wuhai Energy
4	CHN Energy Wuhai Energy Co., Ltd. Wuhushan Coal	CHN Energy Wuhai Energy Co., Ltd.	Guoneng Wuhai Energy Wuhushan	The mining rights holder and operator are both

Asset Appraisal Report on the Entire Shareholders' Equity of CHN Energy Wuhai Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

No.	Mine name	Mining right holder	Operator	Notes
	Mine		Mining Co., Ltd.	subsidiaries of Wuhai Energy

For the above-mentioned cases, the appraisal of the book value of the mining rights held by the property holder was zero, and concurrently, the appraisal was conducted separately for the mining rights holder and operator based on the "coal resource usage fee."

vi. Hazard management project matters

As at the valuation benchmark date, the environmental risk mitigation projects included in the appraisal scope mainly include the Comprehensive Disaster Management Project for the Goaf Area at Suhaitu Coal Mine and the Hazard Management Project of Eastern Part of Pingou Coal Mine Section III.

The appraisers verified the approval documents, management plans, production schedules, and related mitigation contracts for the two hazard management projects. This appraisal is based on the production schedule and capacity planning provided by the appraised entity. If the actual production differs from the planned production in the future, the appraisal value will need to be adjusted accordingly.

vii. Explanation of ownership deficiencies

1. The appraised entity, Wuhai Energy, has declared 57 land use rights within the appraisal scope. Among these, two land use rights have not obtained land use certificates (excluding 8 non-physical land items); two are registered under Shenhua Wuhai Energy Co., Ltd. (former name of Wuhai Energy); nine are registered under Shenhua Group Haibowan Mining Co., Ltd. or Shenhua Wuhai Coal Chemical Co., Ltd. (names of the merged companies); and one is registered under Industrial and Commercial Bank of China Wuhai Gongwusu Sub-branch (name of the seller of the externally purchased property). These land use rights have not yet completed the transfer procedures. The enterprise confirms that these lands are actually owned by the enterprise, with no dispute over ownership.

The appraised entity holds one Real Estate Ownership Certificate with certificate number Meng (2024) Hainan District Real Estate Ownership Certificate No. 0007678, which is registered under CHN Energy Wuhai Energy Co., Ltd. The appraised entity provided a statement indicating that according to the minutes of the 42nd meeting of the General Manager's Office of CHN Energy Group, "Researching Matters Related to the Recent Work of Wuhai Energy Company and Coal and Coking Company" (issued 24 March 2018), as of the appraisal benchmark date, this land parcel has been transferred as part of the Xilaifeng-related assets to CHN Energy Coal and Coking Co., Ltd. The property rights no longer belong to the appraised entity, which is currently assisting CHN Energy Coal and Coking Co., Ltd. in handling the property rights transfer procedures for this land parcel and related assets. Therefore, the appraised entity did not include this land parcel in the scope of this appraisal.

The appraised entity, Wuhai Energy, has declared 348 fixed assets – properties and buildings within the appraisal scope, with a total building area of 280,95.69 square metres. Among these, 16 items have obtained property ownership certificates, with a registered area of 8,862.30 square metres, which is registered under Shenhua Wuhai Energy Co., Ltd., CHN Energy Wuhai Energy Co., Ltd., Haibowan Mining Bureau Technical School, and Industrial and Commercial Bank of China Limited Wuhai Gongwusu Sub-branch. Nine items are classified as expenses and do not require certificates. The remaining 323 items

have not obtained property ownership certificates (25 of these have been demolished and 69 items that are awaiting scrapping).

Among the 281 patent rights declared by the appraised entity, Wuhai Energy owns 93 patents, of which three patents are registered under Shenhua Wuhai Energy Co., Ltd. (the former name of Wuhai Energy). Wuhai Energy jointly owns 188 patents with others, of which 76 patents are registered under Shenhua Wuhai Energy Co., Ltd. (the former name of Wuhai Energy). One patent is jointly owned by the subsidiaries, Shenhua Wuhai Coal and Coking Co., Ltd. and Shenhua Group Co., Ltd.; one patent is jointly owned by the subsidiaries, Shenhua Group Haibowan Mining Co., Ltd. and Shenhua Group Co., Ltd. Regarding the jointly owned patents and patents whose registered owner's name has not yet been changed, the appraised entity has provided a statement and guarantees that these patents are either solely owned or co-owned with other companies, and there are no ownership disputes or potential disputes. For jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

2. The appraised entity's subsidiary, Tianjie Power, has declared seven land use rights within the appraisal scope. Among these, six land use right has not obtained a land use certificate. The enterprise confirms that these lands are actually owned by the enterprise, with no dispute over ownership. 39 properties and buildings have not obtained property ownership certificates, with a total area of 23,776.14 square metres. The enterprise confirms that these properties are actually owned by the enterprise, with no dispute over ownership.

3. The appraised entity's subsidiary, Huangbaici Mining, owned one land use right that has been subject to a signed transfer contract but lacks a formal land use right certificate. As of the appraisal date, it is accounted for as an advance payment. The enterprise confirms that the aforementioned land is actually owned by the enterprise and that there are no disputes regarding its ownership rights. And 85 properties and buildings that have not obtained property ownership certificates, with a total area of 31,106.77 square metres. The enterprise confirms that these properties are actually owned by the enterprise, with no dispute over ownership. There are 11 vehicles in total, of which four vehicles have discrepancies between the registered owner and the company name, and have not completed the transfer procedures. The enterprise confirms that these vehicles are actually owned by the enterprise, with no dispute over ownership.

4. The appraised entity's subsidiary, Wuhushan Mining, has declared four land use rights within the appraisal scope. Among these, one is registered under Shenhua Group Wuda Wuhushan Mining Co., Ltd. (the predecessor name of the enterprise), and one is registered under Shenhua Wuda Mining Area Water and Electricity Management Co., Ltd. (the predecessor name of an enterprise within the Wuhai Energy system). These land use rights have not yet completed the transfer procedures. The enterprise confirms that these lands are actually owned by the enterprise, with no dispute over ownership. 46 properties and buildings have not obtained property ownership certificates, with a combined area of 23,113.38 square metres. The enterprise pledges that the aforementioned properties are actually owned by the enterprise and that there are no disputes regarding ownership.

5. The appraised entity's subsidiary, Lutian Mining, has declared one land use right within the appraisal scope, registered under Wuhai Lutian Coal Processing Co., Ltd. (name of the

absorbed merged company). The transfer procedures have not been completed. The enterprise confirms that this land is actually owned by the enterprise, with no dispute over ownership. There are 65 properties and buildings within the appraisal scope, with a total building area of 32,105.27 square metres. None of these buildings have property ownership certificates. The appraised entity has provided an explanation of the building status and confirms that the situation is true, and the properties without certificates are actually owned by the enterprise with no ownership disputes.

6. The appraised entity's subsidiary, Hainan Coal Processing, has declared one land use rights that overlaps with land already certified and no physical land exists. The enterprise has issued a statement on the land use right situation, affirming the accuracy of the aforementioned circumstances. All 38 items of properties and buildings have not obtained property ownership certificates, with a combined area of 34,169.33 square metres. The enterprise confirms that these properties are actually owned by the enterprise and that there are no disputes over ownership. Three vehicles are present within the factory premises but lack valid vehicle registration certificates. The enterprise has affirmed that these vehicles are actually owned by the enterprise and that there are no disputes regarding their ownership.

7. The appraised entity's subsidiary, Wuda Coal Processing, has declared 11 properties and buildings that have not obtained property ownership certificates, with a total area of 18,911.37 square metres. The enterprise confirms that these properties are actually owned by the enterprise, with no dispute over ownership. Wuda Coal Processing has signed a transfer contract for one land use right, but has not yet obtained the land use right certificate. The enterprise pledges that the aforementioned land is actually owned by the enterprise and that there are no disputes regarding its ownership.

8. The appraised entity's subsidiary, Limin Coal and Coke, has declared seven land use rights within the appraisal scope. Among these, one has signed a transfer contract but has not obtained a land use certificate. Five of the land use rights are registered under Otog Banner Limin Coal and Coke Co., Ltd. and Otog Banner Limin Coal and Coke Co., Ltd. Residential Complex (former names of the enterprise), and these have not completed the transfer procedures. The enterprise confirms that these lands are actually owned by the enterprise, with no dispute over ownership. The total area of properties and buildings declared by the enterprise within the appraisal scope is 104,522.30 square metres. Among these, 19 properties have obtained property ownership certificates, with a registered area of 12,840.85 square metres, which is registered under Otog Banner Limin Coal and Coke Co., Ltd., which is the former name of the appraised entity and has not yet been updated. The remaining 67 properties (6 of which have been demolished) have not obtained real estate ownership certificates.

9. The appraised entity's subsidiary, Gongwusu Mining, has declared 71 properties and buildings within the valuation scope, with a total area of 50,586.16 square metres, have not obtained property ownership certificates. The subject entity has issued a statement regarding the buildings, affirming the accuracy of the above circumstances and confirming that the unregistered properties are actually owned by it without any ownership disputes. There are 13 vehicles in total. Among them, 3 vehicles within the factory premises have not obtained vehicle registration certificates. The enterprise has committed that these vehicles are actually owned by the enterprise and there are no disputes over their ownership.

10. The appraised entity's subsidiary, Mining Area Water and Electricity Management, has declared five land use rights within the appraisal scope. All of these are registered under Shenhua Wuda Mining Area Water and Electricity Management Co., Ltd. Suhaitu Substation, Shenhua Wuda Mining Area Water and Electricity Management Co., Ltd. South No. 2 Booster Station, Shenhua Wuda Mining Area Water and Electricity Management Co., Ltd. North No. 2 Booster Station, Shenhua Wuda Mining Area Water and Electricity Management Co., Ltd. North No. 1 Booster Station, Shenhua Wuda Mining Area Water and Electricity Management Co., Ltd. Old Shaft No. 25. All of these are the former names of the enterprise, and have not yet completed the transfer procedures. The enterprise confirms that these lands are actually owned by the enterprise, with no dispute over ownership. The appraised entity has declared a total of 26 properties and buildings, of which 13 items lacked property ownership certificates, with a total area of 2,788.83 square metres. Of which 13 items has discrepancies between the registered owner and the entity's current name. The enterprise has affirmed that it actually owns these properties and that there are no disputes regarding their ownership.

11. The appraised entity's subsidiary, Information Company, has declared five properties and buildings within the appraisal scope that have not obtained property ownership certificates, with a total area of 1,749.98 square metres. The enterprise confirms that these properties are actually owned by the enterprise, with no dispute over ownership.

viii. Explanation regarding assets in an abnormal use state

Some assets declared by the enterprise within the appraisal scope are in a non-physical or pending scrap state, as detailed below:

1. The appraised entity, Wuhai Energy, has declared eight land use rights with a book value of RMB38,377,100. These have no corresponding physical land due to being duplicate with certified lands, demolished by the government, etc. For non-physical assets, the appraisal amount is zero.

The appraised entity, Wuhai Energy, has declared 25 items of fixed assets—properties and buildings that have been demolished, 69 items that are awaiting scrapping, 15 demolished items of structures, 9 items that are non-physical and 131 items that are awaiting scrapping. There were three pipeline trenches that have been demolished and 15 items that are awaiting scrapping, two shaft engineering projects that have been demolished and 13 items that are awaiting scrapping. The total book value of the above items was RMB10,646,100. In addition, 6 items without physical objects and 836 items of fixed assets-machinery and equipment were scrapped or awaiting scrapping, two items of vehicles were in repair, and 381 items of electric equipment were awaiting scrapping. The total book value of non-operational machinery and equipment was RMB12,267,400. The appraised entity has declared 114 items of intangible assets—software. Among these, 37 software items have been discontinued, and the net book value of discontinued software was RMB867,700. The appraised entity has declared 281 items of intangible assets—patents, all of which are off-balance sheet assets. Among these, 159 items have been discontinued and 75 items remain unused. For the above-mentioned assets awaiting scrapping assets, the appraisal is based on their recoverable value. For non-physical, discontinued and unused assets, the appraisal amount was zero.

2. The appraised entity's subsidiary, Tianjie Power, has declared 21 items of raw material assets, with a net book value of zero. Three land use rights, with a book value of

RMB1,632,600, are either demolished by the government or revoked, and no physical land exists. Two land use rights, with a book value of RMB220,400, have ownership disputes due to transfer or occupation by residents. For non-physical assets or those with ownership disputes, the appraisal amount was zero. One item of properties and buildings with a net book value of RMB16,400. Four items of structures with a net book value of RMB80,000. 142 items of machinery and equipment with a book value of RMB23,470,200, one item of vehicle with a book value of RMB4,900, and six items of electric equipment with a book value of RMB800. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For demolished properties and buildings, the appraisal value was zero.

3. The appraised entity's subsidiary, Hainan Coal Processing, has declared one land use right, with a book value of RMB648,100, which overlaps with certified land. This land was non-existent, and for non-physical land use rights, the appraisal amount was zero. Four items of properties and buildings with a net book value of zero. Six items of structures with a net book value of RMB221,200. 47 items of machinery and equipment with a book value of RMB1,345,100, one item of vehicle with a book value of RMB6,100, and eight items of electric equipment with a book value of RMB0. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For non-physical assets, the appraisal value was zero.

4. The appraised entity's subsidiary, Huangbaici Mining, has declared 48 items of properties and buildings with a book value of RMB15,364,600, with an impairment provision of RMB15,228,600. 73 items of structures with a net book value of RMB136,000. Five items of shaft engineering with a book value of RMB3.01 million. 60 items of machinery and equipment with a book value of RMB171,900, two items of vehicle with a book value of RMB25,600, and 30 items of electric equipment with a book value of RMB13,400. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. Three items of software assets with a book value of zero have been discontinued as at the valuation benchmark date and the appraisal amount was zero.

5. The appraised entity's subsidiary, Wuhushan Mining, has declared 13 items of properties and buildings with a net book value of RMB7,400. 20 items of structures with a net book value of RMB203,000. 12 items of shaft engineering with a net book value of RMB1,701,800. 368 items of machinery and equipment with a book value of RMB10,969,300; one item of electronic equipment with a book value of RMB1,200. Three non-physical assets with a book value of RMB79,800. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For non-physical assets, the appraisal value was zero. There were eight items of software assets, of which six have been discontinued as at the valuation benchmark date, with a combined book value of zero. For the software that has been discontinued as at the valuation benchmark date, the appraisal amount was zero.

6. The appraised entity''s subsidiary, Lutian Mining, has declared two items of properties and buildings in a scrapping status and two items have been demolished. Additionally, one item of structures was awaiting scrapping. The net book value of these items was RMB96,800. 11 items of machinery and equipment with a book value of RMB21,600; nine items of electric equipment with a book value of RMB1,200. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For non-physical assets, the appraisal value was zero.

7. The appraised entity's subsidiary, Limin Coal and Coke, has declared six items of properties and buildings that have been demolished, with a net book value of RMB19,900. 189 items of machinery and equipment with a book value of RMB17,846,700; one item of vehicles with a book value of RMB5,500; four items of electric equipment with a book value of zero. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value.

8. The appraised entity's subsidiary, Gongwusu Mining, has declared 31 items of machinery and equipment with a book value of RMB32,000; three items of electric equipment with a book value of zero; eight software items with a book value of zero. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For non-physical assets, the appraisal value was zero.

9. The appraised entity's subsidiary, Mining Area Water and Electricity Management, has declared 16 items of machinery and equipment with a book value of RMB130,700. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For non-physical assets, the appraisal value was zero. One land use right with a book value of RMB8,000 was demolished by the government. No corresponding actual land exists. As at the valuation benchmark date, the government did not agree to compensate for the land. The appraisal amount was zero.

11. The appraised entity's subsidiary, Information Technology, has declared one item of properties and buildings with a book value of RMB47,200; one item of vehicle with a book value of RMB5,200; ten items of electric equipment with a book value of RMB16,500. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For non-physical assets, the appraisal value was zero.

ix. Subsequent events

1. According to the project plan, after the valuation benchmark date, Wuhai Energy will transfer its 100% equity in Inner Mongolia Alxa League Tianrong Coal Co., Ltd., 45% equity in Wuhai Shenhua Junzheng Industrial Co., Ltd., and the coal mining rights for Baiyinwusu Coal Mine held by Shenhua Group Haibowan Mining Co., Ltd. through an unpaid transfer.

The audit report used in this appraisal has simulated the stripping of the above assets through non-compensatory transfers.

2. On 29 September 2025, the legal representative of CHN Energy Wuhai Energy Co., Ltd. was changed to Fan Zhongming.

Users of the asset appraisal report should pay attention to the impact of the above special matters on the appraisal conclusion.

XII. Limitations on the Use of the Asset Appraisal Report

i. Scope of use of the asset appraisal report

1. The users of the asset appraisal report are the client and other users as specified by national laws and administrative regulations.

2. The appraisal conclusions revealed in the asset appraisal report are only valid for the appraisal purpose of this project.

3. The appraisal conclusions in the asset appraisal report are valid for one year from the

valuation benchmark date. The client or other users of the asset appraisal report should use the report within the stated validity period of the appraisal conclusions.

4. Without the written consent of the client, the asset appraisal institution and its asset appraisal professionals shall not disclose or provide the contents of the asset appraisal report to any third party, unless otherwise stipulated by law or administrative regulations.

5. Without the consent of the asset appraisal agency, the contents of the asset appraisal report shall not be copied, quoted, or disclosed in public media, except as required by law, administrative regulations, or as agreed by the relevant parties.

ii. If the client or other users of the asset appraisal report do not use the asset appraisal report in accordance with the laws, administrative regulations, and the usage scope outlined in the asset appraisal report, the asset appraisal agency and its professionals shall not bear any responsibility.

iii. Except for the client, other users of the asset appraisal report as agreed in the asset appraisal contract, and those specified by laws or administrative regulations, no other institution or individual may become a user of the asset appraisal report.

iv. Users of the asset appraisal report should correctly understand and use the appraisal conclusions. The appraisal conclusions are not equivalent to the realizable price of the subject asset and should not be regarded as a guarantee of the realizable price of the subject asset.

v. The asset appraisal report is a professional report issued by the asset appraisal agency and its professionals after following legal, administrative, and asset appraisal standards, and completing the necessary asset appraisal procedures according to the commission. The report must be signed by the asset appraisers handling the appraisal and stamped with the appraisal agency's official seal. It can only be formally used after being filed with the state-owned asset supervision and management authority or the enterprise that provided funding.

This report is prepared in accordance with the Chinese Asset Appraisal Standards

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Inner Mongolia Pingzhuang Coal Group Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

ZH.Q.H.P.B.Z. (2025) No. 6667

(Volume 1 of 1)

China Enterprise Appraisals Co., Ltd.

16 December 2025

Declaration

I. This asset appraisal report is prepared based on the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

II. The asset appraisal agency and its professional appraisers comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and fairness, and bear legal responsibility for the asset appraisal report they issue.

III. The client or other users of the asset appraisal report shall use the report in accordance with the laws, administrative regulations, and the scope of use stated in the asset appraisal report. If the client or other users of the report misuse the report in violation of the foregoing regulations, the asset appraisal agency and its appraisers shall not bear any responsibility.

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by laws or administrative regulations. Other institutions or individuals shall not use this asset appraisal report.

The asset appraisal agency and the appraisers remind the users of the asset appraisal report to correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

IV. The asset and liability lists, and business forecasts related to the subject asset are provided by the client and the appraised entity, and confirmed through their signatures, seals, or other legally permitted means. The client and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

V. The asset appraisers have conducted on-site investigations of the subject asset and the assets involved. They have paid necessary attention to the legal ownership status of the subject asset and its assets, verified the ownership documents, disclosed any discovered issues truthfully, and urged the client and other relevant parties to rectify any property right issues to meet the requirements for issuing the asset appraisal report.

VI. The asset appraisal agency and its appraisers have no current or anticipated interests in the subject asset in the asset appraisal report, nor any current or anticipated interests with the relevant parties, and are unbiased towards the relevant parties.

VII. The analysis, judgment, and results in the asset appraisal report issued by the asset appraisal agency are subject to the assumptions and limitations specified in the report. Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

VIII. The asset appraisers' investigation of physical assets such as buildings and structures, equipment, construction in progress, and inventories is generally limited to observation of use and maintenance conditions. Internal, hidden, or difficult-to-access parts are not inspected. We do not possess professional qualifications nor have we been engaged to conduct technical inspections or appraisals of the internal quality of these assets. Our appraisal is based on the information provided by the client and other relevant parties. If there are defects in the internal quality of these assets, the appraisal conclusions may be affected to varying degrees.

Summary of the Asset Appraisal Report

Important Notice

This summary is extracted from the main text of the asset appraisal report. To understand the details of the appraisal project and properly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read carefully.

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your commission and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness. The market value of the entire shareholders' equity held by Inner Mongolia Pingzhuang Coal Group Co., Ltd. on the Valuation benchmark date has been appraised according to the necessary appraisal procedures. The summary of the asset appraisal report is hereby presented as follows:

Appraisal purpose: China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in Inner Mongolia Pingzhuang Coal Group Co., Ltd. on the Valuation benchmark date is appraised, providing a value reference for the above economic activities.

Subject asset: The value of the entire shareholders' equity of Inner Mongolia Pingzhuang Coal Group Co., Ltd.

Appraisal scope: The total assets and liabilities of Inner Mongolia Pingzhuang Coal Group Co., Ltd.

As of the valuation benchmark date, the assets within the scope of the appraisal included current assets, long-term equity investments, fixed assets, construction-in-progress, intangible assets, and other non-current assets. The parent company-level total assets had a book value of RMB18,171,233,900, while liabilities, comprising current and non-current liabilities, had a total book value of RMB19,125,014,300. The net assets had a book value of RMB-953,780,400.

The consolidated total assets had a book value of RMB34,567,091,600, with total liabilities amounting to RMB31,041,413,400. The book value of owner's equity was RMB3,525,678,200, with the equity attributable to the parent company being RMB2,284,963,900.

Valuation benchmark date: 31 July 2025

Value type: Market value

Appraisal methods: Asset-based approach and income approach

Appraisal conclusion: This asset appraisal report adopts the results from the asset-based approach as the appraisal conclusion. The specific appraisal conclusion is as follows:

As of the valuation benchmark date, on the parent-company basis, Inner Mongolia Pingzhuang Coal Group Co., Ltd. recorded total assets with a book value of RMB18,171,233,900 and an appraised value of RMB24,656,122,800, representing an appreciation of RMB6,484,888,900 and an appreciation rate of 35.69%. Total liabilities

had a book value of RMB19,125,014,300 and an appraised value of RMB19,072,313,500, representing an impairment of RMB52,700,800 and an impairment rate of 0.28%. Owners' equity had a book value of RMB-953,780,400 and an appraised value of RMB5,583,809,300, representing an appreciation of RMB6,537,589,700 and an appreciation rate of 685.44%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-Based Approach

Valuation benchmark date: 31 July 2025 Currency unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	160,722.45	160,759.19	36.74	0.02
Non-current assets	2	1,656,400.94	2,304,853.09	648,452.15	39.15
Of which: Long-term equity investments	3	280,285.01	805,199.44	524,914.43	187.28
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	187,382.03	227,004.08	39,622.05	21.15
Construction in progress	6	27,182.53	27,128.31	-54.22	-0.20
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	555,446.80	639,416.69	83,969.89	15.12
Including: Land use right	9	6,136.92	128,803.12	122,666.20	1,998.82
Other non-current assets	10	606,104.57	606,104.57	0.00	0.00
Total assets	**11**	**1,817,123.39**	**2,465,612.28**	**648,488.89**	**35.69**
Current liabilities	12	1,494,231.30	1,494,231.30	0.00	0.00
Non-current liabilities	13	418,270.13	413,000.05	-5,270.08	-1.26
Total liabilities	**14**	**1,912,501.43**	**1,907,231.35**	**-5,270.08**	**-0.28**
Net assets	**15**	**-95,378.04**	**558,380.93**	**653,758.97**	**685.44**

As of the valuation benchmark date, the consolidated total assets of Inner Mongolia Pingzhuang Coal Group Co., Ltd. had a book value of RMB34,567,091,600, total liabilities had a book value of RMB31,041,413,400, and owners' equity had a book value of RMB3,525,678,200, of which RMB2,284,963,900 was attributable to the parent company. After applying the asset-based approach, the value of the entire shareholders' equity was RMB5,583,809,300, with an increase of RMB3,298,845,400, representing an appreciation rate of 144.37%.

Unless otherwise stated, all amounts in this report are expressed in Renminbi (RMB).

This asset appraisal report is solely for providing value reference for the economic activities described in the report. The validity period of the appraisal conclusion is one year from the valuation benchmark date.

Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

The content above is extracted from the main text of the asset appraisal report. To understand the details of the appraisal business and correctly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read.

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Inner Mongolia Pingzhuang Coal Group Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your commission and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness, using the asset-based approach and income approach, and follows the necessary appraisal procedures to appraise the market value of the entire shareholders' equity of Inner Mongolia Pingzhuang Coal Group Co., Ltd. held by China Energy Investment Corporation Co., Ltd., relating to China Shenhua Energy Company Limited's proposed issuance of shares and cash payment for asset acquisition, as of 31 July 2025. The asset appraisal information is hereby reported as follows:

I. Client, Appraised Entity, and Other Users of the Asset Appraisal Report as Defined in the Asset Appraisal Engagement Contract

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity is Inner Mongolia Pingzhuang Coal Group Co., Ltd. The other users of the asset appraisal report, as stipulated in the asset appraisal engagement contract, include the higher-level competent authorities of the clients and other parties designated by national laws and regulations to use the asset appraisal report.

i. Profile of client 1

Name: China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "China Energy Group")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB132,094,661,149.8

Type: Limited liability company (state-owned)

Unified social credit code: 91110000710933024J

Date of incorporation: 23 October 1995

Business term: From 23 October 1995 to indefinite period

Business scope: Management of state-owned assets within the scope authorised by the State Council; investment and management in industries such as coal and other resource-based products, coal-to-liquid, coal chemical, electricity, heat, ports, various transport industries, finance, domestic and foreign trade, logistics, real estate, high technology, and information consultancy; planning, organising, coordinating, and managing the production and business activities of the group companies in the above industries; sales of chemical materials and products (excluding hazardous chemicals), textiles, building materials, machinery, electronic equipment, and office equipment. (Market entities independently choose their business projects and conduct operations.

Projects subject to approval must be carried out only after receiving approval from relevant authorities, and no operations may be conducted that are prohibited or restricted by national or local industrial policies.)(Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

ii. Profile of client 2

Name: China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lyu Zhiren

Registered capital: RMB19,868,519,955

Type: Other joint stock company (listed)

Unified social credit code: 91110000710933024J

Date of incorporation: 8 November 2004

Business term: From 8 November 2004 to indefinite period

Stock code: 601088.SH, 01088.HK

Business scope: Coal mining (validity subject to the expiration of related permits for each mine); wholesale coal business; project investment; coal washing, processing; development and operation of mining products; internal railway transportation; electricity generation; provision of supporting services for coal, railway, and electricity operations; ship repair; development and use of energy and environmental protection technologies, technology transfer, consulting, and services; import and export business; sale of chemical products, chemical materials, building materials, machinery and equipment (excluding hazardous chemicals); property management. (Market entities independently choose their business projects and conduct operations. Projects subject to approval must be carried out only after receiving approval from relevant authorities, and no operations may be conducted that are prohibited or restricted by national or local industrial policies.)(Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

iii. Profile of the appraised entity

1. Company overview

Name: Inner Mongolia Pingzhuang Coal Group Co., Ltd. (hereinafter referred to as "Pingzhuang Coal")

Domicile: Middle Section of Hahe Street, Pingzhuang Town, Yuanbaoshan District, Chifeng City, Inner Mongolia

Legal representative: Du Shanzhou

Registered capital: RMB4,354,192,648

Type: Limited liability company (wholly owned by a legal person, not invested in or controlled by natural persons)

Unified social credit code: 91150403114863701Q

Date of incorporation: 10 July 2000

Business term: From 10 July 2000 to 31 December 2040

Business scope: The company is prohibited from engaging in businesses that are prohibited by law and regulations, and shall not engage in businesses that require approval until the relevant approval is obtained. For businesses not requiring approval as stipulated by law or regulation, the company may independently choose its business activities.

2. Shareholders, their shareholding ratios and equity change

In 2000, the People's Government of Inner Mongolia Autonomous Region issued the *Approval for the Reform and Development Plan of Pingzhuang Mining Bureau* (N.Z.Z. [2000] No. 55), approving the overall restructuring of Pingzhuang Mining Bureau into Inner Mongolia Pingzhuang Coal Group Co., Ltd. (a wholly state-owned enterprise).

In March 2000, the Economic and Trade Commission of Inner Mongolia Autonomous Region issued the *Approval for the Establishment of Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (N.J.M.Q.F. [2000] No. 104), consenting to the restructuring of Pingzhuang Mining Bureau into Inner Mongolia Pingzhuang Coal Group Co., Ltd.

In July 2000, the Chifeng Administration for Industry and Commerce issued the *Business Licence for Enterprise Legal Person* to Pingzhuang Coal (Registration No.: 1504001000366). At the time of establishment, the equity structure of Pingzhuang Coal was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	Pingzhuang Mining Bureau	37,605	37,605	100%
Total		**37,605**	**37,605**	**100%**

In June 2001, the investors changed, and the registered capital was reduced from RMB376.05 million to RMB164.51 million.

In April 2001, the Economic and Trade Commission of Inner Mongolia Autonomous Region issued the *Notice on Authorising Inner Mongolia Pingzhuang Coal Group Co., Ltd. to Operate State-owned Assets* (N.J.M.Q.G.F. [2001] No. 247), authorising Pingzhuang Coal to operate state-owned assets managed by the People's Government of Inner Mongolia Autonomous Region. The specific total amount of authorised state-owned assets was as follows: Based on the financial audit report issued by Chifeng Huixing Certified Public Accountants Co., Ltd. on 8 February 2001, Pingzhuang Coal's state-owned net assets were RMB164.51 million. After deducting non-operating assets of RMB61.50 million, the operating net assets of RMB103.01 million constituted the total amount of authorised state-owned assets. The non-operating assets of RMB61.50 million were entrusted to Pingzhuang Coal for management.

In April 2001, the People's Government of Inner Mongolia Autonomous Region issued the *Approval for the Representative of the People's Government of Inner Mongolia Autonomous Region as the Contributor in Inner Mongolia Pingzhuang Coal Group Co.,*

Ltd. (N.Z.Z. [2001] No. 107), approving the State-owned Assets Supervision and Administration Commission of the People's Government of Inner Mongolia Autonomous Region to act as the contributor representing the People's Government of Inner Mongolia Autonomous Region in Pingzhuang Coal.

In May 2001, Pingzhuang Coal published a capital reduction notice in the *Chifeng Daily*, which stated: "The registered capital of Inner Mongolia Pingzhuang Coal Group Co., Ltd. is reduced from RMB376 million to RMB165 million."

In June 2001, the Economic and Trade Commission of Inner Mongolia Autonomous Region issued *the Approval for the Change of Registered Capital of Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (N.J.M.Q.G.F. [2001] No. 404). Based on the appraisal results confirmed by Chifeng Huixing Certified Public Accountants Co., Ltd. (H.S.Y.Z. [2001] No. 9) and *the Notice on Authorising Inner Mongolia Pingzhuang Coal Group Co., Ltd. to Operate State-owned Assets* (N.J.M.Q.G.F. [2001] No. 247) issued by the Economic and Trade Commission of Inner Mongolia Autonomous Region, the Commission approved Pingzhuang Coal to use RMB164,511,372.21 in net assets as its registered capital. After the change was completed, the equity structure of Pingzhuang Coal was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	State-owned Assets Administration Bureau of Inner Mongolia Autonomous Region	16,451	16,451	100%
Total		**16,451**	**16,451**	**100%**

In September 2002, the Development Planning Commission of Inner Mongolia Autonomous Region and the Department of Finance of Inner Mongolia Autonomous Region issued the *Approval for Forwarding the Transfer of Central-Level Basic Operating Funds Principal and Interest Debts and Liabilities in the Autonomous Region's Coal Industry* (N.J.T.Z. [2002] No. 1612), approving that (1) the total principal and interest of RMB1,315,586.67 in debts and liabilities arising from the departmental loan under the state infrastructure construction fund used by Pingzhuang Mining Bureau shall be fully transferred to *Pingzhuang* Group Co., Ltd. (which should be a clerical error in the document and should in fact refer to Pingzhuang Coal), to be treated as state-owned assets of the Inner Mongolia Autonomous Region; (2) the total principal and interest of RMB934,903,639.34 in debts and liabilities arising from the entrusted loan under the state investment corporation's infrastructure construction fund used by Pingzhuang Mining Bureau shall be fully transferred to *Pingzhuang* Group Co., Ltd. (same as above), to be treated as state-owned assets of the Inner Mongolia Autonomous Region.

In October 2002, the Office of Inner Mongolia Pingzhuang Coal Group Co., Ltd. issued *the Notice on Converting the Balance of Basic Construction Operating Funds into State Capital* (P.M.B.F. [2002] No. 89). As approved by the State Planning Commission and the Ministry of Finance under Document J.T.Z. [2002] No. 454, the debts and liabilities arising from the departmental loan under the state infrastructure construction fund and the entrusted loan under the state investment corporation's infrastructure construction fund used by Pingzhuang Coal were converted into state capital, resulting in a total increase of RMB936,319,226.01 in state capital for Pingzhuang Coal.

In October 2003, the People's Government of Inner Mongolia Autonomous Region

issued the *Approval for the Increase of Registered Capital of Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (N.Z.G.P.Z. [2003] No. 24), approving the increase of Pingzhuang Coal's registered capital from RMB164,510,000 to RMB746,749,341.49. After the change in registered capital was completed, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	State-owned Assets Administration Bureau of Inner Mongolia Autonomous Region	74,675	74,675	100%
Total		**74,675**	**74,675**	**100%**

In September 2003, the State-owned Assets Supervision and Administration Commission of the People's Government of Inner Mongolia Autonomous Region issued the *Notice on Placing Pingzhuang Coal under the Administration of the People's Government* of *Chifeng Municipality* (N.G.Z.B.F. [2003] No. 1). The notice approved that, with effect from 1 September 2003, all assets (including claims and liabilities) and the entire staff of Pingzhuang Coal—which had previously been under the administration of the Government of the Autonomous Region—would be transferred in their entirety to the administration of the People's Government of Chifeng Municipality.

In November 2003, the Administration for Industry and Commerce of Inner Mongolia Autonomous Region issued a new *Business Licence for Enterprise Legal Person* to Pingzhuang Coal. After the transfer of equity was completed, the equity structure of Pingzhuang Coal was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	Chifeng City Economic Committee	74,675	74,675	100%
Total		**74,675**	**74,675**	**100%**

In April 2008, the People's Government of Chifeng Municipality issued the *Approval for the Transfer of the Equity in Inner Mongolia Pingzhuang Coal Group Co., Ltd*. (C.Z.Z. [2008] No. 62), approving the Chifeng Municipal Economic Committee's transfer of its equity in Pingzhuang Coal to external parties.

In April 2008, the Chifeng Municipal Economic Committee, as Party A, and China Guodian Corporation, as Party B, along with the Inner Mongolia Property Rights Exchange Centre as the certifying party, jointly signed the *Property Rights Transaction Agreement* (Contract No. MJJY-08014), agreeing that the Chifeng Municipal Economic Committee would transfer 48% of its equity in Pingzhuang Coal to China Guodian Corporation for RMB2,091 million.

In April 2008, the Inner Mongolia Property Rights Exchange Centre issued the *Inner Mongolia Property Rights Exchange Centre Transaction Verification Certificate* (N.C.J.Z.Z. [2008] No. 4), confirming that the Chifeng Municipal Economic Committee and China Guodian Corporation had signed the *Property Rights Transaction Agreement* numbered MJJY-08014. Specifically, the Chifeng Municipal Economic Committee transferred its 48% equity in Pingzhuang Coal to China Guodian Corporation. The appraised value of the subject equity was RMB1,961,511,840, and the transaction price was RMB2,091 million. This transfer by the Chifeng Municipal

Economic Committee had been approved by the People's Government of Chifeng Municipality.

In April 2008, the Administration for Industry and Commerce of Inner Mongolia Autonomous Region issued a new *Business Licence* for Enterprise Legal Person to Pingzhuang Coal. After the equity transfer was completed, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	Chifeng City Economic Committee	38,831	38,831	52%
2	China Guodian Corporation	35,844	35,844	48%
Total		**74,675**	**74,675**	**100%**

In May 2008, after research and decision by the Chifeng Municipal Economic Committee, and with approval from the People's Government of Chifeng Municipality as set out in the *Approval for the Gratuitous Transfer of Equity in Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (C.Z.Z. [2008] No. 93), the Chifeng Economic Commission agreed to gratuitously transfer a 3% equity interest in Pingzhuang Coal to China Guodian Corporation.

In June 2008, the State-owned Assets Supervision and Administration Commission of the State Council issued the *Approval for Issues Concerning the Gratuitous Transfer of State-owned Equity in Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (G.Z.C.Q. [2008] No. 514), consenting to the gratuitous transfer of the 3% state-owned equity held by the Chifeng Municipal Economic Committee in Pingzhuang Coal to China Guodian Corporation.

In May 2008, the Chifeng Municipal Economic Committee and China Guodian Corporation signed the *Agreement on the Gratuitous Transfer of Equity in Inner Mongolia Pingzhuang Coal Group Co., Ltd.*, agreeing that the Chifeng Municipal Economic Committee would transfer its 3% equity in Pingzhuang Coal to China Guodian Corporation free of charge, with the transfer base date set as 30 April 2008. From the date of the transfer of rights and obligations, all rights and obligations corresponding to the 3% equity of Pingzhuang Coal would be enjoyed and borne by China Guodian Corporation.

In August 2008, Chifeng Daxin Certified Public Accountants Co., Ltd. issued the *Capital Verification Report* (C.D.X.K.Y.Z. [2008] No. 046). Based on its verification, as of 30 April 2008, following the completion of the above equity transfer and gratuitous transfer, the equity structure of Pingzhuang Coal was as follows: China Guodian Corporation contributed capital of RMB380,842,500, representing a 51% equity interest; the Chifeng Municipal Economic Committee contributed capital of RMB365,907,500, representing a 49% equity interest.

In November 2008, the shareholders' general meeting of Pingzhuang Coal was held, and a resolution was made to agree to the gratuitous transfer of 3% of Pingzhuang Coal's state-owned equity held by the Chifeng Municipal Economic Committee to China Guodian Corporation. The meeting also approved the amendment of the company's articles of association and the registration of the equity change with the Administration for Industry and Commerce of Inner Mongolia Autonomous Region. After the equity transfer was completed, the equity structure of Pingzhuang Coal

Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	Chifeng City Economic Committee	36,590.75	36,590.75	49%
2	China Guodian Corporation	36,084.24	36,085.24	51%
Total		**74,675.00**	**74,675.00**	**100%**

In April 2009, the People's Government of Chifeng Municipality issued the *Approval on Agreeing to Transfer the Equity Held by the Chifeng Municipal Economic Committee in Pingzhuang Coal* (C.Z.Z. [2009] No. 113), approving the Chifeng Municipal Economic Committee's transfer of 31.82% of its 49% equity in Pingzhuang Coal to China Cinda Asset Management Company, with Pingzhuang Coal handling the specific equity transfer procedures in accordance with relevant regulations.

In July 2009, the Chifeng Municipal Economic Committee and China Cinda Asset Management Company signed the *Equity Transfer Agreement between Chifeng Municipal Economic Committee and China Cinda Asset Management Company*. According to the agreement, the Chifeng Municipal Economic Committee would transfer 31.82% of its equity in Pingzhuang Coal (corresponding to RMB237,615,850 in capital contribution) to China Cinda Asset Management Company. China Cinda Asset Management Company would offset the equity transfer payment to the Chifeng Municipal Economic Committee with its equity in Chifeng Pingzhuang Energy Co., Ltd. and its claims and related rights over the Yuanbaoshan Open-cut Mine.

In July 2009, the shareholders' general meeting of Pingzhuang Coal was held, and a resolution was made agreeing to the Chifeng Municipal Economic Committee's transfer of 31.82% of its equity in Pingzhuang Coal (corresponding to RMB237,615,850 in capital contribution) to China Cinda Asset Management Company. China Guodian Corporation waived its right of first refusal, and the meeting agreed to amend the company's articles of association. After the equity transfer was completed, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	China Guodian Corporation	38,084.250	38,084.250	51.00%
2	China Cinda Asset Management Company	23,761.585	23,761.585	31.82%
3	Chifeng City Economic and Information Technology Committee	12,829.165	12,829.165	17.18%
Total		**74,675.000**	**74,675.000**	**100.00%**

In March 2009, China Guodian Corporation issued the *Notice on the Gratuitous Transfer of Certain State-owned Equity Held by China Guodian Corporation in Its Member Enterprises in the Inner Mongolia Region* (G.D.J.Z. [2009] No. 153), agreeing to transfer its 51% equity in Pingzhuang Coal to Guodian Inner Mongolia Power Co., Ltd. free of charge, effective from 1 January 2009.

In September 2010, Pingzhuang Coal held a shareholders' general meeting and made a resolution agreeing to the gratuitous transfer of the 51% equity held by China Guodian Corporation in Pingzhuang Coal to Guodian Inner Mongolia Power Co., Ltd. After the shareholder change, the equity structure of Pingzhuang Coal was as follows: Guodian Inner Mongolia Power Co., Ltd. held 51%, China Cinda Asset Management Co., Ltd.

(China Cinda Asset Management Company changed its name to "China Cinda Asset Management Co., Ltd." on 29 June 2010) held 31.82%, and the Chifeng Municipal Commission of Economy and Information Technology (the Chifeng Municipal Economic Committee changed its name to "Chifeng Municipal Commission of Economy and Information Technology") held 17.18%. The shareholders also agreed to amend the company's articles of association regarding the gratuitous equity transfer and the shareholders' name change.

In September 2010, Guodian Inner Mongolia Power Co., Ltd., China Cinda Asset Management Co., Ltd., and the Chifeng Municipal Commission of Economy and Information Technology jointly signed the revised articles of association of Pingzhuang Coal.

In September 2010, the Administration for Industry and Commerce of Inner Mongolia Autonomous Region issued a new *Business Licence for Enterprise Legal Person* to Pingzhuang Coal. After the equity transfer was completed, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	Guodian Inner Mongolia Power Co., Ltd.	38,084.250	38,084.250	51.00%
2	China Cinda Asset Management Co., Ltd.	23,761.585	23,761.585	31.82%
3	Chifeng City Economic and Information Technology Committee	12,829.165	12,829.165	17.18%
Total		**74,675.000**	**74,675.000**	**100.00%**

In November 2010, Chifeng Huixing Certified Public Accountants Co., Ltd. issued the *Capital Verification Report for Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (C.H.K.S.Y.Z. [2010] No. 34). According to its verification, as of 31 October 2010, Pingzhuang Coal had converted its capital reserve into registered capital, and, following the change, the registered capital of Pingzhuang Coal amounted to RMB2,354,192,648.59, with the accumulated paid-in capital also amounting to RMB2,354,192,648.59.

In December 2010, Pingzhuang Coal held a shareholders' general meeting and made a resolution to extend the business term until 31 December 2040. The meeting also approved the conversion of the capital reserve to registered capital, increasing the registered capital by RMB1,607,443,307.10, bringing the new registered capital to RMB2,354,192,648.59. The meeting also agreed to amend the company's articles of association due to the change in registered capital. After the change in registered capital was completed, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	Guodian Inner Mongolia Power Co., Ltd.	120,063.83	120,063.83	51.00%
2	China Cinda Asset Management Co., Ltd.	74,910.41	74,910.41	31.82%
3	Chifeng City Economic and Information Technology Committee	40,445.03	40,445.03	17.18%
Total		**235,419.26**	**235,419.26**	**100.00%**

In October 2020, the shareholders' general meeting of Pingzhuang Coal was held, and a resolution was made agreeing to the transfer of 31.82% of its equity held by China Cinda Asset Management Co., Ltd. to China Energy Investment Corporation Co., Ltd.

In October 2020, China Cinda Asset Management Co., Ltd. and China Energy Investment Corporation Co., Ltd. jointly signed the *Property Rights Transaction Agreement (Applicable to Minority Equity Transfer)*, agreeing that China Cinda Asset Management Co., Ltd. would transfer its 31.82% equity in Pingzhuang Coal to China Energy Investment Corporation Co., Ltd. at a transfer price of RMB1,599,394,500.

In November 2020, China Cinda Asset Management Co., Ltd. issued the *Letter of Notice of China Cinda Asset Management Co., Ltd. on the Transfer of Equity in Inner Mongolia Pingzhuang Coal Group Co., Ltd.* to the company, confirming that China Cinda Asset Management Co., Ltd. had received the full payment for the equity transfer on 6 November 2020.

In July 2021, the State Administration for Market Regulation issued the *Decision on Not Proceeding to Further Antitrust Review of the Concentration of Undertakings* (F.L.D.S.C.J.D. [2021] No. 418), deciding not to carry out further review of the acquisition of Pingzhuang Coal's equity by China Energy Investment Corporation Co., Ltd., and approving the concentration. After the equity transfer was completed, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	Guodian Inner Mongolia Power Co., Ltd.	120,063.83	120,063.83	51.00%
2	China Energy Investment Corporation Co., Ltd.	74,910.41	74,910.41	31.82%
3	Chifeng Municipal Bureau of Industry and Information Technology	40,445.03	40,445.03	17.18%
Total		**235,419.26**	**235,419.26**	**100.00%**

Note: (1) On 23 September 2020, the company name of Guodian Inner Mongolia Power Co., Ltd. was changed to "CHN Energy Inner Mongolia Power Co., Ltd."; (2) According to the *Notice on Issuing the Implementation Plan for Chifeng City's Institutional Reform* (C.D.B.F. [2019] No. 3) issued by the General Offices of the CPC Chifeng Municipal Committee and the People's Government of Chifeng Municipality on 11 January 2019, Article 46 states, "Establishing the Chifeng Municipal Bureau of Industry and Information Technology by integrating the responsibilities of the former Chifeng Municipal Commission of Economy and Information Technology and the responsibilities related to the information technology development of relevant agencies. The Chifeng Municipal Bureau of Industry and Information Technology will be a working department of the municipal government, and the Chifeng Municipal Commission of Economy and Information Technology will no longer be retained." As a result, the Chifeng Municipal Commission of Economy and Information Technology changed its name to "Chifeng Municipal Bureau of Industry and Information Technology".

In October 2020, China Energy Investment Corporation Co., Ltd. issued the *Approval on the Gratuitous Transfer of Equity in Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (G.J.N.Y.Z.B.H. [2020] No. 504), consenting to the gratuitous upward transfer of the 51% equity in Pingzhuang Coal held by Guodian Inner Mongolia Power Co., Ltd. to China Energy Investment Corporation Co., Ltd.

In September 2021, CHN Energy Inner Mongolia Power Co., Ltd. and China Energy Investment Corporation Co., Ltd. entered into the *Agreement on the Gratuitous Transfer of Equity in Inner Mongolia Pingzhuang Coal Group Co., Ltd.* Under the agreement, CHN Energy Inner Mongolia Power Co., Ltd. agreed to gratuitously transfer to China Energy Investment Corporation Co., Ltd. its 51% equity in Pingzhuang Coal together with all assets, liabilities and owners' equity corresponding to such equity as

of the transfer base date of 31 December 2020.

In September 2021, the Chifeng Municipal Bureau of Industry and Information Technology and Chifeng State-owned Capital Operation (Group) Co., Ltd. signed the *Gratuitous Transfer of State-Owned Equity Agreement*, agreeing that the Chifeng Municipal Bureau of Industry and Information Technology would transfer 15.08% of its equity in Pingzhuang Coal to Chifeng State-owned Capital Operation (Group) Co., Ltd.

In September 2021, the Chifeng Municipal Bureau of Industry and Information Technology and China Huarong Asset Management Co., Ltd. signed the *Gratuitous Transfer of State-Owned Equity Agreement*, agreeing that the Chifeng Municipal Bureau of Industry and Information Technology would transfer 1.21% of its equity in Pingzhuang Coal to China Huarong Asset Management Co., Ltd.

In September 2021, the Chifeng Municipal Bureau of Industry and Information Technology and Chifeng Yuanbaoshan State-owned Assets Management Co., Ltd. signed the *Gratuitous Transfer of State-Owned Equity Agreement*, agreeing that the Chifeng Municipal Bureau of Industry and Information Technology would transfer 0.89% of its equity in Pingzhuang Coal to Chifeng Yuanbaoshan State-owned Assets Management Co., Ltd.

In September 2021, the shareholders' general meeting of Pingzhuang Coal was held, and a resolution was made agreeing to the following equity transfers: CHN Energy Inner Mongolia Power Co., Ltd. would transfer 51% of its equity in Pingzhuang Coal to China Energy Investment Corporation Co., Ltd. free of charge; Chifeng Municipal Bureau of Industry and Information Technology would transfer 15.08% of its equity in Pingzhuang Coal to Chifeng State-owned Capital Operation (Group) Co., Ltd., 0.89% to Chifeng Yuanbaoshan State-owned Assets Management Co., Ltd., and 1.21% to China Huarong Asset Management Co., Ltd. After the equity transfer was completed, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	China Energy Investment Corporation Co., Ltd.	194,974.24	194,974.24	82.82%
2	Chifeng State-owned Capital Operation (Group) Co., Ltd.	35,501.23	35,501.23	15.08%
3	Chifeng Yuanbaoshan State-owned Assets Management Co., Ltd.	2,095.23	2,095.23	0.89%
4	China Huarong Asset Management Co., Ltd.	2,848.57	2,848.57	1.21%
Total		**235,419.26**	**235,419.26**	**100.00%**

In December 2021, the shareholders' general meeting of Pingzhuang Coal was held, and a resolution was made agreeing to the transfer of 15.08% of the equity held by Chifeng State-owned Capital Operation (Group) Co., Ltd. in Pingzhuang Coal, 1.21% of the equity held by China Huarong Asset Management Co., Ltd., and 0.89% of the equity held by Chifeng Yuanbaoshan State-owned Assets Management Co., Ltd. to China Energy Investment Corporation Co., Ltd. After the transfer was completed, China Energy Investment Corporation Co., Ltd. held 100% of the equity in Pingzhuang Coal.

In December 2021, Chifeng Yuanbaoshan State-owned Assets Management Co., Ltd. and China Energy Investment Corporation Co., Ltd. signed the *Property Rights Transfer Agreement* (Contract No.: G.J.N.Y.J.T. [2021] No. 287), agreeing that Chifeng

Yuanbaoshan State-owned Assets Management Co., Ltd. would transfer its 0.89% equity in Pingzhuang Coal to China Energy Investment Corporation Co., Ltd. at a transfer price of RMB51,809,000. The income and losses from the subject equity during the period from the Valuation benchmark date to the delivery date would be owned and borne by China Energy Investment Corporation Co., Ltd. The property rights transaction was publicly listed on 24 November 2021 by Inner Mongolia Property Rights Exchange Centre Co., Ltd. (G.Z.J.C. No. G32021NM1000067, Project No. 09GQ20210081), and during the listing period, one intended transferee, China Energy Investment Corporation Co., Ltd., emerged.

In December 2021, China Huarong Asset Management Co., Ltd. and China Energy Investment Corporation Co., Ltd. signed the *Equity Transfer Agreement* (Contract No. N.M.G. Y05210014-2), agreeing that China Huarong Asset Management Co., Ltd. would transfer its 1.21% equity in Pingzhuang Coal to China Energy Investment Corporation Co., Ltd. at a transfer price of RMB70,436,900. The income and losses from the subject equity during the period from the Valuation benchmark date to the delivery date would be owned and borne by China Energy Investment Corporation Co., Ltd. The property rights transaction was publicly listed on 24 November 2021 by Shenzhen United Property and Equity Exchange Co., Ltd. (Project No. ZZCQ2011112200023), and during the listing period, one intended transferee, China Energy Investment Corporation Co., Ltd., emerged.

In December 2021, Chifeng State-owned Capital Operation (Group) Co., Ltd. and China Energy Investment Corporation Co., Ltd. signed the *Property Rights Transfer Agreement* (Contract No. G.J.N.Y.J.T. [2021] No. 286), agreeing that Chifeng State-owned Capital Operation (Group) Co., Ltd. would transfer its 15.08% equity in Pingzhuang Coal and the related interests in Baiyinhua Coal Mine to China Energy Investment Corporation Co., Ltd. for a consideration of RMB1,585,755,600. The income and losses from the subject equity during the period from the Valuation benchmark date to the delivery date would be owned and borne by China Energy Investment Corporation Co., Ltd. The property rights transaction was publicly listed on 24 November 2021 by Inner Mongolia Property Rights Exchange Centre Co., Ltd. (G.Z.J.C. No. G32021NM1000068, Project No. 09GQ20210079), and during the listing period, one intended transferee, China Energy Investment Corporation Co., Ltd., emerged. After this capital increase, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	China Energy Investment Corporation Co., Ltd.	235,419.26	235,419.26	100.00%
Total		**235,419.26**	**235,419.26**	**100.00%**

In May 2022, China Energy Investment Corporation Co., Ltd. issued the *Approval for the Asset Allocation and Capital Increase of Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (G.J.N.Y.Z.B.H. [2022] No. 172), agreeing to transfer 51% equity in Inner Mongolia Xilin Xilinhe Coal-Chemical Co., Ltd., held by China Energy Investment Corporation Co., Ltd., to Pingzhuang Coal free of charge, and agreeing to increase Pingzhuang Coal's capital by RMB2 billion. After the capital increase, the registered capital was changed to RMB4,354,192,600.

In December 2022, China Energy Investment Corporation Co., Ltd., as the sole

shareholder of Pingzhuang Coal, made the *Shareholder's Decision on Implementing the Capital Increase*, agreeing to increase Pingzhuang Coal's capital by RMB2 billion, raising the registered capital from RMB2,354,192,600 to RMB4,354,192,600. The decision also agreed to amend the relevant provisions in the company's articles of association concerning the registered capital. After this capital increase, the equity structure of Pingzhuang Coal Industry was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	China Energy Investment Corporation Co., Ltd.	435,419.26	435,419.26	100.00%
Total		**435,419.26**	**435,419.26**	**100.00%**

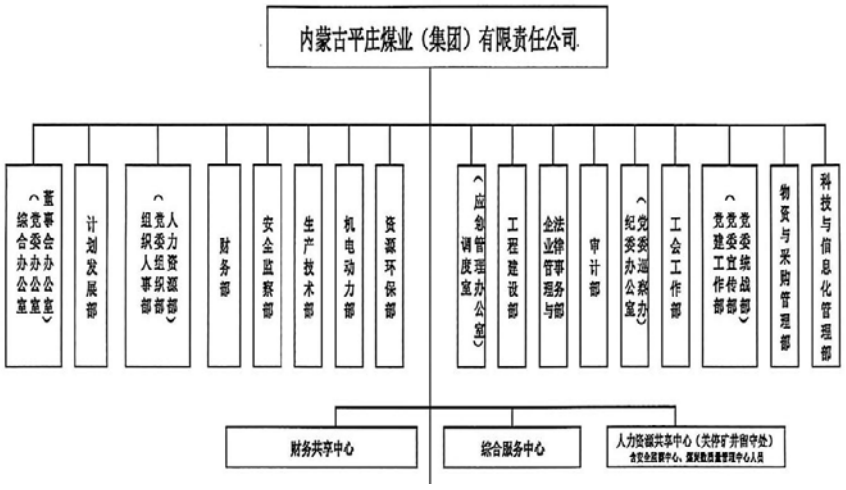
As of the valuation benchmark date, Pingzhuang Coal is a wholly-owned subsidiary of China Energy Investment Corporation Co., Ltd., as detailed below:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed Registered Capital	Paid-in Registered Capital	Shareholding ratio
1	China Energy Investment Corporation Co., Ltd.	435,419.26	435,419.26	100.00%
Total		**435,419.26**	**435,419.26**	**100.00%**

3.Ownership and management structure of the company

As of the valuation benchmark date, the organisational structure of the appraised entity was as follows:



内蒙古平庄煤业（集团）有限责任公司	Inner Mongolia Pingzhuang Coal Group Co., Ltd.
综合办公室（董事会办公室/党委办公室）	General Office (Board of Directors Office/Party Committee Office)
计划发展部	Planning and Development Department
组织人事部（党委组织部/人力资源部）	Organisation and Personnel Department (Party Committee Organisation Department/Human Resources Department)
财务部	Finance Department
安全监察部	Safety Supervision Department
生产技术部	Production Technology Department

机电动力部	Mechanical and Electrical Power Department
资源环保部	Resources and Environmental Protection Department
调度室（应急管理办公室）	Dispatch Room (Emergency Management Office)
工程建设部	Engineering and Construction Department
企业管理与法律事务部	Enterprise Management and Legal Affairs Department
审计部	Audit Department
纪委办公室（党委巡察办）	Disciplinary Inspection Office (Party Committee Inspection Office)
工会工作部	Trade Union Work Department
党建工作部（党委宣传部/党委统战部）	Party Building Work Department (Party Committee Publicity Department/Party Committee United Front Work Department)
物资与采购管理部	Material and Procurement Management Department
科技与信息化管理部	Technology and Information Management Department
财务共享中心	Financial Shared Services Centre
综合服务中心	Comprehensive Service Centre
人力资源共享中心（关停矿井留守处） 含安全监察中心、煤炭数质量管理中心人员	Human Resources Shared Centre (Custodial Office for Closed Mines) Including personnel of the Safety Supervision Centre and Coal Quantity and Quality Management Centre

As of the valuation benchmark date, the appraised entity has six affiliated long-term equity investment units, as detailed below:

Unit: RMB'0,000

No.	Name of investee	Investment date	Shareholding (%)	Investment cost	Book value
1	Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd.	2005-07	100.00	57,990.41	57,990.41
2	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	2010-10	100.00	34,000.00	19,687.64
3	Guoneng Mengxi Mining Co., Ltd.	2022-05	100.00	23,064.95	23,064.95
4	Pingneng (Xilin Gol) Coal Sales Co., Ltd.	2010-10	100.00	5,300.00	1,300.00
5	Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	2022-08	51.00	178,092.00	178,092.00
6	Chifeng Mine Safety Inspection and Testing Co., Ltd.	2006-04	100.00	150.00	150.00

The subscribed capital and paid-in capital of long-term equity investments are shown in the following table:

Unit: RMB'0,000

No.	Name of investee	Shareholding	Subscribed capital	Paid-in capital
1	Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd.	100.00%	51,950.00	51,950.00
2	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	100.00%	34,000.00	34,000.00
3	Guoneng Mengxi Mining Co., Ltd.	100.00%	23,064.95	23,064.95
4	Pingneng (Xilin Gol) Coal Sales Co., Ltd.	100.00%	5,300.00	5,300.00
5	Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	51.00%	61,551.90	61,551.90
6	Chifeng Mine Safety Inspection and Testing Co., Ltd.	100.00%	150.00	150.00

4.Asset, financial, and operating status for the last two years and the current period

The financial status of the appraised entity for the last two years and the current period (consolidated basis) is as follows:

Unit: RMB'0,000

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Inner Mongolia Pingzhuang Coal Group Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	3,262,804.05	3,321,809.94	3,456,709.16
Total liabilities	2,545,889.69	3,075,803.64	3,104,141.34
Owner's equity	716,914.36	246,006.30	352,567.82
Owner's equity attributable to the parent company	458,420.92	157,199.00	228,496.39

The operational status of the appraised entity for the last two years and the current period (consolidated basis) is as follows:

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	919,913.28	1,004,501.21	590,499.58
Total profits	177,271.62	-304,850.97	139,197.19
Net profit	122,814.87	-341,849.20	107,529.60
Owner's net profit attributable to the parent company	50,791.99	-164,326.51	72,986.87

The financial status of the appraised entity for the last two years and the current period (parent company basis) is as follows:

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	1,838,632.17	1,750,387.36	1,817,123.39
Total liabilities	1,786,150.35	1,843,277.06	1,912,501.43
Owner's equity	52,481.82	-92,889.70	-95,378.04

The operational status of the appraised entity for the last two years and the current period (parent company basis) is as follows:

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	242,543.19	334,109.53	224,357.97
Total profits	-53,259.38	6,713.81	-9,637.12
Net profit	-53,241.34	6,713.81	-9,637.12

The financial statements of the appraised entity as of the Valuation benchmark date and for the years 2024 and 2023 have been audited by Ernst & Young Hua Ming LLP , which expressed unqualified audit opinions.

4. Relationship between the client and the appraised entity

The clients of the appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. One of the clients, China Energy Investment Corporation Co., Ltd., is a shareholder of the appraised entity, and the other client is the intended purchaser of the appraised entity.

iv. Other users of the asset appraisal report as stipulated in the asset appraisal engagement contract

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by national laws and regulations. It shall not be used or relied upon by any third party.

II. Appraisal Purpose

China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in Inner

Mongolia Pingzhuang Coal Group Co., Ltd. on the Valuation benchmark date is appraised, providing a value reference for the above economic activities.

On 1 August 2025, China Energy Investment Corporation Limited held the 18th Chairman's Special Meeting of 2025, and considered and approved the above matters, requested to carry out evaluation work, and form the "Chairman's Special Meeting Minutes".

III. Subject Asset and Appraisal Scope

i. Subject asset

The subject asset is the value of the entire shareholders' equity of Inner Mongolia Pingzhuang Coal Group Co., Ltd.

ii. Appraisal scope

The appraisal scope includes all assets and liabilities of Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. As of the valuation benchmark date, the parent company's assets within the scope of the appraisal include current assets, long-term equity investments, fixed assets, construction-in-progress, intangible assets, and other non-current assets. The total book value of assets was RMB18,171,233,900; liabilities include current liabilities and non-current liabilities, with a total book value of RMB19,125,014,300; the book value of net assets was RMB-953,780,400. As of the valuation benchmark date, the appraisal scope is as follows:

Unit: RMB'0,000

Item		Book value
Current assets	1	160,722.45
Non-current assets	2	1,656,400.94
Of which: Long-term equity investments	3	280,285.01
Investment properties	4	0.00
Fixed assets	5	187,382.03
Construction in progress	6	27,182.53
Oil and gas assets	7	0.00
Intangible assets	8	555,446.80
Including: Land use right	9	6,136.92
Other non-current assets	10	606,104.57
Total assets	**11**	**1,817,123.39**
Current liabilities	12	1,494,231.30
Non-current liabilities	13	418,270.13
Total liabilities	**14**	**1,912,501.43**
Net assets	**15**	**-95,378.04**

As of the valuation benchmark date, the consolidated total assets have a book value of RMB34,567,091,600, with total liabilities amounting to RMB31,041,413,400. The book value of owner's equity was RMB3,525,678,200, with the equity attributable to the parent company being RMB2,284,963,900.

The subject and scope of the engaged appraisal align with the subject asset and scope involved in the economic activities. As of the valuation benchmark date , the book values of assets and liabilities within the appraisal scope have been audited by Ernst & Young Hua Ming LLP , which expressed a standard unqualified audit opinion.

iii. Main assets within the appraisal scope are as follows:

The main assets declared by the enterprise to be included in this appraisal include buildings and structures, equipment, long-term equity investments, intangible assets, etc. The types and characteristics of the main assets are as follows:

1. Buildings and structures assets

The buildings and structures assets included in the appraisal scope include buildings, structures, and other auxiliary facilities held by the subsidiaries of Inner Mongolia Pingzhuang Coal Group Co., Ltd.: Railway Transport Branch, Hongmiao Coal Mine, Yuanbaoshan Open-cut Coal Mine, Gushan Coal Mine, Material Supply Branch, Hydro-power and Heat Supply Branch, Mining Engineering Branch, Financial Department, Senior Technical School, Rescue Team, and Information Centre. In total, 429 buildings with a combined floor area of 337,774.67 square metres were included, together with 673 structures such as site roads, coal bunkers, perimeter walls, trestles, belt corridors and mine pits. The aforementioned buildings and structures were completed between 1958 and 2025, with the main types of building structures being frame-shear, frame, bent-frame, steel, brick-concrete, and mixed structures.

As of the valuation benchmark date, except for certain buildings and structures pending scrapping, the buildings and structures of each subsidiary unit were generally in normal condition with routine maintenance and management in place. The foundations of the principal buildings were stable, with no significant uneven settlement observed; the joints of the main load-bearing components were firm; no noticeable tilting, deformation or cracking was identified; and the associated auxiliary facilities and equipment were functioning normally, with no abnormal damage detected.

2. Equipment assets

The equipment assets included in the appraisal scope include machinery, vehicles, and electronic devices held by the subsidiaries of Inner Mongolia Pingzhuang Coal Group Co., Ltd., including the Railway Transport Company, Hongmiao Coal Mine, Yuanbaoshan Open-cut Coal Mine, Gushan Coal Mine, Coal Sales Branch, Material Supply Branch, Chahasu Branch, Hydro-power and Heat Supply Branch, Mining Engineering Branch, Financial Department, Senior Technical School, Rescue Team, Information Centre, and Mengxi Energy Preparation Office. The specific details are as follows:

The total number of machinery and equipment declared by the enterprise for inclusion in this appraisal is 6,342 items, purchased and put into use between 1959 and 2025. These include crushing stations, bucket wheel excavators, dumping ploughs, belt conveyors, coal funnel cars, single-bucket excavators, rapid loading stations, railway power transmission lines, intermediate hydraulic supports, long-arm hydraulic backhoes, and gantry-type circular stacker-reclaimers, primarily used for coal mining, collection, and transport. As of the valuation benchmark date, except for certain items that had been scrapped, were pending scrapping or idle, the remaining machinery was in normal use.

The total number of vehicles declared by the enterprise for inclusion in this appraisal is 580, purchased and put into use between 1992 and 2025. These vehicles include crawler vehicles, mobile cranes, Terex dump trucks, mining dump trucks, coaches, and off-road vehicles, mainly used for official duties and transport. As of the valuation benchmark date, except for certain vehicles that were missing, scrapped or pending scrapping, the others were in normal use.

The total number of electronic equipment declared by the enterprise for inclusion in this appraisal is 8,569 items, purchased and put into use between 1978 and 2025. These include computers, printers, air conditioners, video surveillance systems, cameras, and plotters, primarily used for daily office operations. As of the valuation benchmark date, except for certain equipment that was scrapped, pending scrapping or idle, the others were in normal use.

3. Long-term equity investments

There are six long-term equity investments within the scope of the appraisal, with the details as follows:

Unit: RMB'0,000

No.	Name of investee	Investment date	Shareholding (%)	Investment cost	Book value
1	Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd.	2005-07	100.00	57,990.41	57,990.41
2	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	2010-10	100.00	34,000.00	19,687.64
3	Guoneng Mengxi Mining Co., Ltd.	2022-05	100.00	23,064.95	23,064.95
4	Pingneng (Xilin Gol) Coal Sales Co., Ltd.	2010-10	100.00	5,300.00	1,300.00
5	Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	2022-08	51.00	178,092.00	178,092.00
6	Chifeng Mine Safety Inspection and Testing Co., Ltd.	2006-04	100.00	150.00	150.00

The subscribed capital and paid-in capital of long-term equity investments are shown in the following table:

Unit: RMB'0,000

No.	Name of investee	Shareholding	Subscribed capital	Paid-in capital
1	Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd.	100.00%	51,950.00	51,950.00
2	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	100.00%	34,000.00	34,000.00
3	Guoneng Mengxi Mining Co., Ltd.	100.00%	23,064.95	23,064.95
4	Pingneng (Xilin Gol) Coal Sales Co., Ltd.	100.00%	5,300.00	5,300.00
5	Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	51.00%	61,551.90	61,551.90
6	Chifeng Mine Safety Inspection and Testing Co., Ltd.	100.00%	150.00	150.00

4. Investments in other equity instruments

Other equity instrument investments refer to the investee entities in which the appraised entity holds minority equity interests. The specific details of the enterprise's other equity instrument investments are as follows:

Unit: RMB'0,000

No.	Company name	Shareholding percentage (%)	Operating status	Book value (RMB)
1	China Longyuan Power Group Corporation Limited	2.54%	In operation	351,041.89
2	Jingneng (Chifeng) Energy Development Co., Ltd.	5.30%	In operation	2,401.18
Total		/	/	353,443.07

5. Construction in progress

The construction in progress included within the appraisal scope mainly comprises civil works, equipment works and deferred investments.

(1) Civil engineering

The civil works included in the scope of the appraisal mainly consist of the following 15 projects: The new water supply pipeline for the level crossing house, the closure of the line, the road from the liaison bridge to the joint production area, the new gatehouse at the coal preparation plant, the goaf treatment project at Yuanbaoshan open-cut coal mine, the main access road and bridge of the joint area, the right bank pit perimeter road of the Yingjin River, the new production machinery service and storage workshop, the drainage and flood control system reconstruction project, the cultural and sports facilities project for Pingzhuang Mine Area and the cultural palace renovation project, the relocation and demolition of the diversion station, hardening of the crushing-station site and related drainage ditch works (including both site hardening and drainage works), the western dump drainage system, and the 2024 Phase II water-prevention project for residual water treatment on the non-working side of the stope. All projects were under normal construction as of the valuation benchmark date.

(2) Equipment installation projects

There are nine equipment installation projects in total, mainly including the intelligent upgrade and transformation of the crushing station, the upgrade and transformation of the continuous process information system, the relocation of Crushing Station No. 1, the relocation of Crushing Station No. 2, the relocation of Dump-line Belt Conveyor No. 1, the relocation of Dump-line Belt Conveyor No. 2, the relocation of Crushing Station No. 4, and the intelligent upgrading of the drive units of the continuous-process belt conveyors. The commencement dates of these projects ranged from October 2023 to July 2025, with completion expected between August 2025 and December 2025.

(3) Deferred investment

There are 14 items of construction-in-progress deferred investment, with a book value of RMB10,156,452.69. The expenses mainly include supervision fees, design fees, consultation fees, and other upfront and miscellaneous costs such as service fees.

6. Intangible assets

The intangible assets declared by the enterprise for inclusion in this appraisal include land use rights, mining rights, and other intangible assets. The other intangible assets include software, patents, and coal production capacity exchange quotas. The specific details are as follows:

(1) Land use right

The enterprise has declared 72 land use rights for inclusion in the appraisal, all of which have been registered with property title certificates (or state-owned land use certificates). Of these, five parcels were transferred land, and 67 parcels were allocated land. Among the 67 allocated parcels, 13 parcels were registered under the name of Inner Mongolia Pingzhuang Energy Resources Co., Ltd. in their land use right certificates. The details are as follows:

No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
1	Land for Fengshuigou Section of Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 242	Allocated	Railway land	53,643.20	/

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
2	Land from Fengshuigou to Yingjin River, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 243	Allocated	Railway land	134,607.50	/
3	Land for Fengshuigou Section No.1, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 244	Allocated	Railway land	4,169.90	/
4	Land from Majiawan to No.3 Shaft of Yuanbaoshan Mine 1, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 246	Allocated	Railway land	74,355.60	/
5	Land from Majiawan to No.3 Shaft of Yuanbaoshan Mine 2, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 245	Allocated	Railway land	161,091.80	The registered area is 161,091.80m², with 81,904.60m² already transferred to the People's Government of Yuanbaoshan District.
6	Land from Majiawan to Yuanbaoshan Mine West Station 1, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 247	Allocated	Railway land	49,498.80	/
7	Land from Majiawan to Yuanbaoshan Mine West Station 2, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 248	Allocated	Railway land	43,888.70	/
8	Land from Yuanbaoshan Station to Majiawan, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 249	Allocated	Railway land	68,975.70	/
9	Land from Yuanbaoshan to Yingjin River, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 250	Allocated	Railway land	379,389.40	/
10	Land from Gushan No.2 Shaft to Liujia, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 252	Allocated	Railway land	216,245.60	/
11	Land from Gushan No.2 Shaft to Pingzhuang South Station 1, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway	Y.G.Y. (2012) No. 253	Allocated	Railway land	102,440.54	/

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
		Transportation Department).					
12	Land from Gushan No.2 Shaft to Pingzhuang South Station 2, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 254	Allocated	Railway land	18,842.40	/
13	Land from Gushan No.2 Shaft to Pingzhuang South Station 3, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 255	Allocated	Railway land	132,025.20	/
14	Land from Gushan No.2 Shaft to Pingzhuang South Station 4, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 256	Allocated	Railway land	112,044.50	/
15	Cross-boundary Land from Gushan No.2 Shaft to Pingzhuang South Station, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 257	Allocated	Railway land	56,749.70	/
16	Land for Service Section, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 261	Allocated	Railway land	49,437.00	/
17	Land for Wujia Section, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Railway Transportation Department).	Y.G.Y. (2012) No. 260	Allocated	Railway land	111,111.65	/
18	Land for the Office of the Transport Department (Xingshan Area)	Inner Mongolia Pingzhuang Coal Group Co., Ltd.	Y.G.Y. (2013) No. 035	Allocated	Office land use	28,516.30	/
19	Land for the Supply Section of the Transport Department (Xingshan Area)	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Xingshan Company).	Y.G.Y. (2013) No. 032	Allocated	Storage land	15,159.80	/
20	Land use for the Xingshan Coal Plant, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Xingshan Company).	Y.G.Y. (2013) No. 036	Allocated	Storage land	5,665.70	/
21	Land use for the Xingshan Sales Section, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Xingshan Company).	Y.G.Y. (2013) No. 033	Allocated	Land use for the governmental and institutional organisations	3,547.20	/
22	Land for the Xingshan Machinery Plant, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Xingshan Company).	Y.G.Y. (2013) No. 034	Allocated	Industrial land	19,283.90	/

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
23	Land for Xingshan Water & Power Company, Transport Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Xingshan Company).	Y.G.Y. (2013) No. 037	Allocated	Public facilities land use	11,460.60	/
24	Land for Industrial Square of No.3 Shaft, Xingshan	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Xingshan Company).	Y.G.Y. (2013) No. 049	Allocated	Mining land	676,025.80	The registered area is 676,025.80m², with 498,343.10m² already transferred to the People's Government of Yuanbaoshan District.
2-5	Trade Union Land	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Hongmiao Coal Mine).	Y.G.Y. (2013) No. 075	Allocated	Land use for the governmental and institutional organisations.	4,771.10	/
26	Land for the Machinery Repair Plant	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Hongmiao Coal Mine).	Y.G.Y. (2013) No. 074	Allocated	Industrial land	6,071.10	/
27	Land for the Viewing Platform, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 054	Allocated	Industrial land	9,796.60	/
28	Land for the Booster Station, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 055	Allocated	Industrial land	8,239.70	/
29	Land for the Oil Depot, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 056	Allocated	Storage land	74,058.00	/
30	Land for the Sewage Treatment Plant, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 058	Allocated	Public facilities land use	10,171.40	/
31	Land for the Vehicle Fleet, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 059	Allocated	Industrial land	27,057.60	/
32	Land for the Water Distribution Plant, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd.	Y.G.Y. (2013) No. 060	Allocated	Industrial land	11,894.30	/

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
		(Yuanbaoshan Open-Pit Mine).					
33	Land for the Office Building, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 061	Allocated	Land use for the governmental and institutional organisations.	23,716.20	/
34	Land for the Boiler House, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 062	Allocated	Public facilities land use	4,958.70	/
35	Land for the North Boiler House, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 063	Allocated	Public facilities land use	1,398.10	/
36	Railway Land 1, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 066	Allocated	Railway land	8,604.60	/
37	Railway Land 2, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 067	Allocated	Railway land	8,392.30	/
38	Land for the Mining Area and Dump Area, Yuanbaoshan Open-cut Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Mine).	Y.G.Y. (2013) No. 068	Allocated	Mining land	19,550,296.80	The registered area is 19,550,296.80 m², with 603,493.75m² already transferred to the People's Government of Yuanbaoshan District.
39	Auxiliary Works Land for River Diversion Project 1	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Coal Mine).	Inner Mongolia (2023) Yuanbaoshan District Real Property No. 0007573	Transferred	Mining land	195,103.25	/
40	Auxiliary Works Land for River Diversion Project 2	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Coal Mine).	Inner Mongolia (2023) Yuanbaoshan District Real Property No. 0007574	Transferred	Mining land	14,934.41	/
41	Auxiliary Works Land for River Diversion Project 3	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan	Inner Mongolia (2023) Yuanbaoshan District Real	Transferred	Mining land	24,534.64	/

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
		Open-Pit Coal Mine).	Property No. 0007575				
42	Auxiliary Works Land for River Diversion Project 4	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Yuanbaoshan Open-Pit Coal Mine).	Inner Mongolia (2023) Yuanbaoshan District Real Property No. 0007576	Transferred	Mining land	23,680.62	/
43	Office Area Land, Gushan Mine	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 304	Allocated	Industrial land	45,940.10	/
44	Substation Land, Gushan Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 305	Allocated	Public facilities land use	6,051.00	/
45	Water & Power Company Land, Gushan Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 306	Allocated	Public facilities land use	7,032.00	/
46	Pingneng Store Land, Gushan Mine	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 307	Allocated	Industrial land	1,228.90	/
47	Land use for the Gushan Mine Water Source Well.	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 308	Allocated	Public facilities land use	519.00	/
48	Land for Industrial Square of No.3 Shaft, Gushan Mine	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 309	Allocated	Land use for cultural, sports, and entertainment.	180,180.90	/
49	Land for Industrial Square of No.3 Shaft, Gushan Mine, Pingzhuang Coal	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 310	Allocated	Land use for cultural, sports, and entertainment.	26,077.50	/
50	Land for Main Fan House of No.1 Shaft, Gushan Mine	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 311	Allocated	Mining land	2,220.20	/
51	Land for the Prefabrication Plant, Gushan Mine	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 312	Allocated	Industrial land	14,477.70	/
52	Land for the Subsidence Area of No.3 Shaft, Gushan Mine	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 313	Allocated	Mining land	822,657.70	/
53	Land for No.1 Shaft, Gushan Mine	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 315	Allocated	Mining land	1,383,482.20	/
54	Land use for the Gushan Mine Water Source Well.	Inner Mongolia Pingzhuang Energy Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 316	Allocated	Public facilities land use	1,053.90	/
55	Land for Sewage Pump House, Gushan Mine	Inner Mongolia Pingzhuang Coal Industry (Group)	Y.G.Y. (2012) No. 319	Allocated	Public facilities land use	1,106.30	/

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
		Co., Ltd. (Gushan Coal Mine).					
56	Land use for the Gushan Mine Water Source Well.	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 320	Allocated	Public facilities land use	208.10	/
57	Former Labour Service Land, Gushan Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 321	Allocated	Industrial land	10,530.80	/
58	Land for Rescue Team Training Hall, Gushan Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 322	Allocated	Land for Cultural and Sports Purposes	7,248.20	/
59	Land for the Communications and Computer Department, Gushan Mine	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Gushan Coal Mine).	Y.G.Y. (2012) No. 323	Allocated	Public facilities land use	1,818.40	/
60	Chifeng Complex Building Land Use Rights	Inner Mongolia Mining (Group) Co., Ltd.	Inner Mongolia (2024) Cifeng City Real Property No. 0041102, 0041103, 0041104, 0041105, 0041106, 0041107, 0041108, 0041109, 0041110, 0041111, 0041112, 0041113, 0041114, 0041115, 0041116, 0041117, 0041118, 0041119, 0041120, 0041123, 0041121, and 0041122.	Transferred	Land for Business and Finance	20,119.51	/
61	Land for Former Transport Department Office, Bureau-affiliated Rescue Brigade	Inner Mongolia Mining (Group) Co., Ltd.	Y.G.Y. (2012) No. 259	Allocated	Office land use	30,728.60	/
62	Land for Bureau-affiliated Training Centre and Technical School	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Pingmei Direct Office).	Y.G.Y. (2012) No. 333	Allocated	Science and education land	62,609.30	/
63	Land for Bureau-affiliated Pingzhuang Coal Cinema	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Pingmei Direct Office).	Y.G.Y. (2012) No. 334	Allocated	Land use for cultural, sports, and entertainment.	2,283.60	/

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No.	Parcel name	Registered owner	Land title certificate No.	Nature of rights	Usage	Area (m²)	Notes
64	Land for Bureau-affiliated Pingzhuang Coal Warehouse No. 2	Inner Mongolia Pingzhuang Energy Co., Ltd.	Y.G.Y. (2012) No. 340	Allocated	Storage land	24,813.70	/
65	Land for Bureau-affiliated Pingzhuang Coal Heating Maintenance Team	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Pingmei Direct Office).	Y.G.Y. (2012) No. 337	Allocated	Public facilities land use	3,170.30	/
66	Land for Bureau-affiliated Pingzhuang Coal Technical Supervision Division	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Pingmei Direct Office).	Y.G.Y. (2012) No. 332	Allocated	Industrial land	4,918.10	/
67	Land for Bureau-affiliated Pingzhuang Coal Stadium	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Pingmei Direct Office).	Y.G.Y. (2012) No. 335	Allocated	Land use for cultural, sports, and entertainment.	4,337.20	/
68	Land for Bureau-affiliated Communications and Computer Department	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Pingmei Direct Office).	Y.G.Y. (2012) No. 339	Allocated	Public facilities land use	748.20	/
69	Land for Bureau-affiliated Pingzhuang Coal Materials Company	Inner Mongolia Pingzhuang Energy Co., Ltd.	Y.G.Y. (2012) No. 330	Allocated	Industrial land	2,210.90	/
70	Land for Bureau-affiliated Pingzhuang Coal Headquarters	Inner Mongolia Mining (Group) Co., Ltd.	Y.G.Y. (2013) No. 126	Allocated	Governmental and Institutional Agencies	24,578.00	/
71	Land for Bureau-affiliated Pingzhuang Coal Warehouse No. 1	Inner Mongolia Pingzhuang Energy Co., Ltd.	Y.G.Y. (2012) No. 341	Allocated	Storage land	164,082.00	/
72	Land for the Distribution Room, Bureau-affiliated Taiyangshen Residential Area	Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (Pingmei Direct Office).	Y.G.Y. (2012) No. 331	Allocated	Public facilities land use	257.10	/

For the foregoing real property ownership certificates with the registered holders inconsistent with the appraised entity, the appraised entity has issued a title clarification statement, affirming that the land use rights within the appraisal scope belong to the appraised entity and that no ownership disputes exist.

(2) Mining rights

The enterprise declared a total of eight mining rights within the appraisal scope, including four mining rights and four exploration rights. The specific details are as follows:

1) Mining rights

No.	Name of mining rights	Licence number	Mining right holder	Mining type	Production scale
1	Mining Right of the Yuanbaoshan Open-cut Coal Mine	C10000020111 21140121858	Inner Mongolia Mining (Group) Co., Ltd.	Coal	12 million tonnes per year

2	Mining Right of the Boligou Coal Mine	C1500002021041110151849	Inner Mongolia Mining (Group) Co., Ltd.	Coal	4 million tonnes per year
3	Mining rights for Baiyinhua No. 1 Open-cut Coal Mine, West Ujimqin Banner, Inner Mongolia.	C1000002008091110000935	Inner Mongolia Mining (Group) Co., Ltd.	Coal	12 million tonnes per year
4	Mining Right of the Hesigewula South Open-cut Coal Mine	C1000002020011110149419	Inner Mongolia Xilinhe Coal Chemical Co., Ltd.	Coal	15 million tonnes per year

2) Exploration rights

No.	Exploration right name	Licence number	Exploration right holder	Acquisition date	Expiration date
1	Heidaigou Exploration Right	T1500002008111050019991	Inner Mongolia Mining (Group) Co., Ltd.	7 November 2024	14 August 2029
2	Geological Survey of the Western Area of Jirentai Coal Mine, Nilka County, Xinjiang	T6500002013051010047691	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	17 July 2024	17 July 2026
3	Exploration of the Eastern Area of Jinsanjiao Coal Mine, Nilka County, Xinjiang	T6500002009031010026502	Guodian Pingmei Nieleke Energy and Chemical Co., Ltd.	April 22, 2024	April 22, 2026
4	Exploration of the Western Area of the Bituminous Coal Mine at Jirentai, Nilka County	T6500002009031010026626	Nilka County Ruian Coal Co., Ltd.	April 22, 2024	April 22, 2026

(3) Other intangible assets

The enterprise has declared other intangible assets for inclusion in this appraisal, including software, patents, and coal production capacity exchange quotas. The specific details are as follows:

1) Software

There are 41 externally purchased software items, including Glodon engineering cost estimation software, the OA office collaboration system, and others. These software items were all purchased by the appraised entity. Except for two software items that are inactive, the others are in normal use.

2) Patents

The enterprise has declared 13 patents within the appraisal scope, including 5 invention patents, 7 utility model patents, and one design patent. All patents have been granted certificates of rights. Among them, 7 patents are solely owned by the appraised entity, with certificate-listed right holders including Inner Mongolia Pingzhuang Coal Group Co., Ltd., Inner Mongolia Pingzhuang Coal Group Co., Ltd. Yuanbaoshan Open-cut Coal Mine, and Inner Mongolia Pingzhuang Coal Group Co., Ltd. Mining Construction Engineering Branch. The remaining 6 patents are jointly owned by the appraised entity and other companies. Refer to the Asset-based Approach Appraisal Details Sheet for the specific details of aforementioned patents. Regarding the jointly owned patents and patents whose registered owner's name has not yet been changed, the appraised entity has provided a statement and guarantees that these patents are either solely owned or co-owned with other companies, and there are no ownership disputes or potential disputes. For jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

3) Coal production capacity replacement quotas

There are six coal production capacity exchange quotas, corresponding to the Yuanbaoshan Open-cut Coal Mine and the Boligou Coal Mine.

4) Software Copyright

There is one software copyright, which is an integrated platform for unmanned aerial vehicle intelligent aerial survey and AI intelligent analysis for open-pit coal mines.

iv. Off-balance-sheet assets declared by the company

The enterprise has not declared off-balance sheet assets.

v. Assets referenced from reports of other institutions

The appraised value of the mining rights in this asset appraisal report was determined with reference to the mining rights appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. The referenced appraisal report is summarised as follows:

1. Yuanbaoshan Open-cut Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1075
Subject asset	Mining Right of the Yuanbaoshan Open-cut Coal Mine, Inner Mongolia Pingzhuang Coal Group Co., Ltd.
Appraisal scope	The scope of the Mining Right of the Yuanbaoshan Open-cut Coal Mine, defined by the coordinate points, and the resources within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

2. Boligou Coal Mine, Zhunge'er Coalfield

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1074
Subject asset	Mining Right of the Boligou Coal Mine, Zhunge'er Coalfield, Inner Mongolia Autonomous Region
Appraisal scope	The scope of the Mining Right of the Boligou Coal Mine, Zhunge'er Coalfield, defined by the coordinate points, and the resources within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

3. Baiyinhua No. 1 Open-cut Coal Mine, West Ujimqin Banner, Inner Mongolia:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1076
Subject asset	Mining rights for Baiyinhua No. 1 Open-cut Coal Mine, West Ujimqin Banner, Inner Mongolia.
Appraisal scope	The scope of the Mining Right of the Baiyinhua No. 1 Open-cut Coal Mine, West Ujimqin Banner, Inner Mongolia, defined by the coordinate points, and the resources within the defined scope
Valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

4. Hesigewula South Open-cut Coal Mine:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1078
Subject asset	Mining Right of the Hesigewula South Open-cut Coal Mine, Inner Mongolia Xilin Xilinhe Coal-Chemical Co., Ltd.
Appraisal scope	The scope of the Mining Right of the Hesigewula South Open-cut Coal Mine, defined by the coordinate points, and the resources within the defined scope
Valuation benchmark date	31 July 2025

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Value Type	Market Value
Appraisal methods	Discounted cash flow method

IV. Value Type

Based on the appraisal purpose, market conditions, and the specific conditions of the subject asset, the value type of the subject asset is determined to be market value.

Market value refers to the estimated value of the subject asset in normal and fair transactions as of the valuation benchmark date, between a willing buyer and a willing seller, each acting rationally and without coercion.

V. Valuation benchmark date

The Valuation benchmark date for this report is 31 July 2025.

The Valuation benchmark date is determined by the client. The selection of the Valuation benchmark date mainly considers the realisation of economic activities and end-of-accounting-period factors. Asset appraisal provides a value reference for assets at a specific point in time. By choosing the end of the accounting period as the valuation benchmark date, it can comprehensively reflect the overall status of the subject assets. At the same time, adhering to the principles of ensuring the appraisal results effectively serve the appraisal purpose, accurately delineating the appraisal scope, conducting precise and efficient verification of assets, and rationally selecting the basis for appraisal, this date was selected as the valuation benchmark date.

VI. Appraisal Basis

i. Basis for economic activities

Minutes of the 18th Chairman's Special Meeting of China Energy Investment Corporation Co., Ltd. in 2025 (1 August 2025);

ii. Legal and regulatory basis

1. *Asset Appraisal Law of the People's Republic of China* (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. *Company Law of the People's Republic of China* (second amendment at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. *Civil Code of the People's Republic of China* (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020)

4. *Securities Law of the People's Republic of China* (second amendment at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019)

5. *Law of the People's Republic of China on the State-Owned Assets of Enterprises* (adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on 28 October 2008, effective from 1 May 2009);

6. *Vehicle Purchase Tax Law of the People's Republic of China* (approved at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

7. *Law of the People's Republic of China on Enterprise Income Tax* (second amendment at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

8. *Law of the People's Republic of China on the Administration of Urban Real Estate* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

9. *Land Administration Law of the People's Republic of China* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

10. *Resource Tax Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019)

11. *Patent Law of the People's Republic of China* (fourth amendment at the 22nd Session of the Standing Committee of the 13th National People's Congress on 17 October 2020);

12. *Copyright Law of the People's Republic of China* (third amendment at the 23rd Session of the Standing Committee of the 13th National People's Congress on 11 November 2020);

13. *Energy Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024, effective from 1 January 2025)

14. *Mineral Resources Law of the People's Republic of China* (amended at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024);

15. *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (amended by State Council Order No. 714 on 23 April 2019);

16. *Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises (*second amendment by State Council Order No. 378 on 2 March 2019);

17. *Interim Regulations of the People's Republic of China on City and Town Land Use Tax* (fourth amendment by State Council Order No. 17 on 2 March 2019);

18. *Interim Regulations on Value-Added Tax of the People's Republic of China* (second amendment by State Council Order No. 134 on 19 November 2017);

19. *Regulations on the Assets Appraisal and Management of State-owned Assets (*amended by State Council Order No. 91 on 29 November 2020);

20. *Interim Measures for the Assessment and Management of Enterprises* (Order No. 12 of the SASAC);

21. *Measures for Supervision and Administration of State-owned Assets of Enterprises* (Order No. 32 of the SASAC and the Ministry of Finance);

22. *Notice on Strengthening the Matters Related to the Appraisal Management of the State-owned Assets* (G.Z.W.CH.Q. [2006] No. 274);

23. *Notice on Matters Related to the Review of Appraisal Report of State-owned Assets of Enterprises* (G.Z.CH.Q. [2009] No. 941);

24. *Guidelines for the Approval of Asset Appraisal Projects in Central Enterprises* (G.Z.F.CH.Q. [2010] No. 71);

25. *Guideline for the Filing for the Appraisal Project of State-owned Assets of Enterprises* (G.Z.F.CH.Q. [2013] No. 64);

26. *Notice on Optimising the Management of Asset Appraisal of State-Owned Enterprises* (G.Z.F.CH.Q.G. [2024] Document No. 8);

27. *Notice on Issuing the Rules for the Implementation of Regulations on the Assets Appraisal and Management of State-owned Assets* (G.Z.B.F. [1992] No. 36);

28. *Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Regarding the National Implementation of VAT Reform* (C.SH. [2008] No. 170);

29. *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner* (C.SH. [2016] No. 36);

30. *Notice of the Ministry of Finance and the State Taxation Administration on Adjusting VAT Rate* (C.SH. [2018] No. 32);

31. *Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China* (Order No. 65 of the Ministry of Finance and the State Administration of Taxation);

32. *Announcement on Policies Relevant to Deepening VAT Reform* (Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs);

33. *Financial Supervision and Management Measures for the Asset Appraisal Industry* (MOF Order No. 86, amended by MOF Order No. 97);

34. *Accounting Standards for Business Enterprises - Basic Standards, Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 33, MOF Order No. 76);

35. *Notice on Further Standardising Bank Letters and Reply Letters* (C.K. [2020] No. 12);

36. *Regulations on the Transfer of State-Owned Land Use Rights* (MLR Order No. 21);

37. *Interim Regulations on Mining Rights Transfer and Assignment Management* (G.T.Z.F. [2000] No. 309);

38. *Notice on the Mining Rights Appraisal Management Measures (Trial)* (G.T.Z.F. [2008] No. 174);

39. *Notice of the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration on the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue* (C.Z. [2023] No. 10);

40. *Announcement on the Implementation Criteria for Relevant Issues on Resource Tax (Announcement* [2020] No. 34 of the Ministry of Finance and the State Taxation Administration);

41. *Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on Extending the Corporate*

Income Tax Policy for the Western Development (Ministry of Finance Announcement No. 23, 2020);

42. *Measures for the Supervision and Administration of State-Owned Equity in Listed Companies* (SASAC, MOF, and CSRC Order No. 36);

43. Other relevant Laws, regulations, and notices.

iii. Basis of appraisal standards

1. *Basic Rules for Asset Appraisal* (C.Z. [2017] No. 43);

2. *Code of Professional Ethics for Asset Appraisal* (ZH.P.X. [2017] No. 30);

3. *Asset Appraisal Practice Standards – Appraisal Report* (ZH.P.X. [2018] No. 35);

4. *Asset Appraisal Practice Standards – Appraisal Procedures* (ZH.P.X. [2018] No. 36);

5. *Asset Appraisal Practice Standards – Appraisal Methods* (ZH.P.X. [2019] No. 35);

6. *Asset Appraisal Practice Standards – Appraisal Engagement Contract* (ZH.P.X. [2017] No. 33);

7. *Asset Appraisal Practice Standards – Appraisal Archives* (ZH.P.X. [2018] No. 37);

8. *Asset Appraisal Practice Standards – Utilisation of Expert Work and Relevant Reports* (ZH.P.X. [2017] No. 35);

9. *Asset Appraisal Practice Standards – Enterprise Value* (ZH.P.X. [2018] No. 38);

10. *Asset Appraisal Practice Standards – Intangible Assets* (ZH.P.X. [2017] No. 37);

11. *Asset Appraisal Practice Standards – Real Estate* (ZH.P.X. [2017] No. 38);

12. *Asset Appraisal Practice Standards – Machinery and Equipment* (ZH.P.X. [2017] No. 39);

13. *Asset Appraisal Practice Standards – Intellectual Property* (ZH.P.X. [2023] No. 14);

14. *Guidelines for Appraisal Reports of State-owned Enterprise Assets* (ZH.P.X. [2017] No. 42);

15. *Guidelines for Quality Control of Asset Appraisal Institutions* (ZH.P.X. [2017] No. 46);

16. *Guidance on Types of Asset Appraisal Value* (ZH.P.X. [2017] No. 47);

17. *Guidance on Legal Ownership of Subject Asset* (ZH.P.X. [2017] No. 48);

18. *Guidance on Patent Asset Appraisal* (ZH.P.X. [2017] No. 49);

19. *Guidance on Copyright Asset Appraisal* (ZH.P.X. [2017] No. 50);

20. *Guidance on Determining Mining Rights Appraisal Parameters* (Chinese Association of Mineral Resources Appraisers, October 2008);

21. *Chinese Mining Rights Appraisal Standards* (Chinese Association of Mineral Resources Appraisers, August 2008);

22. *Chinese Mining Rights Appraisal Standards* (ii) (Chinese Association of Mineral Resources Appraisers, September 2010);

23. *Guidance on the Mineral Rights Appraisal Standard issued by the Chinese Association of Mineral Resources Appraisers (CMV 13051-2007) — Determination of Types of Solid Mineral Resource Reserves*.

iv. Basis of ownership

1. State-owned Property Registration Certificates;

2. Real Estate Certificates;

3. Mining Licences;

4. Patent Certificates;

5. Motor Vehicle Registration Certificates;

6. Relevant Ownership Transfer Contracts;

7. Other relevant ownership certificates.

v. Basis for price determination

1. *Financial Rules for Basic Construction* (MOF Order No. 81);

2. *Regulations on the Management of Construction Costs for Basic Construction Project*s (C.J. [2016] No. 504);

3. *Electromechanical Product Price Information Query System (2025)*;

4. *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection, effective from 1 May 2013);

5. The gudiance on *Notice of the National Development and Reform Commission on Further Liberalising Professional Service Prices for Construction Projects* (F.G.J.G. [2015] No. 299) (Z.D.L.D.E. [2015] No. 162);

6. *Budget Standards for Housing and Decoration Engineering in Inner Mongolia* (2017);

7. *Budget Standards for General Installation Engineering in Inner Mongolia* (2017);

8. *Ground Building Engineering Consumption Quotas for Coal Construction* (2015, After-tax Base Price);

9. *Coal Construction Cost Quotas and Price Management Regulations* (2015);

10. *Coal Construction Engineering Cost Quotas and Other Regulations for Coal Construction* (NB/T 51064-2016);

11. *Other Costs Standards for Coal Construction* (2015);

12. *Notice on Adjusting Coal Mining Construction Engineering Quotation Standards (2015 Base Price) for Labour Unit Prices and Related Regulations*;

13. *Construction Materials Price Information for Various Cities in Inner Mongolia* (September-October 2025);

14. LPR (loan prime rate) on the valuation benchmark date;

15. Records of on-site inspection by the appraisers and other relevant appraisal information collected;

16. WIND financial information terminal;

17. iFinD financial terminal;

18. Project feasibility study reports, project investment estimates, design estimates, and other materials provided by the appraised entity;

19. Relevant engineering budget and final accounts data provided by the enterprise;

20. Engineering contract agreements signed by the enterprise with relevant parties;

21. Payment progress statistics and related payment vouchers for ongoing projects provided by the enterprise;

22. Financial statements, audit reports, and data from previous years provided by the enterprise;

23. Future business plans provided by relevant departments of the enterprise;

24. Market forecast data for the main products of the enterprise for the current and future years;

25. Raw material purchase contracts signed by the enterprise with relevant parties;

26. Other materials related to the asset appraisal.

vi. Other reference sources

1. *Terminology of the Rules for Asset Appraisal 2020* (ZH.P.X. [2020] No. 31);

2. *Expert Guidance No. 8 – Verification in Asset Appraisal* (ZH.P.X. [2019] No. 39);

3. *Expert Guidance No. 12 - Measurement of Rate of Discount for the Enterprise Value by the Income Approach* (ZH.P.X. [2020] No. 38);

4. *Expert Guidance No. 16 – Computer Software Copyright Asset Appraisal* (ZH.P.X. [2023] No. 23);

5. *Common Parameters Manual for Asset Appraisal*;

6. *Regulations for Appraisal on Urban Land* (GB/T 18508-2014);

7. *Regulations for Gradation and Classification on Urban Land* (GB/T 18507-2014);

8. *Current Land Use Classification* (GB/T21010-2017);

9. *Regulations for Standardised Price of Land* (TD/T1052-2017);

10. *Technical Specifications for Dynamic Monitoring of Urban Land Prices* (TD/T1009-2007);

11. *Technical Specifications for the Appraisal of State-owned Construction Land Use Rights* (G.T.Z.T.F. [2018] No. 4);

12. *Code for Real Estate Appraisal* (GB/T 50291-2015);

13. *Building Condition Rating Standards (Trial)* (CH.ZH.Z. [1984] No. 678);

14. *General Requirements for Mineral Exploration* (GB/T 13908-2020);

15. *Specifications for Coal Exploration – Coal* (DZ/T 0215-2020);

16. *Classifications for Mineral Resources and Mineral Reserves* (GB/T 17766-2020);

17. Asset list and appraisal declaration form provided by the appraised entity;

18. Audit Report issued by Ernst & Young Hua Ming LLP ;

19. Mining rights appraisal report issued by China Enterprise Appraisals Co., Ltd.;

20. Information database of China Enterprise Appraisals Co., Ltd.

VII. Appraisal methods

Income approach refers to various appraisal methods that capitalise or discount the expected income of the subject asset to determine its value.

Market approach refers to various appraisal methods that compare the subject asset with comparable references, using the market price of the comparable references as a basis to determine the value of the subject asset.

Asset-based approach refers to an appraisal method where the value of the subject asset is determined based on the balance sheet of the appraised entity or business on the valuation benchmark date, assessing the value of identifiable on-balance-sheet and off-balance-sheet assets and liabilities.

The methods selected for this appraisal are income approach and asset-based approach.

i. Reasons for the selection of appraisal methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

ii. Introduction to the appraisal methods

1. Income approach

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash

flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

a) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date . The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC);

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

Of which, the free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) + Depreciation and amortisation - capital expenditures - Increase in working capital

Of which, the discount rate (WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{E+D} + K_d \times (1-t) \times \frac{D}{E+D}$$

Wherein: k_e: Cost of equity capital;

k_d: Cost of debt capital;

E: Market value of equity;

D: Market value of debt;

t: Tax rate.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: r_f: Risk-free rate of return;

MRP: Market risk premium;

β_L: Systematic risk coefficient of equity;

r_c: Company-specific risk adjustment coefficient.

2) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date . The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

3) Value of non-operating asset and liabilities

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operating assets and liabilities of the appraised entity include other receivables, inventories and fixed assets in abnormal condition, accounts payable, other payables, and similar items. The cost approach was adopted for this appraisal.

d) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date.

2. Asset-based approach

(1) Current assets

1) Monetary funds, representing bank deposits, were appraised at their verified book value through verification of bank statements, and bank confirmations.

2) For notes receivable and account receivable financing, the appraisers reviewed the appraised entity's reference ledger for notes receivable, verifying each entry's details including the type, serial number, issuance date, face value, transaction contract number, and the names or entity designations of the payer, acceptor, and endorser, as well as maturity date. The verified book value was used as the appraised value.

3) For accounts receivable and other receivables, the appraisers conducted inquiries with the appraised entity regarding its sales credit policies, customer composition and creditworthiness, as well as the historical recovery of accounts receivable. Following the principle of materiality, the appraisers conducted confirmations for some of the accounts receivable and reviewed relevant contracts. Based on the verification of

accounts receivable, the appraisers determined the appraised value based on the amount that is likely to be collected for each item. For amounts believed to be fully recoverable, the total receivables are used to calculate the appraised value. For amounts that are likely to be unrecoverable, the appraisers estimated the amount based on historical data and on-site investigations, considering factors such as the amount, overdue time, reasons for non-payment, the debtor's financial status, creditworthiness, and operational management. The appraisal value is then calculated after deducting the estimated risk loss. Simultaneously, the "Provision for Bad Debts" item on the balance sheet is considered as zero.

4) For prepayments, the appraisers conducted inquiries with the relevant personnel of the appraised entity to understand the reasons for the formation of the prepayments and the creditworthiness of the counterparties. Following the principle of materiality, the appraisers conducted confirmations for some of the prepayments and reviewed relevant contracts. Based on the verification of prepayments, the appraisers determined the value based on the goods or relevant rights that are likely to be collected for each item. For amounts believed to be fully recoverable, the total prepaid amounts are used to calculate the appraised value. For amounts that are likely to be unrecoverable, the appraisers estimated the goods or related rights that may not be recovered using historical data and on-site investigations. The appraised value is then calculated after deducting the estimated risk loss. Simultaneously, the "Provision for Bad Debts" item on the balance sheet is considered as zero.

5) Inventories

For raw materials, most of the raw materials were purchased close to the valuation benchmark date, and the book value mainly consists of material purchase costs, transportation, and miscellaneous expenses. The appraised value is determined by verifying the quantity of each type of raw material and the market price as of the valuation benchmark date, considering reasonable transportation costs and reasonable losses.

For inventory turnover materials, a Volkswagen Bora car that was received for the purpose of debt repayment was accounted. Due to the existence of an active second-hand market, the market approach is used for evaluation, and the appraised value is calculated based on the second-hand market price of similar equipment;

For finished products, the appraised entity uses actual cost accounting, including purchase costs, processing costs, and other costs. As of the valuation benchmark date , the finished products are normal sales items. The appraised value is determined based on the sales price at the valuation benchmark date , minus sales expenses, taxes and surcharges, and an appropriate amount of after-tax net profit. The specific appraisal calculation formula is as follows:

The appraised value of finished goods for normal sales = Quantity of finished goods × After-tax unit selling price × (1 - Sales tax and surcharge rate - Selling expense rate - Income tax rate - Net profit margin).

Under normal circumstances, a reasonable profit deduction rate of 0.5 is applied for normal sales finished products. The sales price for finished products is taken as the average recent sales price of the appraised entity as of the valuation benchmark date.

g) Other current assets. The appraisers investigated and understood the formation reasons of other current assets and reviewed the relevant evidence, contracts, and books.

After verification, the book values of other current assets are used as the appraised values.

(2) Long-term receivables

The appraisers verified the long-term receivables by reviewing relevant ledgers and vouchers, and used historical data and field investigation results to analyse the amounts of the claims, the duration and causes of the arrears, the recovery status, and the debtors' financial position and creditworthiness. After verification, the appraisers found no discrepancies between the account and actual values, nor any sufficient evidence indicating that the receivables were uncollectible. Therefore, the verified book value was used as the appraised value.

(3) Long-term equity investments

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity. The appraisal methods used for the investees and the reasons for selecting the appraisal methods are detailed in the corresponding technical appraisal notes.

(4) Other equity instrument investments

For other equity instrument investments, the fair value has been adopted to determine their carrying amount, therefore the verified book value was used as the appraised value.

(5) Buildings and structures

Based on the characteristics of the various types of building and structure assets, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraisal. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

1) Determination of replacement cost

Based on the characteristics, nature, and situation of the building and structure assets within the appraisal scope, the calculation formula for replacement cost in this appraisal is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

a. Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation engineering costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation engineering costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and the structure is simple, the analogy method or unit cost method is used to determine the construction and installation engineering costs.

b. Pre-construction and other costs

Pre-construction and other costs are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations.

c. Capital costs

Capital costs are calculated based on the sum of construction and installation engineering costs, pre-construction and other costs, using uniform capital investment over the reasonable construction period. The calculation formula of capital costs is as follows:

Capital costs = (Construction and installation engineering costs + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1 / 2

Based on the scale and nature of the construction project in which the appraised buildings and structures are located and the relevant construction period quotas, the reasonable construction period and interest rate for the subsidiaries of Inner Mongolia Pingzhuang Coal Group Co., Ltd. were determined by referring to the effective Loan Prime Rate (LPR) on the Valuation benchmark date as published by the National Interbank Funding Centre authorised by the People's Bank of China.

d. Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

2) Determination of composite depreciation rate

A. For important buildings (and structures), the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

For mining enterprises, the remaining service life of buildings is closely related to the mine's remaining service life. The remaining service life is determined based on the lower of the mine's remaining service life and the building's remaining economic service life.

B. For low-value buildings (and structures), the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

3) Determination of appraised value

Appraised value= Replacement cost × Composite depreciation rate

(6) Equipment

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the the appraisal scope, for some older electronic devices (e.g., computers) and vehicles, where

there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost method is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Depreciation rate

A. Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

a. Machinery and equipment

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

I. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the Valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

II. Transport and handling fees

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

III. Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T 51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the

equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

IV. Pre-construction and other costs

Pre-construction and other costs include project construction management fees, bidding agency fees, environmental impact assessment fees, surveying and design fees, engineering supervision fees, joint trial operation fees, and others. The rates for these expenses are determined by investigating the average cost levels of similar projects and referring to the *Standards for Other Expenses of Coal Mining Construction Project* (NBT 51064-2016) and other related standards, as well as the specific conditions of this project.

V. Capital costs

Capital costs are calculated based on the normal construction period of the project where the equipment is located, using the LPR in effect on the valuation benchmark date. The total of the equipment purchase costs, transport and handling fees, installation fees, pre-construction and other costs is used as the base, with the capital costs calculated based on uniform capital investment. The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Reasonable construction period × Annual loan interest rate / 2

VI. Deductible VAT

According to the regulations in "C.SH [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", the input VAT includes VAT on the equipment purchase price (tax rate 13%), VAT on transport and handling fees (tax rate 9%), and VAT on pre-construction and other costs (tax rate 6%).

B. Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Where:

Vehicle purchase tax = vehicle purchase cost / (1 + 13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

C. Electronic equipment

For electronic equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electronic equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

2) Determination of composite depreciation rate

A. For specialised and general machinery, the depreciation rate is primarily determined based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

B. For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based newness rate = (Economic lifespan - Years of use) / Economic lifespan × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

C. For vehicles, according to the *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection), the theoretical depreciation rate was determined using either vehicle mileage or service life, based on the lower of the two methods. For vehicles without a prescribed service life, the remaining service life method was used. Adjustments were made based on on-site inspection results. The calculation formula is as follows:

Composite depreciation rate = Depreciation rate × Adjustment coefficient

c) Determination of the appraised value

Appraised value= Replacement cost × Composite depreciation rate

(7) Construction in progress

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost method was adopted for the appraisal.

a) Completed Projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

b) Incomplete Projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period. If the book value differs significantly from the price level on the valuation benchmark date, the construction costs are adjusted to the Valuation benchmark date price level.

c) Pure Expense-Based Construction Projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

(8) Land use rights

According to the requirements of the *Asset Appraisal Practice Standards - Real Estate*, the main appraisal methods for land use rights include the market approach, income approach, hypothetical development method, cost method, and benchmark land price method. The appropriate appraisal method is selected based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the above basic appraisal methods.

Based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the appraisal methods, this evaluation adopts the benchmark land price coefficient correction method for the land transfer and the cost approaching method for the allocated land.

1) Cost approaching method

The basic idea of the cost approaching method is to treat all investments in land, including land acquisition costs and infrastructure development costs, as the "basic cost." Using economic principles and the investment theory of equal return on equal investment, the basic cost is added to the profit and interest that should be generated by such an investment, forming the base part of the land price. Additionally, the required return on land ownership is included, and the land price is derived. When using the cost method to evaluate the allocated land, the appreciation of land value is not considered. The basic formula for the cost approaching method is:

$$\text{Basic formula: } V = (E_a + E_d + T + R_1 + R_2) \times (1 + K_1)$$

Where: V = Land price

E_a = Land acquisition cost

E_d = Land development cost

T = Taxes

R_1 = Interest

R_2 = Profit

K_1 = Regional and individual factors adjustment

2) Benchmark land price method

The benchmark land price adjustment method uses urban benchmark land prices and benchmark land price adjustment tables to assess the value of land. According to the principle of substitution, the regional and individual conditions of the subject asset are compared with the average conditions of the region, and the corresponding adjustment coefficients are selected from the coefficient adjustment table to modify the benchmark land price. This method determines the value of the subject asset on the valuation benchmark date .

The calculation formula for the Benchmark Land Price Adjustment Method is as follows:

$$V = (V1\times(1\pm\sum K)\times Kr\times Kq+Kk) \times Km$$

The formula is: V — The adjusted land price of the appraised land;

V1 — The benchmark land price of land with the same usage in the region where the appraised land is located;

$\sum K$ — The sum of the regional factors and individual factors adjustment coefficients for the appraised land;

Km — The usage period adjustment coefficient;

Kq — The date adjustment coefficient;

Kr — The floor area ratio adjustment coefficient;

Kk — The land development degree adjustment coefficient.

(9) Mining rights

Mining rights include mining rights and exploration rights, and the appraisal methods are as follows:

a) For mining rights, China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited commissioned China Enterprise Appraisals Co., Ltd. to conduct a separate appraisal. The mining rights appraisal results adopted in this asset appraisal report are based on the appraisal conclusions issued by China Enterprise Appraisals Co., Ltd.

2) For exploration rights, due to the inability to obtain geological survey, preliminary design, mine area general plan, formal feasibility report, and other documents required for mining rights appraisal, it is not possible to model and calculate the market value of the exploration rights as of the Valuation benchmark date according to mining rights appraisal standards and theories. Therefore, the related costs for exploration rights are retained based on the audited book value.

(10) Patent rights assets

As the market for technical intangible assets in China is still in its early stages, collecting relevant fair transaction data is relatively difficult. Therefore, the market approach is not operable for this appraisal.

As the patent rights owned by the appraised entity were verified as being developed in the production process, and some patent rights have been held for a long time without

being used in relevant production operations, the income approach is not operable in this appraisal.

In summary, the patent rights were evaluated using the cost method.

Appraised value of patents=Replacement cost ×(1-depreciation rate)

Among them: Replacement cost=Application fee + Printing fee + Other expenses (patent registration, printing, substantive examination fees, etc.)

1-depreciation rate=Remaining useful life/Legal protection period

(11) Other intangible assets

Based on the characteristics of other intangible assets, the appraised value type, data collection conditions, and other related factors, the market approach is used for appraisal as follows: a) For software in normal use, its appraised value was determined by conducting market research on the market prices of similar software and taking into account the current usage of the software to be appraised. b) For software that has been discontinued and verified by the enterprise as having no value, the appraisal is zero; c) For software copyright, the appraisal was based on the relevant agency fees and registration fees incurred in applying for software copyright; d) For the purchased capacity indicators, the value of such assets is included in the mining rights appraisal. Therefore, this appraisal confirms a value of zero for the capacity indicators.

(12) Long-term prepaid expenses

The appraisers investigated the reasons for the long-term deferred expenses and reviewed the accounting vouchers for the long-term deferred expenses. After verification, the original amount of the long-term deferred expenses was found to be true and accurate, and the amortisation balance was correct. The long-term deferred expenses can still provide corresponding rights or assets during the remaining benefit period, and the appraisal value is determined based on the remaining balance to be amortised over the remaining benefit period.

(13) Other non-current assets

The appraisers investigated the reasons for the occurrence of other non-current assets and reviewed the relevant contracts and accounting vouchers. Other non-current assets are valued at the verified book value.

(14) Liabilities

The liabilities of Inner Mongolia Pingzhuang Coal Group Co., Ltd. include accounts payable, advance receipts, contract liabilities, taxes payable, other payables, non-current liabilities due within one year, other current liabilities, and non-current liabilities. The appraisers first verified the consistency between the detailed ledgers and the general ledger, and then checked individual items. Additionally, they randomly checked the relevant accounting vouchers and supporting documents to confirm whether the recorded amounts of the liabilities were accurate. For both current and non-current liabilities, the appraised values were determined based on the verified amounts of liabilities actually borne by the enterprise.

VIII. Implementation Process and Information of the Appraisal Procedure

The appraisers carried out the appraisal of the assets involved in the subject asset from 9 August 2025 to 16 December 2025. The main appraisal procedures and process are as follows:

i. Acceptance of engagement

On 9 August 2025, the client and us reached an agreement on the basic matters of the appraisal, including the appraisal purpose, the subject asset, the appraisal scope, the valuation benchmark date, and the rights and obligations of each party. We then negotiated with the client and developed the corresponding appraisal plan.

ii. Preliminary preparation

After accepting the engagement, the project team, based on the appraisal purpose, the characteristics of the subject asset, and the time plan, formulated a specific appraisal work plan and formed the appraisal team. Simultaneously, the team drafted a list of required materials and appraisal forms based on the actual needs of the project.

iii. On-site investigation

The appraisers conducted the necessary verification of the assets and liabilities involved in the entity to be appraised from 15 August 2025 to 31 October 2025, and carried out the required investigation into the business and management of the entity to be appraised.

1. Asset verification

(1) Guiding the appraised entity to complete forms and prepare materials to be provided to the asset appraisal institution

The appraisers guided the financial and asset management personnel of the appraised entity to carefully and accurately complete the asset information based on the "Assets Appraisal Details Sheet" and its requirements, the material checklist, etc., after their own inventory. They also collected and prepared property ownership certificates and documents reflecting performance, condition, economic, and technical indicators of the assets.

(2) Preliminary review and improvement of the Assets Appraisal Details Sheet submitted by the appraised entity

The appraisers reviewed the relevant documents, understood the detailed status of the assets included in the appraisal scope, and then carefully reviewed the "Assets Appraisal Details Sheet" to check for incomplete or incorrect entries, unclear asset items, and other issues. Based on experience and the gathered information, the appraisers ensured the accuracy of the sheet and provided feedback to the appraised entity to improve them.

(3) On-site inspection

Based on the type, quantity, and distribution of assets included in the appraisal scope, the appraisers, with the cooperation of the relevant personnel of the appraised entity, conducted on-site inspections in accordance with the relevant provisions of the asset appraisal standards. Different inspection methods were applied depending on the nature and characteristics of the various assets.

(4) Supplementing, modifying, and improving the Assets Appraisal Details Sheet

Based on the results of the on-site inspection and after thorough communication with the relevant personnel of the appraised entity, the appraisers further refined the "Assets Appraisal Details Sheet" to ensure consistency between the accounts, sheet, and actual assets.

(5) Verification of ownership certificate documents

The appraisers verified the ownership proof documents for the assets within the appraisal scope, including buildings, vehicles, land use rights, mining rights, and other intangible assets. In cases where ownership information was incomplete or unclear, the appraisers requested the enterprise to verify or provide relevant ownership clarification documents.

2. Due diligence

To fully understand the operational and management status of the appraised entity and the risks it faces, the appraisers conducted necessary due diligence. The main contents of the due diligence were as follows:

(1) The history of the appraised entity, its major shareholders and their shareholding ratios, and the necessary ownership and management structure;

(2) The asset, financial, and operational management status of the appraised entity;

(3) The business plan, development plan, and financial forecast information of the appraised entity;

(4) Previous appraisals and transactions related to the subject asset and appraised entity;

(5) Macro and regional economic factors affecting the production and operation of the appraised entity;

(6) The development status and prospects of the industry in which the appraised entity operates;

(7) Other relevant information.

iv. Data collection

The appraisers collected appraisal materials according to the specifics of the appraisal project, including data independently obtained from markets and other channels, data acquired from the client and other relevant parties, and data from government departments, professional institutions, and other relevant bodies. They then analysed, summarised, and organised the collected materials to form the basis for estimation.

v. Preliminary estimation

Based on the specific conditions of the various assets, the appraisers selected the appropriate formulas and parameters according to the chosen appraisal methods, performing analysis, calculations, and judgments to form preliminary appraisal conclusions. The project leader summarised the preliminary conclusions for each asset appraisal and drafted the preliminary asset appraisal report.

vi. Internal review

According to our company's appraisal business process management regulations, the project leader submitted the preliminary asset appraisal report for internal review after completion. After the internal review, the appraisers communicated with the client or other relevant parties, as agreed, on the contents of the asset appraisal report, ensuring that the independence of the appraisal conclusions was maintained. After completing the above appraisal procedures, the formal asset appraisal report was issued and submitted.

IX. Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

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

ii. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

iii. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner during the service lives of the mines;

iv. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

v. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations during the service lives of the mines;

vi. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

vii. It is assumed that the management of the appraised entity after the Valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

viii. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

ix. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

x. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

xi. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

xii. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

xiii. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

xiv. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

xv. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

xvi. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;

xvii. As of the valuation benchmark date, Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. enjoys the preferential enterprise income tax policy for the Western Development, with enterprise income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;

xviii. It is assumed that starting from 2067, Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. will begin to pay mining rights transfer income annually in accordance with the provisions of the *Notice of the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration on the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue* (C.Z. [2023] No. 110);

xix. The mining right for Baiyinhua No. 1 Coal Mine within this appraisal scope currently has a production capacity indicator gap of five million tonnes per year. It is assumed in this appraisal that the enterprise will acquire the corresponding production capacity indicators on a compensatory basis, with a cash outflow of RMB140 per tonne (inclusive of tax) considered in Phase I;

The conclusions of this asset appraisal report are valid under the above assumptions as of the valuation benchmark date. If there are significant changes in these assumptions, the signing asset appraisers and this asset appraisal agency will not bear responsibility for deriving different appraisal conclusions due to changes in assumptions.

X. Appraisal conclusion

i. Income approach appraisal results

As of the valuation benchmark date, the parent company-level total assets of Inner Mongolia Pingzhuang Coal Group Co., Ltd. had a book value of RMB18,171,233,900, while liabilities, comprising current and non-current liabilities, had a total book value of RMB19,125,014,300. The net assets had a book value of RMB-953,780,400. Under the income approach, the value of the entire shareholders' equity amounts to RMB5,088,077,400, representing an increase of RMB6,041,857,800, an appreciation rate of 633.46%.

The consolidated total assets of Inner Mongolia Pingzhuang Coal Group Co., Ltd. had a book value of RMB34,567,091,600, total liabilities had a book value of RMB31,041,413,400, and owners' equity had a book value of RMB3,525,678,200, of which RMB2,284,963,900 was attributable to the parent company. Under the income approach, the value of the entire shareholders' equity amounts to RMB5,088,077,400, representing an increase of RMB2,803,113,500, an appreciation rate of 122.68%.

ii. Asset-Based Approach Appraisal Results

As of the valuation benchmark date , on the parent-company basis, Inner Mongolia Pingzhuang Coal Group Co., Ltd. recorded total assets with a book value of RMB18,171,233,900 and an appraised value of RMB24,656,122,800, representing an appreciation of RMB6,484,888,900 and an appreciation rate of 35.69%. Total liabilities had a book value of RMB19,125,014,300 and an appraised value of RMB19,072,313,500, representing an impairment of RMB52,700,800 and an impairment rate of 0.28%. Owners' equity had a book value of RMB-953,780,400 and

an appraised value of RMB5,583,809,300, representing an appreciation of RMB6,537,589,700 and an appreciation rate of 685.44%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-Based Approach

Valuation benchmark date : 31 July 2025 Currency unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	160,722.45	160,759.19	36.74	0.02
Non-current assets	2	1,656,400.94	2,304,853.09	648,452.15	39.15
Of which: Long-term equity investments	3	280,285.01	805,199.44	524,914.43	187.28
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	187,382.03	227,004.08	39,622.05	21.15
Construction in progress	6	27,182.53	27,128.31	-54.22	-0.20
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	555,446.80	639,416.69	83,969.89	15.12
Including: Land use right	9	6,136.92	128,803.12	122,666.20	1,998.82
Other non-current assets	10	606,104.57	606,104.57	0.00	0.00
Total assets	**11**	**1,817,123.39**	**2,465,612.28**	**648,488.89**	**35.69**
Current liabilities	12	1,494,231.30	1,494,231.30	0.00	0.00
Non-current liabilities	13	418,270.13	413,000.05	-5,270.08	-1.26
Total liabilities	**14**	**1,912,501.43**	**1,907,231.35**	**-5,270.08**	**-0.28**
Net assets	**15**	**-95,378.04**	**558,380.93**	**653,758.97**	**685.44**

As of the valuation benchmark date , the consolidated total assets of Inner Mongolia Pingzhuang Coal Group Co., Ltd. had a book value of RMB34,567,091,600, total liabilities had a book value of RMB31,041,413,400, and owners' equity had a book value of RMB3,525,678,200, of which RMB2,284,963,900 was attributable to the parent company. After applying the asset-based approach, the value of the entire shareholders' equity was RMB5,583,809,300, with an increase of RMB3,298,845,400, representing an appreciation rate of 144.37%.

iii. Appraisal conclusion

The value of the entire shareholders' equity was RMB5,088,077,400 under the income approach and RMB5,583,809,300 under the asset-based approach, with a difference of RMB495,731,900 representing a variance rate of 9.74%.

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods.

The appraised entity's core business is coal mining and sales, and its key assets are mining rights. In this appraisal, the asset-based approach uses the discounted cash flow method to assess the mining rights, which aligns closely with the approach used in the income approach. Moreover, the appraisal of the mining rights is based on the coal market conditions, using objective market benchmarks. The results from the asset-based approach reflect the contribution of the mining rights to the company's future earnings, therefore the asset-based approach can more objectively reflect the market value of the appraised entity.

Based on the foregoing analysis, this asset appraisal report adopts the result derived from the asset-based approach as its appraisal conclusion, namely, the appraised value of the entire shareholders' equity of Inner Mongolia Pingzhuang Coal Group Co., Ltd. was RMB5,583,809,300.

Due to objective limitations, this asset appraisal report does not take into account any premium or discount that may arise due to control or lack of control, nor does it consider the impact of liquidity on the value of the subject asset.

XI. Special Notes

The following matters were identified during the appraisal process that may affect the appraisal conclusion but cannot be assessed or estimated by the professional expertise and ability of the appraisers:

i. In this asset appraisal report, if there is a discrepancy between the total values and the sum of the individual items in any tables or written statements (expressed in RMB10,000), it is due to rounding.

ii. This appraisal refers to the audit report issued by Ernst & Young Hua Ming LLP on 16 December 2025, with the report number Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028116 A01. We obtained the audit report through legal channels, and after analyzing and reviewing the contents of the audit report in accordance with the relevant asset appraisal standards, we have prudently used the relevant contents of the audit report. The audited financial data in the audit report forms the basis for the asset appraisal. If this financial data changes, the conclusions of this appraisal may become invalid. According to Article 12 of the *Asset Appraisal Practice Standards – Enterprise Value*: Asset appraisers analyse and assess the use of financial statements based on the chosen appraisal methods. However, it is not the responsibility of the asset appraisers to offer professional opinions on whether the financial statements fairly reflect the financial status, operating results, or cash flow of the appraised entity as at the valuation benchmark date. We only bear responsibility for improper referencing that may arise in the use of the audit report during the appraisal process.

iii. Adoption of appraised value for the intangible assets—mining rights within the scope of this appraisal:

The appraised value of the Mining Right of the Boligou Coal Mine, Zhunge'er Coalfield, Inner Mongolia, an intangible asset within the appraisal scope, was determined with reference to the appraisal conclusion in the *Appraisal Report on the Mining Right of the Boligou Coal Mine, Zhunge'er Coalfield, Inner Mongolia Autonomous Region* (Z.Q.H.K.P.B.Z. [2025] No. 1074) issued by China Enterprise Appraisals Co., Ltd. on 16 December 2025.

The appraised value of the Mining Right of the Yuanbaoshan Open-cut Coal Mine, an intangible asset within the appraisal scope, was determined with reference to the appraisal conclusion in the *Appraisal Report on the Mining Right of the Yuanbaoshan Open-cut Coal Mine of Inner Mongolia Pingzhuang Coal Group Co., Ltd.* (Z.Q.H.K.P.B.Z. [2025] No. 1075) issued by China Enterprise Appraisals Co., Ltd. on 16 December 2025.

The appraised value of the Mining Right of the Baiyinhua No. 1 Open-cut Coal Mine, West Ujimqin Banner, Inner Mongolia, an intangible asset within the appraisal scope, was determined with reference to the appraisal conclusion in the *Appraisal Report on the Mining Right of the Baiyinhua No. 1 Open-cut Coal Mine, West Ujimqin Banner,*

Inner Mongolia (Z.Q.H.K.P.B.Z. [2025] No. 1076) issued by China Enterprise Appraisals Co., Ltd. on 16 December 2025.

The appraised value of the Mining Right of the Hesigewula South Open-cut Coal Mine, an intangible asset within the appraisal scope, was determined with reference to the appraisal conclusion in the *Appraisal Report on the Mining Right of the Hesigewula South Open-cut Coal Mine of Inner Mongolia Xilin Xilinhe Coal-Chemical Co., Ltd.* (Z.Q.H.K.P.B.Z. [2025] No. 1078) issued by China Enterprise Appraisals Co., Ltd. on 16 December 2025.

During this appraisal process, the appraisers communicated and coordinated with mining rights appraisers, who adopted the discounted cash flow method for the appraisal of the mining right. After verifying that the mining rights appraisal report's subject asset, scope, purpose, base date, value type, and other aspects were consistent with this asset appraisal report and in line with the requirements of the economic transaction, the mining rights value involved in this appraisal report directly references the appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

iv. According to the *Asset Appraisal Law* and the *Guidance on Legal Ownership of Subject Asset*, the client and relevant parties engaging the asset appraisal are responsible for the authenticity, completeness, and legality of the ownership certificates, financial accounting information, and other materials they provide. The purpose of conducting asset appraisal is to estimate the value of the subject asset and provide professional opinions. Confirming the legal ownership or providing opinions on the legal status of the assets goes beyond the scope of professional asset appraisal. Asset appraisers do not provide guarantees on the legal ownership of the subject asset.

v. Explanation regarding ownership defects

1. Ownership defects of the appraised entity

(1) The enterprise has declared 72 land use rights for inclusion in the appraisal, all of which have been registered with property title certificates (or state-owned land use certificates). Of these, five parcels were transferred land, and 67 parcels were allocated land. Among the 67 allocated parcels, 13 parcels were registered under the name of Inner Mongolia Pingzhuang Energy Resources Co., Ltd. in their land use right certificates, which is inconsistent with the name of the appraised entity. Details of the relevant land parcels are presented in the Intangible Assets - Land Use Rights Appraisal Details Sheet. For the foregoing real property ownership certificates with the registered holders inconsistent with the appraised entity, the appraised entity has issued a title clarification statement, affirming that the land use rights within the appraisal scope belong to the appraised entity and that no ownership disputes exist.

(2) As of the valuation benchmark date, the enterprise has declared 429 buildings and structures within the appraisal scope. Of these, 315 buildings and structures had not obtained property ownership certificates. Among the 114 buildings with certificates, only one lists the right holder as Inner Mongolia Pingzhuang Coal Group Co., Ltd.; the right holders named on all other certificates are inconsistent with the name of the appraised entity. Details of the buildings and structures are presented in the Fixed Assets - Buildings and Structures Appraisal Details Sheet. For buildings and structures without certificates, as well as those whose real property ownership certificates list right holders inconsistent with the appraised entity, the appraised entity has issued a title

clarification statement, affirming that all buildings and structures within the appraisal scope belong to the appraised entity and that no ownership disputes exist.

(3) The enterprise has declared 580 vehicles within the appraisal scope. Of these, 233 are on-site operating vehicles that do not require vehicle registration certificates; all remaining vehicles have completed registration. Among them, the certificates of five vehicles list the right holder as the Industrial Development Branch of Inner Mongolia Guodian Energy Investment Co., Ltd., which is inconsistent with the appraised entity. For the vehicles whose certificates list right holders inconsistent with the appraised entity, the appraised entity has issued a title clarification statement, affirming that the right to use all vehicles within the appraisal scope belongs to the appraised entity and that no ownership disputes exist.

(4) The enterprise has declared 13 patents within the appraisal scope, including five invention patents, seven utility model patents, and one design patent. All patents have been granted certificates of rights. Among them, seven patents are solely owned by the appraised entity, with certificate-listed right holders including Inner Mongolia Pingzhuang Coal Group Co., Ltd., Inner Mongolia Pingzhuang Coal Group Co., Ltd. Yuanbaoshan Open-cut Coal Mine, and Inner Mongolia Pingzhuang Coal Group Co., Ltd. Mining Construction Engineering Branch. The remaining six patents are jointly owned by the appraised entity and other companies. Refer to the "Asset-based Approach Appraisal Details Sheet" for the specific details of aforementioned patents.

Regarding the jointly owned patents, the appraised entity has provided a statement and guarantees that these patents are either solely owned or co-owned with other companies, and there are no ownership disputes or potential disputes. For jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

2. Ownership defects of Inner Mongolia Pingxibaiyinhua Coal Industry Co., Ltd., a subsidiary of the appraised entity

(1) As of the valuation benchmark date, there are 84 building and structure assets recorded on its books. Among them, two items had obtained property ownership certificates, while 82 items had not. Of the uncertified buildings and structures, two structures—the water tank control room and the multi-channel wireless control room—had already been demolished. The primary reason for the lack of certificates is that certain buildings located in the living quarters fall within areas subject to urban planning adjustments, and therefore the land-use category must be modified before property ownership certificates can be processed. The floor areas of the above buildings and structures were determined based on drawings, construction contracts, final account statements, and on-site measurements provided by the appraised entity, and were further verified through field inspections by the appraisers. For the buildings that have not been certified, the appraised entity has issued a statement of ownership, confirming that the buildings within the appraisal scope are owned by it, and there are no property disputes.

(2) The enterprise has declared eight off-balance-sheet patents within the appraisal scope, including seven utility model patents and one invention patent. Refer to the "Asset-based Approach Appraisal Details Sheet" for the specific details of aforementioned patents.

3. Ownership defects of Inner Mongolia Xilin Xilinhe Coal-Chemical Co., Ltd., a subsidiary of the appraised entity

(1) Among the buildings and structures included in the appraisal scope, except for the building located in Fuxin, 56 items have not been registered with property ownership certificates. For all uncertified buildings and structures, the appraised entity has confirmed that the ownership of such assets belongs to it, that no ownership or debt disputes exist, and that it undertakes full responsibility for any ownership- or debt-related matters that may arise.

(2) Within the appraisal scope, there are 67 uncertified vehicles (including seven vehicles pending scrapping, for which vehicle registration certificates are not required). The appraised entity has confirmed that the ownership of such assets belongs to it, that no ownership or debt disputes exist, and that it undertakes full responsibility for any ownership- or debt-related matters that may arise.

(3) The enterprise has declared seven off-balance-sheet utility model patents within the appraisal scope. Of these, two patents are jointly owned by the appraised entity and other companies. Refer to the "Asset-based Approach Appraisal Details Sheet" for the specific details of aforementioned patents.

Regarding the jointly owned patents, the appraised entity has provided a statement and guarantees that these patents are either solely owned or co-owned with other companies, and there are no ownership disputes or potential disputes. For the jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

vi.Explanation regarding assets in an abnormal use state

1. Abnormal state of the appraised entity

(1) The buildings and structures within the appraisal scope have been gradually constructed and put into use from the 1950s to the present. As of the valuation benchmark date, there are 21 buildings and structures pending scrapping.

Except for the foregoing, the buildings and structures of each subsidiary unit were generally in normal condition with routine maintenance and management in place. The foundations of the principal buildings were stable, with no significant uneven settlement observed; the joints of the main load-bearing components were firm; no noticeable tilting, deformation or cracking was identified; and the associated auxiliary facilities and equipment were functioning normally, with no abnormal damage detected.

(2) As of the valuation benchmark date, there is one asset in the appraisal scope categorised as equipment with no physical presence; 16 equipment assets classified as equipment are in a scrapped state; and 2,398 assets are in a pending scrapping state.

2. Abnormal state of Inner Mongolia Pingxibaiyinhua Coal Industry Co., Ltd., a subsidiary of the appraised entity

(1) As of the valuation benchmark date, the following issues exist with the buildings and structures within the appraisal scope: Two buildings and structures have been demolished and no longer had physical existence.

Except for the foregoing, the buildings and structures were generally in normal condition with routine maintenance and management in place. The foundations of the principal buildings were stable, with no significant uneven settlement observed; the joints of the main load-bearing components were firm; no noticeable tilting, deformation or cracking was identified; and the associated auxiliary facilities and equipment were functioning normally, with no abnormal damage detected.

(2) As of the valuation benchmark date, there were 67 items of equipment assets in the appraisal scope in a state pending scrapping, six items of transport equipment assets in a state pending scrapping, and 230 items of electronic equipment assets in a state pending scrapping.

3. Abnormal state of Inner Mongolia Xilin Xilinhe Coal-Chemical Co., Ltd., a subsidiary of the appraised entity

As of the valuation benchmark date, there were 109 items of machinery and equipment assets in the appraisal scope in a state pending scrapping, 11 items of transport equipment assets in a state pending scrapping, and 44 items of electronic equipment assets in a state pending scrapping.

4. Abnormal state of Pingneng (Xilingol) Coal Sales Co., Ltd., a subsidiary of the appraised entity

As of the valuation benchmark date, there were 40 electronic equipment assets in the appraisal scope in a state pending scrapping.

vii. Special notes on long-term equity investments of Inner Mongolia Pingxibaiyinhua Coal Industry Co., Ltd.

As of the valuation benchmark date, for the mining rights involved in the operations of Inner Mongolia Pingxibaiyinhua Coal Industry Co., Ltd., a wholly-owned subsidiary of Pingzhuang Coal, the registered holder of the mining licence is Inner Mongolia Pingzhuang Coal Group Co., Ltd. The mining royalty payments have been made by Inner Mongolia Pingxibaiyinhua Coal Industry Co., Ltd., but the change of licence holder has not yet been completed. This appraisal does not take into account the impact of this matter. Users of this report are hereby reminded to pay attention to the potential effects arising from this issue.

viii. Special notes on long-term equity investments of CHN Energy Mengxi Mining Co., Ltd.

CHN Energy Mengxi Mining Co., Ltd. is a wholly-owned subsidiary of Pingzhuang Coal. As of the valuation benchmark date, this company is the construction entity for the Boligou Coal Mine in the Zhunge'er Coalfield, Inner Mongolia. The mine is still under construction. The mining rights for the mine are held by Pingzhuang Coal, and the mining rights payment is made by Pingzhuang Coal. Due to related policy reasons, the mining rights holder has not been changed. For this appraisal, the appraised value of the intangible asset—the mining right—adopts the appraisal conclusion set out in the mining right appraisal report and is consolidated into the appraisal of Pingzhuang Coal. As Mengxi Mining is a wholly-owned operating entity, all economic benefits are fully reflected in the enterprise value under the income approach.

ix. Subsequent events

According to the project plan, after the valuation benchmark date , Inner Mongolia Pingzhuang Coal Group Co., Ltd. intends to transfer its 100% equity interest in two subsidiaries and four business asset groups free of charge. The specific details are as follows:

No.	Name	Type
1	Mengdong Energy Holding Co., Ltd.	Equity
2	Xilingol Mengdong Mining Co., Ltd.	Equity
3	Inner Mongolia Pingzhuang Coal Group Co., Ltd. Laogongyingzi Coal Mine	Asset group
4	Inner Mongolia Pingzhuang Coal Group Co., Ltd. Liujia Coal Mines	Asset group

No.	Name	Type
5	Inner Mongolia Pingzhuang Coal Group Co., Ltd. Fengshuigou Coal Mine	Asset group
6	Inner Mongolia Pingzhuang Coal Group Co., Ltd. West Open-cut Coal Mine	Asset group

The audit report used in this appraisal has simulated the stripping of the above assets through non-compensatory transfers.

Users of the asset appraisal report should pay attention to the impact of the above special matters on the appraisal conclusion.

XII. Statement of the Limitations on the Use of the Asset Appraisal Report

i. Scope of use of the asset appraisal report

1. The users of the asset appraisal report are the client and those specified by national laws and administrative regulations.

2. The appraisal conclusion in the asset appraisal report is only valid for the economic activities related to this project.

3. The validity period of the conclusion in the asset appraisal report is one year from the valuation benchmark date. The client or other users of the asset appraisal report should use the report within the stated validity period of the appraisal conclusions.

4. Without the written consent of the client, the asset appraisal agency and its professionals shall not provide or disclose the contents of the asset appraisal report to any third parties, except as required by laws or administrative regulations.

5. Without the consent of the asset appraisal agency, the contents of the asset appraisal report shall not be copied, quoted, or disclosed in public media, except as required by laws, administrative regulations, or as agreed by the relevant parties.

ii. If the client or other users of the asset appraisal report do not use the asset appraisal report in accordance with the laws, administrative regulations, and the use scope outlined in the asset appraisal report, the asset appraisal agency and its professionals shall not bear any responsibility.

iii. Except for the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and those specified by laws or administrative regulations, no other institution or individual may become a user of the asset appraisal report. This asset appraisal report contains several appendices and appraisal detail forms, all of which are an integral part of this report. However, they are only valid when used together with the main body of the report.

iv. The asset appraisal agency and asset appraisers shall not bear any obligations or responsibilities to users of this report who are not authorised, such as those who obtain the report through presentation or other means, outside the scope of its intended use. They will not provide further consultancy based on this report, nor will they provide testimony or attend hearings in court or other legal proceedings, and they reserve the right to hold non-authorised users liable for any losses incurred as a result.

v. Users of the asset appraisal report shall correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

vi. An asset appraisal report refers to a professional report issued by the asset appraisal agency, based on the law, administrative regulations, and asset appraisal standard requirements, after carrying out the necessary appraisal procedures as entrusted. It

reflects the value of the subject asset for a specific purpose on the valuation benchmark date. This report must be signed by the appraisers responsible for the appraisal and stamped with the asset appraisal agency's official seal. It can only be formally used after being filed with the state-owned asset supervision and management authority or the enterprise that provided funding.

This report is prepared in accordance with the Chinese Asset Appraisal Standards

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. Held by CHN Energy Western Energy Investment Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

ZH.Q.H.P.B.Z.(2025) No. 6668

(Volume 1 of 1)

China Enterprise Appraisals Co., Ltd.

16 December 2025

Declaration

I. This asset appraisal report is prepared based on the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

II. The asset appraisal agency and its professional appraisers comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and fairness, and bear legal responsibility for the asset appraisal report they issue.

III. The client or other users of the asset appraisal report shall use the report in accordance with the laws, administrative regulations, and the scope of use stated in the asset appraisal report. If the client or other users of the report misuse the report in violation of the foregoing regulations, the asset appraisal agency and its appraisers shall not bear any responsibility.

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by laws or administrative regulations. Other institutions or individuals shall not use this asset appraisal report.

The asset appraisal agency and the appraisers remind the users of the asset appraisal report to correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

IV. The asset and liability lists, and business forecasts related to the subject asset are provided by the client and the appraised entity, and confirmed through their signatures, seals, or other legally permitted means. The client and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

V. The asset appraisers have conducted on-site investigations of the subject asset and the assets involved. They have paid necessary attention to the legal ownership status of the subject asset and its assets, verified the ownership documents, disclosed any discovered issues truthfully, and urged the client and other relevant parties to rectify any property right issues to meet the requirements for issuing the asset appraisal report.

VI. The asset appraisal agency and its appraisers have no current or anticipated interests in the subject asset, nor any current or anticipated interests with the relevant parties, and are unbiased towards the relevant parties.

VII. The analysis, judgment, and results in the asset appraisal report issued by the asset appraisal agency are subject to the assumptions and limitations specified in the report. Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

VIII. The asset appraisers' inspection of physical assets such as inventory, fixed assets, and construction in progress is typically limited to observation of use and maintenance conditions. Internal, hidden, or difficult-to-access parts are not inspected. We do not possess professional qualifications nor have we been engaged to conduct technical inspections or appraisals of the internal quality of these assets. Our appraisal is based on information provided by the client and other relevant parties. If there are defects in the internal quality of these assets, the appraisal conclusion may be affected to varying degrees.

Summary of the Asset Appraisal Report

Important Notice

This summary is extracted from the main text of the asset appraisal report. To understand the details of the appraisal project and properly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read carefully.

CHN Energy Western Energy Investment Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness. The market value of the entire shareholders' equity held by Guodian Construction Investment Inner Mongolia Energy Co., Ltd. on the valuation benchmark date has been appraised according to the necessary appraisal procedures. The summary of the asset appraisal report is hereby presented as follows:

Appraisal purpose: China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by CHN Energy Western Energy Investment Co., Ltd. To this end, the market value of the entire shareholder's equity held by CHN Energy Western Energy Investment Co., Ltd. in Guodian Construction Investment Inner Mongolia Energy Co., Ltd. on the valuation benchmark date is appraised, providing a value reference for the above economic activities.

On 1 August 2025, the China Energy Investment Corporation Co., Ltd. convened its 18th Chairman's Special Meeting of 2025. The meeting reviewed and approved the aforementioned matters, mandated the initiation of the appraisal, and produced the "Minutes of the Chairman's Special Meeting".

Subject asset: The entire shareholders' equity value of Guodian Construction Investment Inner Mongolia Energy Co., Ltd.

Appraisal scope: The total assets and liabilities of Guodian Construction Investment Inner Mongolia Energy Co., Ltd.

As at the valuation benchmark date, the assets within the appraisal scope include current assets, long-term equity investments, other equity instrument investments, fixed assets, construction-in-progress, intangible assets, development expenditure, deferred tax assets, long-term prepaid expenses and other non-current assets, with a total book value of RMB15,039,443,700. The liabilities include current liabilities and non-current liabilities, with a total book value of RMB16,201,807,100. The book value of net assets was RMB-1,162,363,400.

Valuation benchmark date: 31 July 2025

Value type: Market value

Appraisal methods: Asset-based approach and income approach

Appraisal conclusion: The asset appraisal report adopts the results from the Asset-Based Approach as the appraisal conclusion. The specific appraisal conclusion is as follows:

As of the valuation benchmark date, the total asset book value of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. was RMB15,039,443,700, with an

appraised value of RMB23,927,184,900, an increase of RMB8,887,741,200, representing an appreciation rate of 59.10%. The total liability book value was RMB16,201,807,100, with an appraised value of RMB16,199,557,100, a decrease of RMB225 million, representing a depreciation rate of 0.01%. The net asset book value was RMB-1,162,363,400, with an appraised value of RMB7,727,627,800, an increase of RMB8,889,991,200, representing an appreciation rate of 764.82%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-Based Approach

Valuation benchmark date: 31 July 2025 Unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
I. Current assets	1	118,275.30	119,484.80	1,209.50	1.02
II. Non-current assets	2	1,385,669.07	2,273,233.69	887,564.62	64.05
Of which: Long-term equity investments	3	31,045.32	31,702.92	657.60	2.12
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	652,074.95	732,939.65	80,864.70	12.40
Construction in progress	6	148,736.73	155,232.89	6,496.16	4.37
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	224,424.75	1,023,970.93	799,546.17	356.26
Including: Land use right	9	72,838.02	73,755.47	917.45	1.26
Other non-current assets	10	329,387.30	329,387.30	0.00	0.00
Total assets	**11**	**1,503,944.37**	**2,392,718.49**	**888,774.12**	**59.10**
III. Current liabilities	12	941,122.33	941,122.33	0.00	0.00
IV. Non-Current Liabilities	13	679,058.37	678,833.37	-225.00	-0.03
Total liabilities	**14**	**1,620,180.71**	**1,619,955.71**	**-225.00**	**-0.01**
Net assets	**15**	**-116,236.34**	**772,762.78**	**888,999.12**	**764.82**

Unless otherwise stated, all amounts in this report are expressed in Renminbi (RMB).

This asset appraisal report is solely for providing value reference for the appraisal purposes described in the report. The validity period of the appraisal conclusion is one year from the valuation benchmark date.

Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

The content above is extracted from the main text of the asset appraisal report. To understand the details of the appraisal business and correctly interpret the appraisal conclusion, the full text of the asset appraisal report shall be read.

Main Body of Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. Held by CHN Energy Western Energy Investment Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

CHN Energy Western Energy Investment Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness, using the asset-based approach and income approach, and follows the necessary appraisal procedures to evaluate the market value of the entire shareholders' equity of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. held by CHN Energy Western Energy Investment Co., Ltd. for China Shenhua Energy Company Limited's proposed issuance of shares and cash payment for asset acquisition, as of the valuation benchmark date. The asset appraisal information is hereby reported as follows:

I. Client, Appraised Entity, and Other Users of the Asset Appraisal Report as Defined in the Asset Appraisal Engagement Contract

The clients for this appraisal are CHN Energy Western Energy Investment Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity is Guodian Construction Investment Inner Mongolia Energy Co., Ltd. The other users of the asset appraisal report, as stipulated in the asset appraisal engagement contract, include the higher-level competent authorities of the clients and other parties designated by national laws and regulations to use the asset appraisal report.

i. Profile of client 1

Company name: CHN Energy Western Energy Investment Co., Ltd. (hereinafter referred to as "Western Energy")

Domicile: 20th-21st Floor, Block A, Ningdong Energy and Chemical Base Enterprise Headquarters Building, Ningxia

Legal representative: Shi Jianxin

Registered capital: RMB10 billion

Company type: Limited liability company (state-owned)

Unified social credit code: 91641200MADB99DD3A

Date of incorporation: 1 February 2024

Business term: From 1 February 2024 to indefinite period

Permitted projects: coal mining; power generation, power transmission, and power supply (distribution) services; road cargo transportation (excluding hazardous goods) (projects subject to approval as required by law can only be carried out after approval by the relevant authorities). General projects: coal washing and selection; coal and coal product sales; production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); import and export of goods; network technology services; research and development of carbon reduction, carbon conversion, carbon capture, and carbon storage technologies (excluding licensed

businesses, projects not prohibited or restricted by laws and regulations may be operated independently according to the law).

ii. Profile of client 2

Company name: China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lyu Zhiren

Registered capital: RMB19,868,519,955

Company type: Other limited company (listed)

Unified social credit code: 91110000710933024J

Date of incorporation: 8 November 2004

Business term: From 8 November 2004 to indefinite period

Stock code: 601088.SH, 01088.HK

Business scope: Coal mining (validity subject to the expiration of related permits for each mine); wholesale coal business; project investment; coal washing, processing; development and operation of mining products; internal railway transportation; electricity generation; provision of supporting services for coal, railway, and electricity operations; ship repair; development and use of energy and environmental protection technologies, technology transfer, consulting, and services; import and export business; sale of chemical products, chemical materials, building materials, machinery and equipment (excluding hazardous chemicals); property management. (Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

iii. Profile of the appraised entity

1. Company overview

Company name: Guodian Construction Investment Inner Mongolia Energy Co., Ltd. (referred to as "Inner Mongolia Energy")

Domicile: Bulian Office, Ulan Mulun Town, Ejin Horo Banner

Legal representative: Wang Jianghu

Registered capital: RMB4,134,600,000

Date of incorporation: 18 November 2005

Business term: From 18 November 2005 to 17 November 2040

Company type: Limited liability company (legal person, not invested in or controlled by natural persons)

Unified social credit code: 911506277794974781

Business scope: permitted projects: power generation, power transmission, and power supply (distribution) services; heat production and supply; coal mining; water production and supply; natural water collection and distribution. (Projects subject to

approval must be carried out after approval by the relevant authorities, with specific business projects subject to the approval documents or licenses issued by the relevant authorities.) General projects: coal washing and selection; coal and coal product sales; sewage treatment and its recycling; collection, treatment, and utilisation of rainwater, brackish water, and mine water; lime and gypsum manufacturing; lime and gypsum sales; sales of lightweight building materials; sales of chemical products (excluding licensed chemical products); non-edible salt sales; housing leasing; sales of recycled resources; business training (excluding educational training, vocational skills training, and other training that requires a license). (Unless otherwise required by law to obtain approval, operating activities are conducted independently with the business license in accordance with the law.)

2. Shareholders, their shareholding ratios and equity changes

Guodian Construction Investment Inner Mongolia Energy Co., Ltd. was established in November 2005, jointly funded by the former China Guodian Corporation and Hebei Construction & Investment Group Co., Ltd. (formerly known as Hebei Provincial Construction Investment Company). The company's equity structure at the time of its establishment was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed capital	Subscription ratio (%)	Paid-in capital	Paid-in ratio (%)
1	China Guodian Corporation	206,730.00	50.00	206,730.00	50.00
2	Hebei Construction & Investment Group Co., Ltd.	206,730.00	50.00	206,730.00	50.00
Total		**413,460.00**	**100.00**	**413,460.00**	**100.00**

In May 2007, China Guodian Corporation transferred 50% of its shares to Guodian Power Development Co., Ltd. The shareholding structure after the change is as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed capital	Subscription ratio (%)	Paid-in capital	Paid-in ratio (%)
1	Guodian Power Development Co., Ltd.	206,730.00	50.00	206,730.00	50.00
2	Hebei Construction & Investment Group Co., Ltd.	206,730.00	50.00	206,730.00	50.00
Total		**413,460.00**	**100.00**	**413,460.00**	**100.00**

In October 2024, Guodian Power Development Co., Ltd. and Hebei Construction & Investment Group Co., Ltd. each transferred 50% of their shares to CHN Energy Western Energy Investment Co., Ltd. The shareholding structure after the change is as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed capital	Subscription ratio (%)	Paid-in capital	Paid-in ratio (%)
1	CHN Energy Western Energy Investment Co., Ltd.	413,460.00	100.00	413,460.00	100.00
Total		**413,460.00**	**100.00**	**413,460.00**	**100.00**

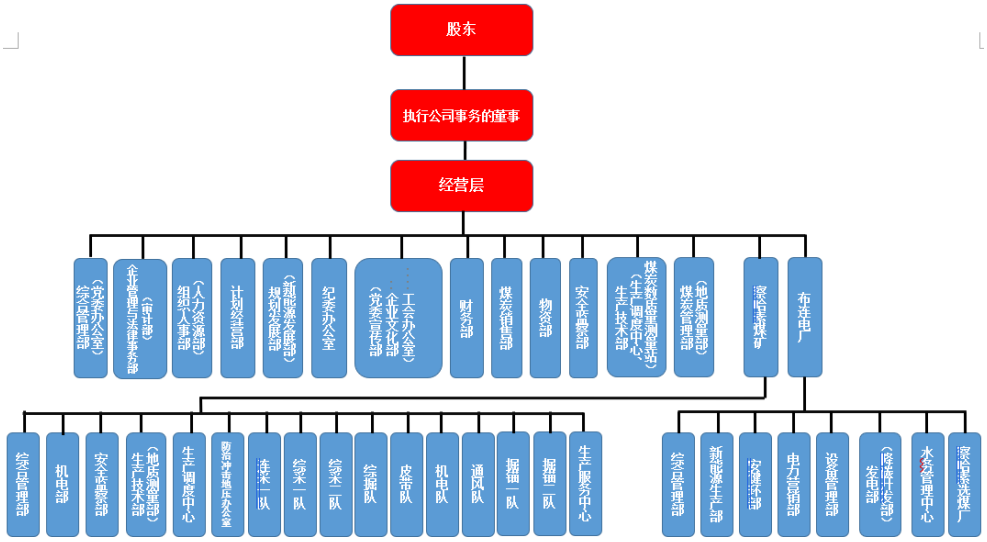
As of the valuation benchmark date, the shareholding structure of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. has not changed again.

3. Ownership and management structure of the company

Inner Mongolia Energy established a Party Committee but does not have a Shareholders' Meeting and the Board of Directors. It appointed one director who is accountable to the shareholder. The company has one general manager, several deputy general managers,

and one chief accountant.

The organisational structure of Inner Mongolia Energy is shown in the diagram below:



股东	Shareholder
执行公司事务的董事	Director Responsible for Company Affairs
经营层	Management Level
综合管理部（党委办公室）	General Management Department (Party Committee Office)
企管管理与法律事务部（审计部）	Enterprise Management and Legal Affairs Department (Audit Department)
组织人事部（人力资源部）	Organisation and Human Resources Department (Human Resources Department)
计划经营部	Planning and Operations Department
规划发展部（新能源发展部）	Planning and Development Department (New Energy Development Department)
纪委办公室	Discipline Inspection Office
（党委宣传部、企业文化部、工会办公室）	(Party Committee Propaganda Department, Corporate Culture Department, Trade Union Office)
财务部	Finance Department
煤炭销售部	Coal Sales Department
物资部	Material Department
安全监察部	Safety Supervision Department
生产技术部（生产调度中心、煤炭数质量测量站）	Production Technology Department (Production Dispatch Centre, Coal Quality and Quantity Measurement Station)
煤炭管理部（地质测量部）	Coal Management Department (Geological Survey Department)
察哈素煤矿	Chahasu Coal Mine
布连电厂	Bulian Power Plant
综合管理部	General Management Department
机电部	Mechanical and Electrical Department
安全监察部	Safety Supervision Department
生产技术部（地质测量部）	Production Technology Department (Geological Survey Department)
生产调度中心	Production Dispatch Centre
防治冲击地压办公室	Office for Prevention and Control of Seismic Strata Pressure
连采一队	Mining Team 1
综采一队	Comprehensive Mining Team 1
综采二队	Comprehensive Mining Team 2
综掘队	Fully Mechanized Excavation Team

皮带队	Belt Team
机电队	Mechanical and Electrical Team
通风队	Ventilation Team
掘锚一队	Drilling and Anchoring Team 1
掘锚二队	Drilling and Anchoring Team 2
生产服务中心	Production Service Center
综合管理部	General Management Department
新能源生产部	New Energy Production Department
安健环部	Safety, Health, and Environment Department
电力营销部	Electric Power Marketing Department
设备管理部	Equipment Management Department
发电部（降碳开发部）	Power Generation Department (Carbon Reduction Development Department)
水务管理中心	Water Management Centre
察哈素洗煤厂	Chahasu Coal Washery

As of the valuation benchmark date, Inner Mongolia Construction Investment has two long-term equity investment subsidiaries and one other equity instrument investment. The details are as follows:

Unit: RMB'0,000

Name of investee	Investment date	Shareholding percentage (%)	Accounting method	Investment cost	Book value	
Ordos Railway Investment Co., Ltd.	22 July 2008	30.00	Equity method	27,060.00	27,615.32	
Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd.	11 March 2010	49.00	Cost method	3,430.00	3,430.00	
Ordos Southern Railway Co., Ltd.	10 September 2010	3.9226	/	20,000.00	29,484.34	

4. Asset, financial, and operating status for the last two years and the current period

The financial status of the appraised entity for the most recent two years and the current period was as follows:

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	1,468,742.91	1,500,173.02	1,503,944.37
Total liabilities	974,742.20	1,719,983.29	1,620,180.71
Owner's equity	494,000.71	-219,810.27	-116,236.34

The operational status of the appraised entity for the most recent two years or and the current period was as follows:

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	270,534.49	306,577.78	287,242.85
Total profits	-46,319.34	-716,426.24	78,943.12
Net profit	-48,866.49	-718,559.54	86,078.40

The financial statements of the appraised entity as of the valuation benchmark date and for the years 2024 and 2023 have been audited by Ernst & Young Hua Ming LLP , which expressed unqualified audit opinions.

5. Relationship between the client and the appraised entity

The clients for this appraisal are CHN Energy Western Energy Investment Co., Ltd. and China Shenhua Energy Company Limited, both of which are subsidiaries of China Energy Investment Corporation Co., Ltd. The appraised entity is Guodian Construction Investment Inner Mongolia Energy Co., Ltd., a wholly-owned subsidiary of Client One.

iv. Other users of the asset appraisal report as stipulated in the asset appraisal engagement contract

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by national laws and regulations. It shall not be used or relied upon by any third party.

II. Appraisal Purpose

China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by CHN Energy Western Energy Investment Co., Ltd. To this end, the market value of the entire shareholder's equity held by CHN Energy Western Energy Investment Co., Ltd. in Guodian Construction Investment Inner Mongolia Energy Co., Ltd. on the valuation benchmark date is appraised, providing a value reference for the above economic activities.

On 1 August 2025, the China Energy Investment Corporation Co., Ltd. convened its 18th Chairman's Special Meeting of 2025. The meeting reviewed and approved the aforementioned matters, mandated the initiation of the appraisal, and produced the "Minutes of the Chairman's Special Meeting".

III. Subject Asset and Appraisal Scope

i. Subject asset

The subject asset is the entire shareholders' equity value of Guodian Construction Investment Inner Mongolia Energy Co., Ltd.

ii. Appraisal scope

The appraisal scope includes total assets and liabilities of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. As at the valuation benchmark date, the assets within the appraisal scope include current assets, long-term equity investments, other equity instrument investments, fixed assets, construction-in-progress, intangible assets, development expenditure, deferred tax assets, long-term prepaid expenses and other non-current assets, with a total book value of RMB15,039,443,700. The liabilities include current liabilities and non-current liabilities, with a total book value of RMB16,201,807,100. The book value of net assets was RMB-1,162,363,400. As of the valuation benchmark date, the appraisal scope is as follows:

Unit: RMB'0,000

Item		Book value
Current assets	1	118,275.30
Non-current assets	2	1,385,669.07
Of which: Long-term equity investments	3	31,045.32
Investment properties	4	0.00
Fixed assets	5	652,074.95
Construction in progress	6	148,736.73
Oil and gas assets	7	0.00
Intangible assets	8	224,424.75
Including: Land use right	9	72,838.02
Other non-current assets	10	329,387.30
Total assets	**11**	**1,503,944.37**
Current liabilities	12	941,122.33
Non-current liabilities	13	679,058.37
Total liabilities	**14**	**1,620,180.71**
Net assets	**15**	**-116,236.34**

The subject and scope of the engaged appraisal align with the subject asset and scope

involved in the economic activities. As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has been audited by Ernst & Young Hua Ming LLP , which expressed an unqualified audit opinion.

iii. Main assets within the appraisal scope are as follows

The major assets declared by the enterprise to be included within the appraisal scope include: inventories, long-term equity investments, properties and buildings assets, equipment assets, construction in progress, intangible assets, and development expenditures. The types and characteristics of the main assets are as follows:

1. Inventories

The inventory included in the appraisal scope consists of raw materials, stock turnover materials, and finished products. Raw materials mainly include air heating units, bearings, pin-type belt fasteners, steel belts, shutoff doors, steel pipes, hydraulic cylinders, and hose assemblies. Stock turnover materials primarily include quilts, bedding sets, and composite machine photosensitive drums. Finished products include fine coal and lump coal. The inventories of the appraised entity are mainly stored in various warehouses in the production areas of the mines. As at the valuation benchmark date, the various types of inventory assets are managed by designated personnel and are suitable for normal sales or use.

2. Long-term equity investments and other investments in equity instruments

As of the valuation benchmark date, Inner Mongolia Construction Investment has two long-term equity investment subsidiaries and one other equity instrument investment. The details are as follows:

Unit: RMB'0,000

Name of investee	Investment date	Shareholding percentage (%)	Accounting method	Investment cost	Book value	
Ordos Railway Investment Co., Ltd.	22 July 2008	30.00	Equity method	27,060.00	27,615.32	
Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd.	11 March 2010	49.00	Cost method	3,430.00	3,430.00	
Ordos Southern Railway Co., Ltd.	10 September 2010	3.9226	/	20,000.00	29,484.34	

* Guodian Construction Investment Inner Mongolia Energy Co., Ltd. has not recorded the second installment of capital contribution totaling RMB19,600,000 to Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd. under the paid-in capital account.

The subscribed capital and paid-in capital for long-term equity investments and other equity instruments are shown in the table below:

Unit: RMB'0,000

No.	Investee	Equity ratio	subscribed capital	Paid-in capital
1	Ordos Railway Investment Co., Ltd.	30.00%	90,200.00	90,200.00
2	Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd.	49.00%	3,000.00	3,000.00
3	Ordos Southern Railway Co., Ltd.	3.9226%	550,444.00	550,444.00

* Guodian Construction Investment Inner Mongolia Energy Co., Ltd. has not recorded the second installment of capital contribution totaling RMB19,600,000 to Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd. under the paid-in capital account.

3. Properties and buildings assets

The properties and buildings assets included in the scope of the appraisal were mainly constructed between 2013 and 2025 and are located within the premises of the Bulian Power Plant, Chahasu Coal Mine, and Chahasu Coal Washery in Bulian Township, Ordos City, Inner Mongolia, under the ownership of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. The basic details of the properties and buildings are as follows:

The buildings at Bulian Power Plant are classified by their use into production, office, and residential buildings. The production buildings mainly include the main plant building, control rooms and supporting rooms, dust collector room, boiler feedwater treatment room, laboratory building, start-up boiler room, and industrial wastewater treatment station. The office buildings mainly include the administrative office building (Building 2), maintenance building 1, fire station building, and the expanded production and maintenance building. The residential buildings mainly include Building 3 (canteen and dining hall), Building 4 (hostel), and Building 5 (hostel). The structures include boiler enclosures, chimneys, No. 2 and No. 3 coal conveyor bridges, turbine cooling towers, intermediate water regulation pools, the 500kV booster station, boiler foundations, turbine generator foundations, the front square of the plant, slope protection, and the ash yard. The pipelines include medium water pipelines, plant fire-fighting pipelines, rainwater drainage pipelines, backup water sources, and industrial wastewater treatment pipelines.

Chahasu Coal Mine is located approximately 38.5 km southeast of Ejin Horo Banner, Ordos City, Inner Mongolia, at a bearing of 147°. Geographical coordinates (2000 National Geodetic Coordinate System): Longitude 109°53′33.354" to 110°01′58.787", Latitude 39°15′46.180" to 39°23′06.179". The buildings at Chahasu Coal Mine are classified by their use into production, office, and residential buildings. The production buildings mainly include the main shaft headframe, auxiliary shaft headframe, joint building, auxiliary shaft tower, mine water treatment station, and heat exchange station. The office buildings mainly include the coal mine conference building, comprehensive building, temporary Building 1, temporary Building 2, and the rescue building. The residential buildings mainly include coal mine Building 1, coal mine Building 4–11, coal mine Building 13, and coal mine Building 14. The structures include ash slurry utilisation discharge holes, material storage shed, auxiliary shaft gantry crane area, material storage area for the mining team, plant roads, main and auxiliary shaft connecting roads, and east wing boundary ventilation well enclosure walls. The pipelines include watering pipes, grouting pipes, heating and ventilation pipes, medium water pipes, and heating pipelines. The shaft engineering mainly includes: main inclined shaft, auxiliary shaft, ventilation shaft, east return air vertical shaft, auxiliary shaft bottom car park, Level 1 east wing return air drift, Level 1 east wing belt conveyor drift, Level 1 east wing auxiliary transport drift, Level 2 coal seam auxiliary transport drift (3-1 coal seam), Level 2 coal seam return air drift (3-1 coal seam), Level 2 coal seam return air drift (2-2 upper coal seam), 31st mining area auxiliary belt conveyor drift, 31st mining area auxiliary transport drift, 31st mining area auxiliary return air drift, west wing auxiliary transport drift, associated drifts, and west wing return air drift and associated drifts.

The buildings at Chahasu Coal Washery are classified by their use into production, office, and residential buildings. The production buildings mainly include the main plant, air compressor room, concentration workshop and pump room, mechanical repair workshop and spare parts warehouse, screening and crushing workshop, and ring water pump room. The office buildings mainly include the integrated control and laboratory office building, mechanical repair workshop and spare parts warehouse, medium

storage room, and gatekeeper room. The residential buildings mainly include restrooms. The structures include the main shaft driving motor room to the raw coal warehouse conveyor bridge, No. 1 transfer point to the raw coal belt conveyor bridge in the screening and crushing workshop, product warehouse to the fast loading station belt conveyor bridge, fine coal conveyor bridge, newly added vehicle loading system, lump coal grading and sales warehouse (10,000 tons), raw coal warehouse, product warehouse (3φ30M), slag storage warehouse (1φ12M), and external coal storage yard. The pipelines mainly include magnetic separation pipes, production pipes, and process pipes.

4. Equipment assets

The equipment assets of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. are primarily located at the Bulian Power Plant, Chahasu Coal Mine, and Chahasu Coal Washery. The basic overview of the equipment assets is as follows:

(1) Machinery

1) Bulian Power Plant's machinery

The Bulian Power Plant's construction project consists of two 660MW ultra-supercritical coal-fired generating units, with a total installed capacity of 1,320MW. Unit 1 was commissioned in March 2013, and Unit 2 was commissioned in June 2013. The specific equipment details are as follows:

A. Thermal System:

The boilers are manufactured by Babcock & Wilcox Beijing Co., Ltd., and the model is B&WB-2082/28.0-M.

The boiler type is ultra-supercritical with a variable-pressure operation direct-current furnace, featuring a single furnace chamber, once-through intermediate reheating, front and rear wall opposed combustion, balanced ventilation, solid slag discharge, and a full-steel suspended structure Π-type boiler.

The boilers are designed based on the maximum continuous load (B-MCR) condition, with a maximum continuous evaporation rate of 2082 t/h, main steam pressure of 28.0 MPa, and a reheater steam outlet temperature of 603°C.

The turbines are manufactured by Shanghai Electric Group Co., Ltd., with the model NZK660-27/600/600. The turbines are ultra-supercritical, once-through intermediate reheating, single-shaft, triple-casing, two-stage exhaust, direct air-cooling condensing steam turbines.

The new steam pressure is 28 MPa, the new steam temperature is 600°C, the reheated steam temperature is 603°C, and the rated speed is 3,000 r/min.

The generators are manufactured by Shanghai Electric Group Co., Ltd., with the model QFSN-660-2 three-phase synchronous generator. The cooling method is water-hydrogen-hydrogen, and the excitation method adopts self-excitation static excitation.

The rated power of the generator is 660 MW, the rated stator voltage is 20 kV, the rated power factor is 0.90, the rated speed is 3,000 r/min, and the frequency is 50 Hz.

Except for the auxiliary steam system, which is designed according to the main pipe system, the rest of the thermal system is designed with unit systems. The thermal cycle uses a seven-stage reheating extraction steam system, equipped with three high-pressure heaters, one deaerator, and three low-pressure heaters.

B. Coal Storage and Transportation System

The coal is directly transported to the power plant's raw coal storage from the fine coal and cleaned middle coal storage areas of Chahasu Coal Mine's industrial square using a coal conveyor bridge.

C. Ash and Slag Removal System

The ash removal system adopts positive pressure dense-phase pneumatic conveying. Electrostatic precipitators and economizer ash hoppers are equipped with senders. Under the action of compressed air, ash is conveyed to the ash storage by pipelines.

The slag removal system adopts air-cooled dry slag removal machines. Each boiler is equipped with an air-cooled dry slag removal machine at the bottom, which cools and transports the slag to the bucket elevator outside the boiler room. The bucket elevator lifts the slag to the slag storage.

D. Water Treatment System

The boiler feedwater treatment system adopts coagulation clarification, ultrafiltration, activated carbon filtration, reverse osmosis, and primary desalting with mixed bed technology. The output is 150 t/h.

The condensate water treatment system adopts a powder resin-covered filter combined with a mixed bed system. The condensate water treatment system of two units shares one external regeneration system.

E. Direct Air-Cooling System

A mechanical ventilation direct air-cooling system (ACC) is used, where the exhaust steam from the two low-pressure cylinders of the turbine is routed through two DN6200 exhaust pipes, each with four DN3000 steam distribution pipes, to distribute exhaust steam to the air-cooled condenser tube bundles. The unit's cooling system is an independent unit cooling system. Each unit has 56 A-frame basic cooling units for the air-cooled condensers, which are arranged in eight groups outside the turbine room. Each group consists of seven cooling units, with a mixed configuration of counter-flow and parallel-flow air-cooled condensers. There are five parallel-flow units and two counter-flow units in each group, with the counter-flow units placed in the middle of each group.

F. Electrical System

The main transformers are manufactured by TBEA Shenyang Transformer Group Co., Ltd., with two DFP-250000/500 transformers.

The electrical main connection adopts a half-breaker connection with two complete series and one half-series. To improve system reliability, the same components are connected to different busbars. The 500 kV distribution device is arranged in a ring layout for outdoor medium-sized distribution equipment.

G. Thermal Control System

A furnace, turbine, and electrical integrated control system is used. The two units share one central control room. The main and auxiliary systems for the boiler, steam turbine, air-cooled island, generating set, plant auxiliary power, bypass system, and small turbines are all implemented within the Distributed Control System (DCS), adopting a furnace, turbine, electrical, and grid integrated control approach.

H. Desulfurisation and Denitrification Systems

The integrated desulphurisation and dust removal system is constructed by Beijing Guodian Longyuan Environmental Engineering Co., Ltd. The desulphurisation process adopts the limestone-gypsum wet desulphurisation method. The system uses a one-boiler-one-tower configuration with counter-current spraying, no bypass flue, and no GGH heat exchange device. An additional 50% booster fan outlet flue gas bypass and a booster fan outlet flue gas waste heat recovery system are added. The system uses a limestone wet ball mill slurry preparation system and is equipped with a wastewater treatment system.

The denitrification system adopts Selective Catalytic Reduction (SCR) denitrification equipment.

2) Chahasu Coal Mine machinery

The Chahasu Coal Mine is designed with a production capacity of 8 million tons per year. The machinery was purchased between 2008 and 2025, primarily including hoisting system equipment, mining face system equipment, ventilation system equipment, underground drainage equipment, mine power supply, fire prevention and extinguishing system, monitoring and control system, and compressed air self-rescue system equipment, distributed across the mine’s surface work areas and underground faces.

A. Hoisting and transportation system equipment:

The auxiliary shaft of the mine is responsible for hoisting personnel, underground materials, and equipment. It is equipped with two hoisting systems, one with a specially made double-layer large cage + balance weight and a pair of specially made traffic cages. The large cage + balance weight hoisting system is responsible for hoisting personnel during shift changes, as well as transporting hydraulic supports and materials using a JJKM-5×6(III) type tower multi-rope friction hoist with a maximum hoisting speed of 9.42 m/s. The other specially made traffic cage hoisting system is responsible for hoisting scattered personnel using a JKM-2.25×4(III) type tower multi-rope friction hoist with a maximum hoisting speed of 7.64 m/s.

The main transportation system adopts belt conveyors, with the main inclined shaft belt conveyor having a width of 1,800 mm, a length of 1,754 m, and a transport capacity of 3,500 t/h.

B. Mining face system equipment:

The mining face coal mining method adopts inclined longwall retreat mining, with full height and full collapse mechanised mining. The main equipment for the recovery face includes MG900/2550-GWD type shearer, SGZ1250/3000 type scraper conveyor, SZZ1550/525 type transfer machine, DJS/160/350/3*630+3*630 type extendable belt conveyor, ZY21000/30/63D type shield hydraulic support, ZYG21000/30/63D type transition support, and YT21000/28/55D type end support. The main equipment for the comprehensive mining preparation working face includes:7LS2A type coal cutter, SGZ1000/2000 type scraper conveyor, DSJ140/200/3×500 belt conveyor, ZY12000/18/35D type shielded hydraulic support. The main equipment for the coal transport entry face includes: EJM340 type combined drilling and anchoring machine for excavation, DSJ100/80/2*200-2,500 mm belt conveyor. The main equipment for the return air entry face includes:EJM340/4-2 type combined drilling and anchoring machine for excavation, DSJ100/80/2*200-2,500 mm belt conveyor.

C. Ventilation system equipment:

The mine ventilation system adopts a zoned ventilation method with mechanical

exhaust, and the main equipment includes FBCDZ№28/2×450 type explosion-proof axial flow fan for coal mines, and GAF33.5-19-1 type fan.

D. Underground drainage equipment:

The mine drainage system consists of the central pump room and central water chamber (the total capacity of the main and auxiliary water chambers is 4,033 m³), adopting a centralised primary drainage method. The central pump room is equipped with three MD580-60×8P mining durable multi-stage centrifugal pumps (one for use, one for backup, and one for maintenance).

E. Power supply system equipment:

The Ulan Mulun 220 kV substation and the Kangbashi 220 kV substation provide dual-circuit power to the mine's 110 kV surface substation. The two circuits are configured with one in use and one on standby, with the standby circuit live and ready for use. The surface 110 kV substation currently has two 40,000 kVA main transformers, converting the 110 kV power supply into 10 kV for underground and surface power supply points.

F. Safety monitoring system equipment:

The safety monitoring system model is KJ90X. The system is equipped with a primary and backup monitoring unit, ensuring dual-machine hot standby and 24-hour continuous operation. It is powered by dual power sources and is equipped with grounding and lightning protection devices.

G. Compressed air self-rescue system:

The mine's compressed air machine room is located on the north side of the auxiliary shaft and is equipped with two M355-A8-2S type air-cooled screw compressors.

3) Chahasu Coal Washery machinery

The machinery at Chahasu Coal Washery were purchased between 2013 and 2025. The main equipment includes the raw coal storage system, screening and crushing system, coal washing system, storage and unloading system, and loading system.

A. Raw Coal Storage System equipment:

The equipment is primarily located at the raw coal storage area, and includes the XZG1118 type coal feeder, Q = 1750 t/h belt conveyor, iron remover, and electric hoist.

B. Screening and Crushing System equipment:

The equipment is primarily located in the screening and crushing workshop, and includes the HDDR24×36 type large coal crusher, SQR24×96 type secondary crusher for large coal, SLG3048 type raw coal de-sliming screen, and SLO3673 single-layer raw coal classification screen.

C. Coal Washing System equipment:

The equipment is mainly located in the coal preparation workshop. Key equipment includes SLG3048 type lump raw coal desliming screen, T26054 type lump coal heavy medium separation tank, SLO2.4×6.1 type lump clean coal deshaling and dewatering screen, Single drum N = 4 kW magnetic separator, and GPJ120 type pressure filter.

D. Storage and Unloading System equipment:

The equipment is primarily located at the product warehouse and loading station, and includes Q = 1,650 t/h scraper conveyor for large coal distribution, GLD1500/5.5 type belt feeder, volumetric hopper-based loading system, and Q = 5,400 t/h belt conveyor

from the product warehouse to the fast-loading station.

E. Loading System equipment:

The equipment is mainly located at the loading station. Key equipment includes Q = 1,000 T/H distribution scraper conveyor and SCS-100 type non-pit heavy vehicle weighbridge.

(2) Vehicles

A total of 99 vehicles is included within the scope of the appraisal, purchased and put into use between 2008 and 2024. These include Audi sedans, Toyota SUVs, Passat sedans, Buick GL8, Haval H9 buses, fire trucks, multifunctional dust suppression vehicles, forklifts, and electric tricycles. As of the valuation benchmark date, among the aforementioned vehicles, three vehicles are awaiting decommissioning, while the remaining vehicles are all in normal use.

As of the valuation benchmark date, 65 of the vehicles are for internal use and do not require vehicle registration certificates, while the remaining vehicles have all been registered, with the registered owner being Guodian Construction Investment Inner Mongolia Energy Co., Ltd.

(3) Electric equipment

A total of 4,030 electronic devices is included within the scope of the appraisal, purchased and put into use between 2006 and 2025. These include computers, printers, copiers, air conditioners, office furniture, kitchen equipment, instruments, and metres. As of the valuation benchmark date, 263 of these electronic devices are awaiting scrapping, while the remaining devices are in normal use.

5. Construction in progress

Construction in progress included in the appraisal scope consists of civil engineering, equipment installation projects and project materials. The specific details are as follows:

(1) Civil engineering

The construction projects included in the scope of the appraisal for civil engineering mainly consist of the Chahasu Coal Mine’s staff bathhouse project, the railway line project, and the Bulian Power Plant - thermal power flexibility retrofit project. The main details of the civil engineering projects are as follows:

The Chahasu Coal Mine’s staff bathhouse project started in December 2022. It is a five-storey frame structure with a building area of 4,460.16 square metres. As of the valuation benchmark date, the foundation construction has been completed, and the remaining work is expected to be finished by December 2026. The estimated project cost is RMB13,198,900.00, with a book value of RMB2,468,839.24. The construction progress and payment ratio is 19.00%.

The railway line project commenced in January 2011, with a total length of 17.112 km. The estimated total investment is RMB 1,226,837,800.00, and the book value is RMB 911,779,878.98. The construction was halted at the end of 2016 due to land ownership issues. According to the group’s documents, the line is intended to connect to the newly built Dongyue Railway. Based on the construction progress of the Dongyue Railway, the project is expected to start in March 2026 and be completed in June 2029. As of the valuation benchmark date, the construction of the embankment, slope protection, and part of the bridge and culvert foundations has been completed.

The Bulian Power Plant - thermal power flexibility retrofit project primarily involves

the construction of 40 wind turbines with a total capacity of 270 MW. As of the valuation benchmark date, the installation and grid connection of six units have been completed. The civil engineering works mainly include auxiliary buildings within the substation, hazardous waste storage, deep well pump room, walls, retaining walls, and external roadworks.

(2) Equipment installation projects

A total of 30 equipment installation projects is included in the scope of the appraisal. These primarily include the Guodian Power Inner Mongolia Ejin Horo Banner Bulian Power Plant's thermal power flexibility retrofit and renewable energy integration project, the intelligent scheduling system construction project for the coal washery, the intelligent coal washery block coal loading system construction project, the Bulian Power Plant-NCS system information upgrade project, the partial 10 kV high-voltage switch modification project, the underground 5G network coverage project at Chahasu Coal Mine, and the heating balance system construction project at Guodian Cconstruction Investment Inner Mongolia Energy Co., Ltd. The Guodian Power Inner Mongolia Ejin Horo Banner Bulian Power Plant's thermal power flexibility retrofit and renewable energy integration project consists of a 270 MW wind power project. This project is being carried out by Shandong Electric Power Construction Third Engineering Co., Ltd. and China Construction Third Engineering Bureau Group Co., Ltd., with each party responsible for the installation of 40 wind turbine units as well as the associated power transformation, distribution, and control systems. As of the valuation benchmark date, six units have been installed and connected to the grid, with the remaining units being installed gradually. Other ongoing equipment installation projects are mainly scattered technical modification projects. As of the valuation benchmark date, the Bulian Power Plant-NCS system information upgrade project, partial 10 kV high-voltage switch modification project, and the Chahasu Coal Mine underground 5G network coverage project have been completed and put into operation, while equipment installation is ongoing for other projects.

(3) Project materials

All materials and supplies procured for construction projects in progress included in the appraisal scope are stored in the company's various material warehouses.

6. Intangible assets declared by the enterprise

The intangible assets declared by the enterprise include land use rights, mining rights, and other intangible assets. The specific details are as follows:

(1) Intangible assets - land use right

The land use rights declared by the enterprise and included in the scope of the appraisal consist of 99 land use rights with certificates and one land requisition fee. The land use rights with certificates are located in Zhasake Town, Ulan Mulun Town, and Ejin Horo Town in Inner Mongolia. As of the valuation benchmark date, no impairment provision has been made for these lands, nor have any additional rights been set on the land. The details of the lands are as follows:

No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
1	Land Use Rights (Reject Heap Yard)	Guodian Construction Investment Inner	Y.G.Y. (2012) No. C-0042	Transferred	Industrial land	343,115.41

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. Held by CHN Energy Western Energy Investment Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
		Mongolia Energy Co., Ltd.				
2	Land use right	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Y.G.Y. (2012) No. C-0041	Transferred	Industrial land	139,280.60
3	Land Use Rights (Coal Mine Dormitory Building)	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolia (2016) Ejin Horo Banner Real Property No. 0000604	Transferred	Industrial land	38,377.50
4	Coal Mine Refueling Station Project (Shengyuan Coal Chemical Base Ulan Mulun Industrial Project Area B2-04a Plot)	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolia (2023) Ejin Horo Banner Real Property No. 0004066	Transferred	Industrial land	10,493.50
5	Coal Mine Turnaround Warehouse Project (Shengyuan Coal Chemical Base Ulan Mulun Industrial Project Area B2-04c Plot)	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolia (2023) Ejin Horo Banner Real Property No. 0004063	Transferred	Industrial land	1,239.40
6	Secondary Classification System for Lump Coal Project (Shengyuan Coal Chemical Base Ulan Mulun Industrial Project Area B1-03 Plot)	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolia (2023) Ejin Horo Banner Real Property No. 0004084	Transferred	Industrial land	22,213.60
7	Railway Auxiliary Loading System and Ancillary Facilities Project (Shengyuan Coal Chemical Base Ulan Mulun Industrial Project Area B1-01 Plot)	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2023) Ejin Horo Banner Real Property No. 0004083	Transferred	Industrial land	164,302.90
8	Land in Zhejialiang Village, Ulan Mulun Town	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2023) Ejin Horo Banner Real Property No. 0004151	Transferred	Industrial land	26,666.90
9	Residential Area Land	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0004023	Transferred	Industrial land	58,870.40
10	Land of Coal Mine Buildings 13 and 14	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0004024	Transferred	Industrial land	11,679.40

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
11	Land of Power Plant Buildings 4 and 5	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0005754	Transferred	Industrial land	24,301.00
12	Zero Wastewater Discharge Land	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0005755	Transferred	Industrial land	23,734.00
13	Railway (Land)	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2016) Ejin Horo Banner Real Property No. 0000162	Transferred	Railway land	605,536.41
14	Chahasu Coal Washery Land	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0020113	Transferred	Mining land	128,074.00
15	Chahasu Coal Mine Land	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0020117	Transferred	Mining land	230,677.00
16	Non-tracked Rubber-wheeled Parking Lot and Maintenance Workshop	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0003669	Transferred	Industrial land	38,130.00
17	Fire Prevention Renovation Project Land Parcel II	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0021003	Transferred	Power supply land	3,910.00
18	Fire Prevention Renovation Project Land Parcel III	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2024) Ejin Horo Banner Real Property No. 0021007	Transferred	Power supply land	17,187.00
19	Fire Prevention Renovation Project Land Parcel I - Land	/	/	/	/	/
19-1	Fire Prevention Renovation Project Land Parcel I - Land 1	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007815	Transferred	Power supply land	526.08

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
19-2	Fire Prevention Renovation Project Land Parcel I - Land 2	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007812	Transferred	Power supply land	526.09
19-3	Fire Prevention Renovation Project Land Parcel I - Land 3	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0004198	Transferred	Power supply land	88.00
19-4	Fire Prevention Renovation Project Land Parcel I - Land 4	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007781	Transferred	Power supply land	526.09
19-5	Fire Prevention Renovation Project Land Parcel I - Land 5	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007780	Transferred	Power supply land	526.08
19-6	Fire Prevention Renovation Project Land Parcel I - Land 6	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007779	Transferred	Power supply land	88.00
19-7	Fire Prevention Renovation Project Land Parcel I - Land 7	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007786	Transferred	Power supply land	526.08
19-8	Fire Prevention Renovation Project Land Parcel I - Land 8	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007790	Transferred	Power supply land	88.00
19-9	Fire Prevention Renovation Project Land Parcel I - Land 9	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007799	Transferred	Power supply land	526.09
19-10	Fire Prevention Renovation Project Land Parcel I - Land 10	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007789	Transferred	Power supply land	526.09
19-11	Fire Prevention Renovation Project Land Parcel I - Land 11	Guodian Construction Investment	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007792	Transferred	Power supply land	526.09

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
		Inner Mongolia Energy Co., Ltd.				
19-12	Fire Prevention Renovation Project Land Parcel I - Land 12	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007793	Transferred	Power supply land	88.00
19-13	Fire Prevention Renovation Project Land Parcel I - Land 13	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007748	Transferred	Power supply land	526.09
19-14	Fire Prevention Renovation Project Land Parcel I - Land 14	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007796	Transferred	Power supply land	88.00
19-15	Fire Prevention Renovation Project Land Parcel I - Land 15	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007817	Transferred	Power supply land	88.00
19-16	Fire Prevention Renovation Project Land Parcel I - Land 16	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007814	Transferred	Power supply land	526.09
19-17	Fire Prevention Renovation Project Land Parcel I - Land 17	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007766	Transferred	Power supply land	88.00
19-18	Fire Prevention Renovation Project Land Parcel I - Land 18	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007762	Transferred	Power supply land	526.08
19-19	Fire Prevention Renovation Project Land Parcel I - Land 19	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007813	Transferred	Power supply land	88.00
19-20	Fire Prevention Renovation Project Land Parcel I - Land 20	Guodian Construction Investment Inner Mongolia Energy Co.,	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007749	Transferred	Power supply land	88.00

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
		Ltd.				
19-21	Fire Prevention Renovation Project Land Parcel I - Land 21	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007763	Transferred	Power supply land	88.00
19-22	Fire Prevention Renovation Project Land Parcel I - Land 22	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007801	Transferred	Power supply land	88.00
19-23	Fire Prevention Renovation Project Land Parcel I - Land 23	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007774	Transferred	Power supply land	526.09
19-24	Fire Prevention Renovation Project Land Parcel I - Land 24	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007769	Transferred	Power supply land	88.00
19-25	Fire Prevention Renovation Project Land Parcel I - Land 25	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007804	Transferred	Power supply land	88.00
19-26	Fire Prevention Renovation Project Land Parcel I - Land 26	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007768	Transferred	Power supply land	88.00
19-27	Fire Prevention Renovation Project Land Parcel I - Land 27	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007743	Transferred	Power supply land	88.00
19-28	Fire Prevention Renovation Project Land Parcel I - Land 28	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007742	Transferred	Power supply land	526.09
19-29	Fire Prevention Renovation Project Land Parcel I - Land 29	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007772	Transferred	Power supply land	526.08
19-30	Fire Prevention	Guodian	Inner Mongolian (2025)	Transferred	Power	526.09

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
	Renovation Project Land Parcel I - Land 30	Construction Investment Inner Mongolia Energy Co., Ltd.	Ejin Horo Banner Real Property No. 0007765		supply land	
19-31	Fire Prevention Renovation Project Land Parcel I - Land 31	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007770	Transferred	Power supply land	88.00
19-32	Fire Prevention Renovation Project Land Parcel I - Land 32	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007767	Transferred	Power supply land	88.00
19-33	Fire Prevention Renovation Project Land Parcel I - Land 33	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007758	Transferred	Power supply land	88.00
19-34	Fire Prevention Renovation Project Land Parcel I - Land 34	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007759	Transferred	Power supply land	88.00
19-35	Fire Prevention Renovation Project Land Parcel I - Land 35	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007795	Transferred	Power supply land	526.08
19-36	Fire Prevention Renovation Project Land Parcel I - Land 36	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007800	Transferred	Power supply land	88.00
19-37	Fire Prevention Renovation Project Land Parcel I - Land 37	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007798	Transferred	Power supply land	526.09
19-38	Fire Prevention Renovation Project Land Parcel I - Land 38	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007747	Transferred	Power supply land	526.08
19-39	Fire Prevention Renovation Project Land Parcel I - Land 39	Guodian Construction Investment Inner	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007771	Transferred	Power supply land	526.08

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
		Mongolia Energy Co., Ltd.				
19-40	Fire Prevention Renovation Project Land Parcel I - Land 40	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007773	Transferred	Power supply land	526.09
19-41	Fire Prevention Renovation Project Land Parcel I - Land 41	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007811	Transferred	Power supply land	526.09
19-42	Fire Prevention Renovation Project Land Parcel I - Land 42	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007802	Transferred	Power supply land	88.00
19-43	Fire Prevention Renovation Project Land Parcel I - Land 43	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007797	Transferred	Power supply land	88.00
19-44	Fire Prevention Renovation Project Land Parcel I - Land 44	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007791	Transferred	Power supply land	526.09
19-45	Fire Prevention Renovation Project Land Parcel I - Land 45	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007818	Transferred	Power supply land	88.00
19-46	Fire Prevention Renovation Project Land Parcel I - Land 46	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007832	Transferred	Power supply land	88.00
19-47	Fire Prevention Renovation Project Land Parcel I - Land 47	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007833	Transferred	Power supply land	526.08
19-48	Fire Prevention Renovation Project Land Parcel I - Land 48	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007825	Transferred	Power supply land	526.08

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
19-49	Fire Prevention Renovation Project Land Parcel I - Land 49	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007824	Transferred	Power supply land	88.00
19-50	Fire Prevention Renovation Project Land Parcel I - Land 50	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007760	Transferred	Power supply land	88.00
19-51	Fire Prevention Renovation Project Land Parcel I - Land 51	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007761	Transferred	Power supply land	88.00
19-52	Fire Prevention Renovation Project Land Parcel I - Land 52	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007764	Transferred	Power supply land	88.00
19-53	Fire Prevention Renovation Project Land Parcel I - Land 53	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007816	Transferred	Power supply land	88.00
19-54	Fire Prevention Renovation Project Land Parcel I - Land 54	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner MongolianInner Mongolian (2025) Ejin Horo Banner Real Property No. 0007823	Transferred	Power supply land	526.08
19-55	Fire Prevention Renovation Project Land Parcel I - Land 55	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner MongolianInner Mongolian (2025) Ejin Horo Banner Real Property No. 0007851	Transferred	Power supply land	526.09
19-56	Fire Prevention Renovation Project Land Parcel I - Land 56	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007852	Transferred	Power supply land	88.00
19-57	Fire Prevention Renovation Project Land Parcel I - Land 57	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007854	Transferred	Power supply land	526.09
19-58	Fire Prevention Renovation Project Land Parcel I - Land 58	Guodian Construction Investment	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007856	Transferred	Power supply land	526.09

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
		Inner Mongolia Energy Co., Ltd.				
19-59	Fire Prevention Renovation Project Land Parcel I - Land 59	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0007822	Transferred	Power supply land	88.00
19-60	Fire Prevention Renovation Project Land Parcel I - Land 60	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0003917	Transferred	Power supply land	526.09
19-61	Fire Prevention Renovation Project Land Parcel I - Land 61	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0003774	Transferred	Power supply land	526.08
19-62	Fire Prevention Renovation Project Land Parcel I - Land 62	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0004179	Transferred	Power supply land	526.09
19-63	Fire Prevention Renovation Project Land Parcel I - Land 63	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0004168	Transferred	Power supply land	88.00
19-64	Fire Prevention Renovation Project Land Parcel I - Land 64	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0004172	Transferred	Power supply land	88.00
19-65	Fire Prevention Renovation Project Land Parcel I - Land 65	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0004169	Transferred	Power supply land	526.09
19-66	Fire Prevention Renovation Project Land Parcel I - Land 66	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0004206	Transferred	Power supply land	526.08
19-67	Fire Prevention Renovation Project Land Parcel I - Land 67	Guodian Construction Investment Inner Mongolia Energy Co.,	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009370	Transferred	Power supply land	88.00

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
		Ltd.				
19-68	Fire Prevention Renovation Project Land Parcel I - Land 68	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025)Ejin Horo Banner Real Property No. 0009369	Transferred	Power supply land	526.09
19-69	Fire Prevention Renovation Project Land Parcel I - Land 69	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009371	Transferred	Power supply land	88.00
19-70	Fire Prevention Renovation Project Land Parcel I - Land 70	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009372	Transferred	Power supply land	526.09
19-71	Fire Prevention Renovation Project Land Parcel I - Land 71	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009367	Transferred	Power supply land	526.09
19-72	Fire Prevention Renovation Project Land Parcel I - Land 72	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009366	Transferred	Power supply land	526.09
19-73	Fire Prevention Renovation Project Land Parcel I - Land 73	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009373	Transferred	Power supply land	88.00
19-74	Fire Prevention Renovation Project Land Parcel I - Land 74	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009377	Transferred	Power supply land	88.00
19-75	Fire Prevention Renovation Project Land Parcel I - Land 75	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009376	Transferred	Power supply land	88.00
19-76	Fire Prevention Renovation Project Land Parcel I - Land 76	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0009356	Transferred	Power supply land	526.08
19-77	Fire Prevention	Guodian	Inner Mongolian (2025)	Transferred	Power	526.09

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No.	Parcel name	Certificate holder	Land title certificate No.	Nature of rights	Usage	Area (m²)
	Renovation Project Land Parcel I - Land 77	Construction Investment Inner Mongolia Energy Co., Ltd.	Ejin Horo Banner Real Property No. 0010266		supply land	
19-78	Fire Prevention Renovation Project Land Parcel I - Land 78	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0010263	Transferred	Power supply land	526.09
19-79	Fire Prevention Renovation Project Land Parcel I - Land 79	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0010265	Transferred	Power supply land	88.00
19-80	Fire Prevention Renovation Project Land Parcel I - Land 80	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0010262	Transferred	Power supply land	88.00
20	Main and Auxiliary Well Connection Road Land	Guodian Construction Investment Inner Mongolia Energy Co., Ltd.	Inner Mongolian (2025) Ejin Horo Banner Real Property No. 0003670	Transferred	Highway Land	37,718.00

(2) Intangible assets - mining rights

The enterprise has declared one mining right that is included in the appraisal scope, with a book value as of the valuation benchmark dateof RMB1,435,945,940.40. Mining Licence No.: C1500002024071201571 48; Miner: Guodian Construction Investment Inner Mongolia Energy Co., Ltd.; Mine Name: Chahasu Coal Mine, Dongsheng Coalfield, Ordos City, Inner Mongolia Autonomous Region; Extracted Mineral: Coal; Mining Method: Underground Mining; Production Capacity: 8 million tons/year; Mining Area: 77.9515 square kilometres; Validity Period: Thirty years, from 23 July 2024 to 22 July 2054; Issuing Authority: Inner Mongolia Autonomous Region Department of Natural Resources.

(3) Intangible assets - other intangible assets

The other intangible assets within the scope of the appraisal include: software assets, coal capacity replacement quotas, invention patents, utility model patents, and software copyrights. As of the valuation benchmark date, the other intangible assets included in the scope of the appraisal, except for software and coal production capacity replacement quotas, are off-balance-sheet assets.

1) Software

The enterprise has declared 26 software-related intangible assets within the scope of the appraisal, including: Zhongke Yutai Attendance Software, Computer Terminal Confidential Information Elimination System, Smart Enterprise Application Development Platform, MUSE Full-Range Power Plant Simulation Support Platform

Software3D Visualisation System, Full Data Integration System. These assets were all acquired via purchase. Among them, eight have been discontinued, while the remaining 18 are in normal use.

2) Coal production capacity replacement quotas

There are four coal production capacity replacement quotas, with a total production capacity of 2 million tons/year as of the valuation benchmark date.

3) Patent rights – invention and utility model patents

The enterprise has declared a total of 317 patents within the scope of the appraisal, including 94 invention patents and 223 utility model patents. These patents primarily include: Intelligent Ash Cleaning Closed-loop Control Method, Device, and System for Coal-fired Power Plant Boilers and Horizontal Full-Section Efficient Dust Removal Device for Coal Mines. All of these patents have been granted with valid certificates of rights. Among them, 217 patents are solely owned by Guodian Construction Investment Inner Mongolia Energy Co., Ltd., and 100 are jointly owned with Guoneng Langxinming Environmental Protection Technology Co., Ltd., China University of Mining and Technology, and other companies or institutions. The patents were obtained through independent research and development or outsourced R&D, and have been applied in practice. The annual patent fees have been paid on time. Detailed information can be found in the "Asset-based Approach Appraisal Details Table"

Regarding the jointly owned patents, the appraised entity has provided a statement and guarantees that these patents are either solely owned or co-owned with other companies, and there are no ownership disputes or potential disputes. For jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

4) Software copyrights

The enterprise has declared 197 software copyrights within the appraisal scope. All of these copyrights have been authorised by the National Copyright Administration. Among them, 40 software copyrights are solely owned by the appraised entity, with the registered rights holder being Guodian Construction Investment Inner Mongolia Energy Co., Ltd. The remaining 157 software copyrights are jointly owned by the appraised entity and other companies or individuals. The specific details of these software copyrights can be found in the "Asset-based Approach Appraisal Details Table".

Regarding the jointly owned software copyrights, the appraised entity has provided a statement and guarantees that these software copyrights are either solely owned or co-owned with other companies or individuals, and there are no ownership disputes or potential disputes. For the jointly owned software copyrights, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

iv. Other off-balance-sheet assets declared by the enterprise

The off-balance-sheet assets declared by the enterprise and included in the scope of the appraisal are patent rights and software copyrights. For details, please refer to "Intangible Assets Declared by the Enterprise".

v. Relevant assets referenced from reports of other institutions

The appraised value of the mining rights in this asset appraisal report was determined with reference to the mining rights appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. The referenced appraisal report is summarised as follows:

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. Held by CHN Energy Western Energy Investment Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1077
Subject asset	Mining Rights of Chahasu Coal Mine, Dongsheng Coalfield, Ordos City, Inner Mongolia Autonomous Region
Appraisal scope	The delineated boundary of the inflection point coordinates and the remaining resource reserves within the boundary of Chahasu Coal Mine, Dongsheng Coalfield, Ordos City, Inner Mongolia Autonomous Region
valuation benchmark date	31 July 2025
Value type	Market Value
Appraisal method	Discounted Cash Flow Method

IV. Value Type

Based on the appraisal purpose, the value type of the subject asset is determined to be market value.

Market value refers to the estimated value of the subject asset in normal and fair transactions as of the valuation benchmark date, between a willing buyer and a willing seller, each acting rationally and without coercion.

V. valuation benchmark date

The valuation benchmark date for this report is 31 July 2025.

The valuation benchmark date is determined by the client. The selection of the valuation benchmark date mainly considers the realisation of economic activities and end-of-accounting-period factors. Asset appraisal provides a value reference for assets at a specific point in time. By choosing the end of the accounting period as the valuation benchmark date, it can comprehensively reflect the overall status of the appraised assets. At the same time, adhering to the principles of ensuring the appraisal results effectively serve the appraisal purpose, accurately delineating the appraisal scope, conducting precise and efficient verification of assets, and rationally selecting the basis for appraisal, the date closest to the planned realisation date of the relevant economic behavior was selected as the valuation benchmark date.

VI. Basis of Appraisal

i. Basis for economic activities

Minutes of the 18th Chairman's Special Meeting of the China Energy Investment Corporation Co., Ltd. in 2025 (1 August 2025).

ii. Legal and regulatory basis

1. *Asset Appraisal Law of the People's Republic of China* (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. *Company Law of the People's Republic of China* (second amendment at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. *Civil Code of the People's Republic of China* (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020);

4. *Securities Law of the People's Republic of China* (second amendment at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019);

5. *Law of the People's Republic of China on the State-Owned Assets of Enterprises* (adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on 28 October 2008, effective from 1 May 2009);

6. *Vehicle Purchase Tax Law of the People's Republic of China* (approved at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

7. *Law of the People's Republic of China on Enterprise Income Tax* (second amendment at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

8. *Law of the People's Republic of China on the Administration of Urban Real Estate* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

9. *Land Administration Law of the People's Republic of* China (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

10. *Resource Tax Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019)

11. *Patent Law of the People's Republic of China* (fourth amendment at the 22nd Session of the Standing Committee of the 13th National People's Congress on 17 October 2020);

12. *Copyright Law of the People's Republic of China* (third amendment at the 23rd Session of the Standing Committee of the 13th National People's Congress on 11 November 2020);

13. *Energy Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024, effective from 1 January 2025)

14. *Mineral Resources Law of the People's Republic of China* (amended at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024);

15. *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (amended by State Council Order No. 714 on 23 April 2019);

16. *Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises (*second amendment by State Council Order No. 378 on 2 March 2019);

17. *Interim Regulations of the People's Republic of China on City and Town Land Use Tax* (fourth amendment by State Council Order No. 17 on 2 March 2019);

18. *Interim Regulations on Value-Added Tax of the People's Republic of China* (second amendment by State Council Order No. 134 on 19 November 2017);

19. *Regulations on the Assets Appraisal and Management of State-owned Assets* (amended by State Council Order No. 91 on 29 November 2020);

20. *Interim Measures for the Assessment and Management of Enterprises* (Order No. 12 of the SASAC);

21. *Measures for Supervision and Administration of State-owned Assets of Enterprises* (Order No. 32 of the SASAC and the Ministry of Finance);

22. *Notice on Strengthening the Matters Related to the Appraisal Management of the State-owned Assets* (G.Z.W.CH.Q.[2006] No. 274);

23. *Notice on Matters Related to the Review of Appraisal Report of State-owned Assets of Enterprises* (G.Z.CH.Q. [2009] No. 941);

24. Guideline for the Filing for the Appraisal Project of State-owned Assets of Enterprises (G.Z.F.CH.Q [2013] No. 64);

25. *Notice on Optimising the Management of Asset Appraisal of State-Owned Enterprises* (G.Z.F.CH.Q.G. [2024] Document No. 8);

26. *Notice on Issuing the Rules for the Implementation of Regulations on the Assets Appraisal and Management of State-owned Assets* (G.Z.B.F. [1992] No. 36);

27. *Notice of the Ministry of Finance and the State Taxation Administration on Adjusting VAT Rate* (C.SH. [2018] No. 32);

28. *Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China* (Order No. 65 of the Ministry of Finance and the State Administration of Taxation);

29. *Announcement on Policies Relevant to Deepening VAT Reform* (Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs);

30. *Accounting Standards for Business Enterprises - Basic Standards* (Ministry of Finance, Order No. 33), *Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises - Basic Standards* (Ministry of Finance, Order No. 76);

31. *Notice on Further Standardising Bank Letters and Reply Letters* (Ministry of Finance, C.K. [2020] No. 12);

32. *Interim Regulations on Mining Rights Transfer and Assignment Management* (G.T.Z.F. [2000] No. 309);

33. *Notice on the Issuance of the Mining Rights Appraisal Management Measures (Trial)* (G.T.Z.F. [2008] No. 174);

34. *Notice of the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration on the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue* (C.Z. [2023] No. 10);

35. *Announcement on the Implementation Criteria for Relevant Issues on Resource Tax* (Announcement [2020] No. 34 of the Ministry of Finance and the State Taxation Administration);

36. *Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on Extending the Corporate Income Tax Policy for the Western Development* (Ministry of Finance Announcement No. 23, 2020);

37. Other relevant laws, regulations, and notices.

iii. Basis of appraisal standards

1. *Basic Rules for Asset Appraisal* (C.Z. [2017] No. 43);

2. *Code of Professional Ethics for Asset Appraisal* (ZH.P.X. [2017] No. 30);

3. *Asset Appraisal Practice Standards – Appraisal Report* (ZH.P.X. [2018] No. 35);

4. *Asset Appraisal Practice Standards – Appraisal Procedures* (ZH.P.X. [2018] No. 36);

5. *Asset Appraisal Practice Standards – Appraisal Methods* (ZH.P.X. [2019] No. 35);

6. *Asset Appraisal Practice Standards – Engagement Contract* (ZH.P.X. [2017] No. 33);

7. *Asset Appraisal Practice Standards – Appraisal Archives* (ZH.P.X. [2018] No. 37);

8. *Asset Appraisal Practice Standards – Utilisation of Expert Work and Relevant Reports* (ZH.P.X. [2017] No. 35);

9. *Asset Appraisal Practice Standards – Enterprise Value* (ZH.P.X. [2018] No. 38);

10. *Asset Appraisal Practice Standards – Intangible Assets* (ZH.P.X. [2017] No. 37);

11. *Asset Appraisal Practice Standards – Real Estate* (ZH.P.X. [2017] No. 38);

12. *Asset Appraisal Practice Standards – Machinery and Equipment* (ZH.P.X. [2017] No. 39);

13. *Asset Appraisal Practice Standards – Intellectual Property* (ZH.P.X. [2023] No. 14);

14. *Guidelines for Appraisal Reports of State-owned Enterprise Assets* (ZH.P.X. [2017] No. 42);

15. *Guidelines for Quality Control of Asset Appraisal Institutions* (ZH.P.X. [2017] No. 46);

16. *Guidance on Types of Asset Appraisal Value* (ZH.P.X. [2017] No. 47);

17. *Guidance on Legal Ownership of Subject Asset* (ZH.P.X. [2017] No. 48).

18. *Guidelines on Patent Asset Appraisal* (ZH.P.X. [2017] No. 49);

19. *Guidelines on Copyright Asset Appraisal* (ZH.P.X. [2017] No. 50);

20. *Guidance on Determining Mining Rights Appraisal Parameters* (Chinese Association of Mineral Resources Appraisers, October 2008);

21. *Chinese Mining Rights Appraisal Standards* (Chinese Association of Mineral Resources Appraisers, August 2008);

22. *Chinese Mining Rights Appraisal Standards* (II) (Chinese Association of Mineral Resources Appraisers, September 2010);

23. *Guiding Opinions on the Mineral Rights Appraisal Standard issued by the Chinese Association of Mineral Resources Appraisers (CMV 13051-2007) — Determination of Types of Solid Mineral Resource Reserves*.

iv. Basis of ownership

1. State-owned Property Registration Certificates;

2. State-owned land use right certificate;

3. Mining Licences;

4. Patent Certificates;

5. Copyright (Intellectual Property) Ownership Documentation;

6. Motor Vehicle Registration Certificates;

7. Relevant Ownership Transfer Contracts;

8. Other relevant ownership certificates.

v. Basis for price determination

1. *Basic Construction Financial Rules* (Ministry of Finance Order No. 81, effective from 1 September 2016);

2. *Regulations on the Management of Construction Costs for Basic Construction Projects* (C.J. [2016] No. 504);

3. *Electromechanical Product Price Information Query System (2025)*;

4. *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection, effective from 1 May 2013);

5. *Guiding Opinions on the Implementation of the Notice of the National Development and Reform Commission on Further Liberalising Professional Service Prices for Construction Projects* (F.G.J.G. [2015] No. 299) (ZH.D.L.D.E. [2015] No. 162);

6. *Budget Standards for Housing and Decoration Engineering in Inner Mongolia* (2017);

7. *Budget Standards for General Installation Engineering in Inner Mongolia* (2017);

8. *Ground Building Engineering Consumption Quotas for Coal Construction* (2015, After-tax Base Price);

9. *Coal Construction Cost Quotas and Price Management Regulations* (2015);

10. *Coal Construction Engineering Cost Quotas and Other Regulations for Coal Construction* (NB/T 51064-2016);

11. *Other Costs Standards for Coal Construction* (2015);

12. *Consumption Quotas for Coal Mining Shaft Engineering* (2015, After-tax Base Price);

13. *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering* (2015, After-tax Base Price);

14. *Thermal Power Plant Construction Budget Preparation and Calculation Regulations* (2018);

15. *Power Engineering Cost and Quotation Management Station Documents* (D.E. [2025] No. 34);

16. *Notice on Adjusting the Safety and Civilised Construction Fee for Power Engineering* (D.E. [2023] No. 9);

17. *Adjustment of Pricing Basis for Coal Construction Projects under the VAT Reform for the Construction Industry* (ZH.M.J.X.Z. [2016] No. 46);

18. *Coal Construction Engineering Construction Machinery Hourly Rate Quotation* (2015, tax-exclusive base price);

19. *Notice on Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis* (ZH.M.J.X.Z. [2019] No. 37);

20. LPR (loan prime rate) on the valuation benchmark date;

21. Records of on-site inspection by the appraisers and other relevant appraisal information collected;

22. WIND financial terminal;

23. iFinD financial terminal;

24. Feasibility study reports, project investment estimates, design estimates, and other materials provided by the appraised entity;

25. Relevant engineering budget and final accounts data provided by the appraised entity;

26. Engineering contract agreements signed by the appraised entity with relevant parties;

27. Payment progress statistics and related payment vouchers for ongoing projects provided by the appraised entity;

28. Financial statements, audit reports, and data from previous years provided by the appraised entity;

29. Future business plans provided by relevant departments of the appraised entity;

30. Market forecast data for the main products of the appraised entity for the current and future years;

31. Raw material purchase contracts signed by the appraised entity with relevant parties;

32. Other materials related to the asset appraisal.

vi. Other reference sources

1. *Terminology of the Rules for Asset Appraisal 2020* (ZH.P.X. [2020] No. 31);

2. *Expert Guidance No. 8 – Verification in Asset Appraisal* (ZH.P.X. [2019] No. 39);

3. *Expert Guidance No. 12 - Measurement of Rate of Discount for the Enterprise Value by the Income Approach* (ZH.P.X. [2020] No. 38);

4. *Expert Guidance No. 16 – Computer Software Copyright Asset Appraisal* (ZH.P.X. [2023] No. 23);

5. *Common Parameters Manual for Asset Appraisal*;

6. *Regulations for appraisal on urban land* (GB/T 18508-2014);

7. *Regulations for gradation and classification on urban land* (GB/T 18507-2014);

8. *Current land use classification* (GB/T 21010-2017);

9. *Regulations for standardised price of land* (TD/T 1052-2017);

10. *Technical specifications for dynamic monitoring of urban land prices* (TD/T 1009-2007);

11. *Technical Specifications for the Appraisal of State-owned Construction Land Use Rights* (G.T.Z.T.F. [2018] No. 4);

12. *Code* for Real Estate Appraisal (GB/T 50291-2015);

13. *Building Condition Rating Standards (Trial)* (CH.ZH.Z. [1984] No. 678);

14. *General Requirements for Mineral Exploration* (GB/T 13908-2020);

15. *Specifications for coal exploration – Coal* (DZ/T 0215-2020);

16. *Classifications for mineral resources and mineral reserves* (GB/T 17766-2020);

17. Asset list and appraisal declaration form provided by the appraised entity;

18. Audit Report issued by Ernst & Young Hua Ming LLP ;

19. Mining rights appraisal report issued by China Enterprise Appraisals Co., Ltd.;

20. Information database of China Enterprise Appraisals Co., Ltd.

VII. Appraisal Methods

Income approach refers to various appraisal methods that capitalise or discount the expected income of the subject asset to determine its value.

Market approach refers to various appraisal methods that compare the subject asset with comparable references, using the market price of the comparable references as a basis to determine the value of the subject asset.

Asset-based approach refers to an appraisal method where the value of the subject asset is determined based on the balance sheet of the appraised entity or business on the valuation benchmark date, assessing the value of identifiable on-balance-sheet and off-balance-sheet assets and liabilities.

The appraisal methods selected for this assessment are: Income approach and asset-based approach.

i. Reasons for selecting appraisal methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the Asset-Based Approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for continued operations, with standard accounting procedures, clear management, and stable, well-defined business sources. The management team has a detailed plan for the company’s current operations and future development. The future expected income and operational risks can be reasonably predicted, making the income approach applicable.

Reason for not selecting the Market Approach: The Market Approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the valued enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

ii. Introduction to the appraisal methods

1. Income approach

The Income Approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders’ equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash

flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

1) Operational asset value

Operational assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC);

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

The free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - capital expenditures - Increase in working capital

The discount rate (WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{E+D} + K_d \times (1-t) \times \frac{D}{E+D}$$

Wherein: K_e: Cost of equity capital;

K_d: Cost of debt capital;

E: Market value of equity;

D: Market value of debt;

t: Tax rate.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: r_f: Risk-free rate of return;

MRP: Market risk premium;

β_L: Systematic risk coefficient of equity;

r_c: Company-specific risk adjustment coefficient.

2) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

3) Non-operational asset and liability values

Non-operational assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operating assets and non-operating liabilities of the appraised entity include prepaid expenses, other receivables, abnormal inventory, fixed assets, construction in progress, other non-current assets, intangible assets, deferred tax assets, accounts payable, other payables, and provisions. The cost method is used for the appraisal of these items.

4) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the equity holding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date.

2. Asset-based approach

(1) Current assets

1) Monetary funds, including bank deposits and other monetary funds, are assessed at their verified book value through verification of bank statements and bank confirmations.

2) Accounts receivable, other receivables: The assessors investigated the sales credit policy, customer composition, creditworthiness, and historical accounts receivable recovery of the appraised entity. Following the principle of materiality, the appraisers conducted confirmations for some of the accounts receivable and reviewed relevant contracts. Based on the verification of accounts receivable, the evaluators determined the appraised value based on the amount that is likely to be collected for each item. For amounts believed to be fully recoverable, the total receivables are used to calculate the appraised value. For amounts that are likely to be unrecoverable, the evaluators

estimated the amount based on historical data and on-site investigations, considering factors such as the amount, overdue time, reasons for non-payment, the debtor's financial status, creditworthiness, and operational management. The appraised value is then calculated after deducting the estimated risk loss. Simultaneously, the "Provision for Bad Debts" item on the balance sheet is considered as zero.

3) For prepayments, the appraisers conducted inquiries with the relevant personnel of the appraised entity to understand the reasons for the formation of the prepayments and the creditworthiness of the counterparties. Following the principle of materiality, the appraisers conducted confirmations for some of the prepayments and reviewed the relevant contracts. Based on the verification of advance payments, the assessors determined the value by considering the goods or related rights that could be recovered for each payment. For amounts believed to be fully recoverable, the total prepaid amounts are used to calculate the appraised value.

4) Inventories

For raw materials, it was found that some raw materials, due to being purchased a long time ago, can no longer be used. For such assets with no recoverable value, the appraised value is zero. For some metal assets with recoverable value, the residual value is considered. For other raw materials, which were purchased recently, the price change on the valuation benchmark datewas minimal, and the book value closely reflects the market conditions. The verified book value is used as the appraised value.

For in-stock turnover materials, it was found that these materials turnover quickly. The price change on the valuation benchmark datewas minimal, and the book value closely reflects the market conditions. The verified book value is used as the appraised value.

For Finished Products, the appraised entity uses actual cost accounting, including purchase costs, processing costs, and other costs. As of the valuation benchmark date, the finished products are normal sales items. The appraised value is determined based on the sales price at the valuation benchmark date, minus sales expenses, taxes and surcharges, and an appropriate amount of after-tax net profit. The specific appraisal calculation formula is as follows:

The appraised value of finished goods for normal sales = Quantity of finished goods × After-tax unit selling price × (1 - Sales tax and surcharge rate - Selling expense rate - Income tax rate - Net profit margin)

Under normal circumstances, a reasonable profit deduction rate of 0.5 is applied for normal sales finished products. The sales price for finished products is taken as the average recent sales price of the appraised entity as of the valuation benchmark date.

5) Other current assets: The assessors investigated the reasons for the formation of other current assets for the appraised entity and reviewed the relevant documentation, contracts, and account books. After verification, the book values of other current assets are used as the appraised values.

(2) Long-term equity investments

For each long-term equity investment, the overall value of the shareholder's equity in the investees is first assessed. Then, the value of the shareholder's portion of equity is calculated by multiplying the total shareholder equity by the percentage of ownership held.

(3) Investments in other equity instruments

The other equity instrument investments of the appraised entity are measured at fair

value, and the book value reflects this fair value. For this appraised value, the book value is used to determine the appraised value.

(4) Buildings and structures assets

Based on the characteristics of the various types of building and structure assets, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraisal. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

A. Determination of replacement cost

Based on the characteristics, nature, and situation of the building and structure assets within the appraisal scope, the calculation formula for replacement cost in this appraisal is as follows:

Replacement cost = Construction and installation project cost + Pre-construction and other costs + Capital cost - Deductible VAT

a. Construction and installation project costs

For large, valuable, and important buildings, the construction and installation project costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation project costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and the structure is simple, the Analogy Method or Unit Cost Method is used to determine the construction and installation costs.

b. Pre-construction and other costs

Preliminary and other construction-related expenses are calculated based on the engineering investment amount of the projects, in accordance with the fee standards set by the industry, national, or local government regulations.

c. Capital costs

Financing costs are calculated based on the sum of construction and installation project costs, preliminary and other costs, using uniform capital investment over the reasonable construction period. The calculation formula of capital costs is as follows:

Financing cost = (Construction and installation project costs + Preliminary and other costs) × Reasonable construction period × Interest rate × 1/2

Based on the scale and nature of the construction project in which the appraised buildings and structures are located and the relevant construction period quotas, the reasonable construction period and interest rate were determined by referring to the effective Loan Prime Rate (LPR) on the valuation benchmark date as published by the National Interbank Funding Centre authorised by the People's Bank of China.

d. Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

B. Determination of composite depreciation rate

For significant buildings and structures, the composite depreciation rate is determined

by considering their economic lifespan, the years of use, and conducting on-site inspections. The actual condition of the structure, decoration, ancillary equipment, and other components is evaluated, and the remaining useful life is estimated, from which the composite depreciation rate is determined.

Composite depreciation rate = Remaining useful life / (Remaining useful life + Years of use) × 100%

For buildings and structures with a small value, the newness rate is mainly determined by their economic lifespan. The calculation formula is as follows:

Age-based newness rate = (Economic lifespan - Years of use) / Economic lifespan × 100%

For mining enterprises, the remaining useful life of buildings is closely related to the mine's remaining service life. The remaining useful life is determined based on the lower of the mine's remaining service life and the building's remaining economic lifespan.

C. Determination of appraised value

Appraised value= Replacement cost × Composite depreciation rate

(5) Shaft engineering

Based on the characteristics of various shaft engineering projects, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for evaluating shaft engineering projects. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Composite depreciation rate

A. Determination of replacement cost

Replacement cost = construction and installation cost + preliminary and other costs + cost of capital − deductible input VAT

a. Construction and installation cost

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

Construction and installation cost = Base price of engineering quotas + Measure fees + Company management fees + Profits + Regulatory fees + Other project fees + Regional price differences

Including:

Base price of engineering quotas – The base price is calculated based on the shaft engineering's lifting method, lifting depth, tunnel cross-section, support method, materials, and thickness. The *Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* and *Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engine*ering *(2015, After-tax Base Price)* are applied. This includes wages, material consumption, machine usage fees, etc., with adjustments made according to relevant regulations.

Other fees — determined in accordance with the Notices issued by the China Coal Construction Association (e.g., ZH.M.J.X.Z. No. [2016] 46 "*Adjustment of Pricing*

Basis for Coal Construction Projects under the VAT Reform for the Construction Industry"" and ZH.M.J.X.Z. No. [2019] 37 "*Notice on Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis*"), together with the *Notification on "Release of the 'Consumption Quotas for Coal-Construction Shaft Engineering (2015 ex-tax base price*)"" (ZH.M.J.X.Z. No. [2016] 115) and the "*Supplementary Provisions on the Implementation of the Valuation Standards for Coal-Construction Projects*" (ZH.M.J.X.Z. No. [2016] 116), and calculated in combination with the actual construction conditions of the mine.

Labor, materials, and equipment price differences – Adjusted according to the *Notice on Adjusting Coal Mining Construction Engineering Quotation Standards (2015 Base Price) for Labor Unit Prices and Related Regulations* (ZH.M.J.X.Z. [2021] No. 125), *Urumqi City Construction Engineering Material Information Price List* (Q2 2025), and materials price information provided by the enterprise for the valuation benchmark date.

For general shaft engineering projects, or when final settlement data is incomplete, or when the value is small and the structure is simple, the Analogy Method is used to determine the construction cost.

b. Preliminary and other costs

Preliminary and other costs include construction unit management fees, engineering supervision fees, surveying and design fees, environmental evaluation fees, and soil and water conservation consulting service fees. These costs are calculated based on the engineering construction investment amount, according to industry, national, or local government fee standards. Preliminary and Other Costs Calculation Formula:

Preliminary and other costs = Engineering cost × Fee rate

c. Capital costs

Financing costs are calculated based on the appraised entity's reasonable construction period, referencing the LPR published by the People's Bank of China on the valuation benchmark date, and considering the appraised entity's loan interest rate adjustments. The total sum of engineering costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The calculation formula of capital costs is as follows:

Financing cost = (Engineering cost + Preliminary and other fees) × Reasonable construction period × Interest rate / 2

d. Deductible Input Tax

Pursuant to relevant VAT regulations, the corresponding VAT shall be deducted from the replacement cost for items meeting VAT deduction criteria.

B. Determination of composite depreciation rate

Shaft engineering in coal mines differs from surface buildings in that it is a special structure attached to coal resources. Its economic lifespan is closely linked to the coal reserves that can be mined. As coal resources are depleted, the economic lifespan shortens, and when coal resources are exhausted, the economic lifespan ends.

Underground engineering has a complex geological structure, many unpredictable factors, and poor construction conditions. The stability of the tunnels depends on their location, rock layer properties, and mining methods. The service life of each type of tunnel is determined by the coal reserves in the service area.

Therefore, before determining the newness rate, the evaluators first reviewed geological

reports, mine design data, and understood the position, rock properties, support methods, geological structures, and the impact of mining on the tunnels. They then visited representative tunnels underground to inspect the support conditions and maintenance status and consulted with on-site engineering personnel to verify and review the maintenance records and methods. Finally, based on the coal reserves, remaining reserves, recoverable reserves, and production capacity provided by the geological survey department, the remaining service life of each tunnel was calculated, and the composite depreciation rate was determined. The calculation formula is as follows:

Composite depreciation rate = remaining service life / (service life + remaining service life) × 100%

C. Appraised value

Appraised value = Replacement cost × Composite depreciation rate

(6) Equipment assets

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the scope of the appraisal, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost approach is used for these equipment appraisals.

The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

1) Determination of replacement cost

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering costs, preliminary and other expenses, and the cost of capital. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

If the equipment foundation is independent or inseparable from the building, the equipment foundation cost is considered within the appraisal of the building and structure assets; otherwise, it is included in the installation engineering costs.

A. Equipment purchase price

The equipment purchase price is primarily determined by consulting the market price on the valuation benchmark datewith the manufacturer or by checking relevant quotation information, such as the current market price or the contract prices of recently purchased similar equipment, as well as the *Thermal Power Engineering Limit Design Reference Cost Index* (2024 Level) published by the China Electric Power Planning & Engineering Institute and the Electric Engineering Cost Information Network. For equipment where the purchase price cannot be found, the price change coefficient of

equipment from the same era and category is used to calculate the purchase price.

B. Transport and handling fees

Transport and handling fees refer to the transportation costs, loading and unloading fees, and other associated costs incurred during the equipment's transportation.

If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume.

For thermal power equipment, transport and handling fees are determined according to the *Thermal Power Plant Engineering Construction Budget Preparation and Calculation Regulations* (2018 version) published by the National Energy Administration.

If the equipment quotation includes the delivered price, transport and handling fees are not calculated separately.

C. Installation engineering costs

Installation engineering costs refer to all expenses incurred after the equipment arrives at the construction site, including assembly, positioning, connection, fixing, inspection, testing, and trial operation, until the equipment is in a usable state.

For coal mine and coal washing plant equipment, installation engineering costs are mainly based on the reference rates for installation provided in the *Manual of Commonly Used Data and Parameters for Asset Appraisal*, while also considering the difficulty of installation and the historical expenditure of the appraised entity on equipment installation. After determining the installation engineering rate, the costs are calculated. If the seller's quotation includes installation engineering costs, these are not recalculated.

For power plant equipment, installation engineering costs are primarily determined by referring to preliminary design specifications, relevant technical agreements, and other documentation, to establish the equipment installation quantity and other parameters. The relevant costs are calculated according to the *Thermal Power Plant Engineering Construction Budget Preparation and Calculation Regulations* (2018 version), the *Power Construction Engineering Quotation Norms* (2018 version), and the *Notice on the Adjustment of the Price Level for the 2018 Edition of Power Construction Engineering Budget Norms for the First Half of 2025* (D.E. [2025] No. 34) and Notice on Adjusting the Safety and Civilised Construction Fees (D.E. [2023] No. 9)(hereinafter referred to as "D.E. [2023] No. 9"). The direct engineering costs, additional measures, indirect costs, profits, and taxes are then calculated to determine the installation engineering costs.

The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

D. Preliminary and other expenses

The preliminary and other expenses are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government prescribed fee standards.

E. Cost of capital

For thermal power companies, the cost of capital is determined based on the project's reasonable construction period. The benchmark cost of funds is calculated using the LPR for RMB loans published by the People's Bank of China on the valuation benchmark date, applied to the sum of the equipment purchase price, installation engineering costs, and other expenses. The interest on construction period loans is calculated based on the method of settlement for individual power generation units at the time of completion. The interest calculation formula is as follows:

Construction period loan interest = Interest on construction period loan before first unit starts generation + Interest on construction period loan after first unit starts generation

Wherein: Interest on construction period loan before first unit starts generation = ∑[(Year-beginning loan principal and interest + This year's loan / 2) × Annual interest rate]

Interest on construction period loan after first unit starts generation = ∑[(This year's loan / 2) × Annual interest rate]

For coal mines and coal washing plants, the cost of capital is determined based on the reasonable construction period of the appraised entity, with reference to the LPR for RMB loans published by the People's Bank of China on the valuation benchmark date. The cost of capital is calculated by taking the sum of the equipment purchase price, transport and handling fees, installation engineering costs, and preliminary costs, applying an even distribution of funds over the construction period.

F. Determination of the deductible VAT

According to the documents "C.SH. [2016] No. 36, C.SH. [2018] No. 32", and the "Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs", as well as relevant local and industry pricing adjustment documents, for those meeting the VAT deduction conditions, the recoverable VAT is deducted from the replacement cost.

Deductible VAT = Equipment purchase price / 1.13 × 13% + (Transport and handling fees + Installation engineering costs) / 1.09 × 9% + (Preliminary and other expenses − Construction unit management fees − Joint test run cost) / 1.06 × 6%

For transportation equipment, the replacement cost is determined based on the market price on the valuation benchmark date, including vehicle purchase tax, licence fees, and other reasonable expenses. The calculation formula for the replacement cost of transportation equipment is as follows:

Replacement cost = Purchase price + Purchase price / (1 + 13%) × 10% + Licence fees − Deductible VAT in the purchase price

For electronic equipment, the replacement cost is determined based on the market purchase price found by inquiry on active online platforms on the base date. If VAT deduction conditions are met, the corresponding VAT is deducted from the replacement cost.

2) Determination of composite depreciation rate

A. For specialised and general machinery, the newness rate is primarily determined based on the equipment's economic lifespan, years of use, and on-site inspections of the equipment's condition and technical status. The remaining useful life is then calculated, and the composite depreciation rate is determined using the following

formula:

Composite depreciation rate = Remaining useful life / (Remaining useful life + Years of use) × 100%

B. For electronic equipment, air conditioning equipment, and other small equipment, the composite depreciation rate is mainly determined based on its economic lifespan. For large electronic equipment, the work environment and operational status are also taken into account. The calculation formula is as follows:

Age-based newness rate = (Economic lifespan - Years of use) / Economic lifespan × 100%

Composite depreciation rate = Age-based newness rate × Adjustment coefficient

C. For vehicles, according to the *Compulsory Motor Vehicle Scrap Standards* (Order No.12 [2012] of the Ministry of Commerce, National Development and Reform Committee, Ministry of Public Security, and Ministry of Ecology and Environment), the theoretical newness rate is determined using vehicle mileage and usage years, based on the lower of the two. For vehicles without a mandatory scrapping period, the remaining useful life method is used. Finally, the lower of the age-based newness rate and mileage-based newness rate is adjusted based on the observation-based newness rate, forming the composite depreciation rate. The calculation formulas are as follows:

Age-based newness rate (no mandatory scrapping age) = Remaining useful life / (Years of use + Remaining useful life) × 100%

Age-based newness rate (with mandatory scrapping age) = (Prescribed service life - Years of use) / Prescribed service life × 100%

Mileage-based newness rate = (Prescribed mileage - Mileage run) / Prescribed mileage × 100%

Composite depreciation rate = MIN (age-based newness rate, mileage-based newness rate) × Adjustment factor

3) Determination of appraised value

Appraised value= Replacement cost × Composite depreciation rate

(7) Construction in progress

Based on the characteristics of construction in progress, the appraised value type, and data collection, the cost method is used for the appraisal.

1) Completed projects

For projects where the main structure is already listed as fixed assets, they are incorporated into the main appraisal. Other completed projects are appraised according to the fixed asset appraisal method.

2) Incomplete projects

For ongoing projects that started within six months of the valuation benchmark date, due to minor price changes, the appraisal is based on the book value of the ongoing construction after verification, and the residual value after deducting unreasonable expenses is used as the appraised value.

For ongoing projects that started more than six months before the valuation benchmark date, if the book value does not include capital costs, the capital costs are added based on the reasonable construction period. If the book value differs significantly from the

price level on the valuation benchmark date, the construction costs are adjusted to the valuation benchmark date price level.

3) Pure expense-based construction projects

Pure expense type ongoing projects have no physical entity. After verifying that the payments made are necessary for future projects or have actual value to the future owners, and confirming that there is no duplicate valuation with related asset projects, the book value after verification is used as the appraised value. Otherwise, the value is treated as zero.

4) Engineering materials: For various materials used in the project, given their relatively recent acquisition dates, their book costs show minimal fluctuation compared to market prices. Therefore, this appraisal adopts the verified book value as the appraised value.

(8) Land use right

According to the requirements of the *Asset Appraisal Practice Standards– Real Estate*, the main appraisal methods for land use rights include the market comparison method, income approach, hypothetical development method, cost method, and benchmark land price method. The appropriate appraisal method is selected based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the above basic appraisal methods.

For this appraisal, the market comparison method and benchmark land price method are used to assess the value of the land use rights being appraised.

1) Market comparison method

The market comparison method refers to the comparison of the subject asset with similar land transaction examples under the same market conditions, using the substitution principle. Adjustments are made for differences in transaction conditions, transaction dates, regional factors, individual factors, floor area ratio, remaining useful life, and other relevant aspects between the two. The method used to determine the price of the subject asset on the valuation benchmark date. The basic formula for the Market Comparison Method is as follows:

$P = PB \times A \times B \times C \times D \times E$

Wherein: P = Appraised value of the land

PB = Price of the comparable transaction

A: Transaction situation index for the appraised land parcel / Transaction situation index for comparative example land parcels;

B: Land price index on the valuation benchmark datefor the appraised land parcel / Land price index on the transaction date for comparative example land parcels;

C: Regional factors condition index for the appraised land parcel / Regional factors condition index for comparative example land parcels;

D: Individual factors condition index for the appraised land parcel / Individual factors condition index for comparative example land parcels;

E: Duration adjustment index of the appraised land parcel / Duration adjustment index of the comparable example land parcels

2) Benchmark land price method

The benchmark land price method uses urban benchmark land prices and benchmark land price adjustment tables to assess the value of land. According to the principle of substitution, the regional and individual conditions of the subject asset are compared with the average conditions of the region, and the corresponding adjustment coefficients are selected from the coefficient adjustment table to modify the benchmark land price. This method determines the value of the subject asset on the valuation benchmark date.

The calculation formula for the Benchmark Land Price Adjustment Method is as follows:

$V = V1 \times (1 \pm \sum K) \times Kr \times Km \times Kq \times Kk$

Wherein: V — The adjusted land price of the appraised land;

V1 — The benchmark land price of land with the same usage in the region where the appraised land is located;

$\sum K$ — The sum of the regional factors and individual factors adjustment coefficients for the appraised land;

Km — The usage period adjustment coefficient;

Kq — The date adjustment coefficient;

Kr — The floor area ratio adjustment coefficient;

Kk — The land development degree adjustment coefficient.

(9) Mining rights

For the mining rights independently mined by Inner Mongolia Energy, the appraisal was separately conducted by China Enterprise Appraisals Co., Ltd. as engaged by CHN Energy Western Energy Investment Co., Ltd. and China Shenhua Energy Company Limited. The mining rights appraisal in this asset appraisal report references the conclusion from the mining rights appraisal report issued by China Enterprise Appraisals Co., Ltd.

(10) Other intangible assets

The other intangible assets included in the appraisal scope, as declared by the enterprise, consist of software, coal production capacity exchange quotas, patents, and software copyrights.

1) Based on the characteristics of the software assets, the appraised value type, and the data collection conditions, the market method is used for the appraisal. Specifically: For recently purchased software, where market prices have remained relatively stable, the appraisal will refer to the tax-exclusive value of the software purchased by the enterprise. For software that is no longer traded in the market but can still be used for its original purpose, the appraised value will be determined by referencing the market price trends of similar software. For software that has been discontinued as of the valuation benchmark dateand will not be restored for future use, the appraised value is zero.

2) For the coal capacity replacement quotas being replaced by the appraised entity, the appraisal is based on the book value.

3) For patents and copyrights, based on the purpose of this appraisal, their application in practice, their technological maturity, applicability, and expected prospects, patents and copyrights which income data is not available are valued using the cost approach.

(11) Development expenditure

The development expenditures included in the appraisal scope are the expenditures incurred by the appraised entity up to the valuation benchmark datethat meet the conditions for capitalisation and are in the development stage. The appraisers reviewed the project technical development contracts, accounting vouchers, invoices, etc. As of the valuation benchmark date, the development expenditure items are still in the research and development stage and have not yet been recognised as intangible assets. For this appraisal, the value is confirmed based on the verified book value.

(12) Long-term deferred expenses

For the appraisal of long-term deferred expenses, the appraisers reviewed all original entry vouchers, contracts, invoices, etc., to verify the authenticity and completeness of the accounting items. After verification, the original amounts for long-term deferred expenses were confirmed to be accurate, and the amortisation balance was correct. The long-term deferred expenses continue to provide corresponding rights or assets during the remaining benefit period, and the appraised value is determined based on the remaining benefit period and the unamortised balance.

(13) Deferred tax assets

The assessors investigated the reasons for the deferred tax asset, reviewed the relevant accounting regulations for recognising deferred tax assets, and verified the accounting vouchers for the deferred tax assets recognised as of the valuation benchmark date. The deferred tax assets are valued at the verified book value.

(14) Other non-current assets

For prepayment for construction and resource exploration expenses under other non-current assets, the appraisers verified relevant contracts, accounting documents, payment invoices, etc., and the verified book value was used as the appraised value.

(15) Liabilities

The liabilities of the appraised entity include short-term borrowings, accounts payable, contract liabilities, employee remuneration payable, taxes payable, other payables, non-current liabilities due within one year, other current liabilities, long-term borrowings, long-term payables, and provisions. The appraisers first checked the consistency between the detailed ledger and the general ledger, and reviewed the individual items. At the same time, they randomly checked the relevant accounting vouchers and other documentation. Based on the random checks of the vouchers, they confirmed whether the book value of the liabilities was accurate, and the verified book value was used as the appraised value.

VIII. Appraisal Process and Procedure

The appraisers carried out the appraisal of the assets and liabilities involved in the appraised object from 9 August 2025 to 16 December 2025. The main appraisal procedures and process are as follows:

i. Acceptance of commission

On 9 August 2025, the Company and the client reached a verbal agreement on the basic matters of the appraisal business, including the purpose of the appraisal, the subject asset, the appraisal scope, the valuation benchmark date, and the rights and obligations of each party. We then agreed upon and drafted the corresponding appraisal plan with the client.

ii. Preliminary preparation

After accepting the engagement, the project team, based on the appraisal purpose, the characteristics of the subject asset, and the time plan, formulated a specific appraisal work plan and formed the appraisal team. Simultaneously, the team drafted a list of required materials and appraisal forms based on the actual needs of the project.

iii. On-site investigation

From 16 August 2025 to 24 September 2025, the appraisers conducted the necessary inventory verification of the assets and liabilities involved in the subject asset, and performed the required due diligence on the operational and management conditions of the appraised entity.

1. Asset verification

(1) Guidance for the appraised entity in completing forms and preparing materials to be provided to the appraisal agency

The evaluators guided the financial and asset management personnel of the appraised entity to accurately complete the assets appraisal detail sheet and checklists based on the self-conducted asset verification, while collecting ownership proof documents and other supporting materials such as performance data, technical indicators, etc.

(2) Preliminary review and completion of the assets appraisal detail sheet

The evaluators reviewed the relevant documents, understood the detailed status of the assets included in the appraisal scope, and then carefully reviewed the "Assets Appraisal Detail Sheet" to check for incomplete or incorrect entries, unclear asset items, and other issues. Based on experience and the gathered information, the evaluators ensured the accuracy of the sheet and provided feedback to the appraised entity to improve them.

(3) On-site inspection

Based on the type, quantity, and distribution of assets included in the appraisal scope, the evaluators, with the cooperation of the relevant personnel of the appraised entity, conducted on-site inspections in accordance with the relevant provisions of the asset appraisal standards. Different inspection methods were applied depending on the nature and characteristics of the various assets.

(4) Supplementing, modifying, and improving the Assets Appraisal Detail Sheet

Based on the results of the on-site inspection and after thorough communication with the relevant personnel of the appraised entity, the evaluators further refined the "Assets Appraisal Detail Sheet" to ensure consistency between the accounts, sheet, and actual assets.

(5) Verification of ownership documentation

The evaluators verified the ownership proof documents for the assets within the appraisal scope, including buildings, vehicles, land use rights, mining rights, and other intangible assets. In cases where ownership information was incomplete or unclear, the evaluators requested the enterprise to verify or provide relevant ownership clarification documents.

2. Due diligence

To fully understand the operational management status and risks faced by the appraised entity, the evaluators conducted necessary due diligence. The main contents of the due diligence were as follows:

(1) The history of the appraised entity, its major shareholders and their shareholding ratios, and the necessary ownership and management structure;

(2) The asset, financial, and operational management status of the appraised entity;

(3) The business plan, development plan, and financial forecast information of the appraised entity;

(4) Previous appraisals and transactions related to the appraised entity;

(5) Macro and regional economic factors affecting the appraised entity's operations;

(6) The development status and prospects of the industry in which the appraised entity operates;

(7) Other relevant information.

iv. Data collection

Based on the specific situation of the appraisal project, the evaluators collected appraisal data from various sources, including direct market information, materials provided by the client and other relevant parties, and documents from government departments, professional institutions, and other relevant agencies. The collected appraisal data was then analyzed, summarised, and organised to form the basis for the appraisal estimate.

v. Appraisal estimate

Based on the specific conditions of the various assets, the evaluators selected the appropriate formulas and parameters according to the chosen appraisal methods, performing analysis, calculations, and judgments to form preliminary appraisal conclusions. The project leader summarised the preliminary conclusions for each asset appraisal and drafted the preliminary asset appraisal report.

vi. Internal review

According to our appraisal business process management regulations, the project leader submitted the preliminary asset appraisal report for internal review after completion. After the internal review, the evaluators communicated with the client or other relevant parties, as agreed, on the contents of the asset appraisal report, ensuring that the independence of the appraisal conclusions was maintained. After completing the above appraisal procedures, the formal asset appraisal report was issued and submitted.

IX. Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

i. It is assumed that all appraisal subjects are already in the transaction process, and the appraisal professionals simulate the market to perform the appraisal based on the transaction conditions of the appraised assets;

ii. It is assumed that for assets traded or to be traded in the market, the parties involved in the asset transaction are in an equal position, with both parties having the opportunity and time to obtain sufficient market information. The transaction is voluntary and rational, with both parties able to make rational judgments regarding the asset's function, purpose, and transaction price;

iii. It is assumed that the appraised assets will continue to be used according to their current usage and mode of operation throughout the remaining service life of the mine;

iv It is assumed that there are no significant changes in the relevant national laws, regulations, and policies, and no significant changes in the political, economic, and social environment in the regions where the parties to the transaction are located;

v. Based on the actual condition of the assets on the valuation benchmark date, it is assumed that the enterprise will continue as a going concern throughout the remaining service life of the mine;

vi. It is assumed that there will be no significant changes in the interest rates, tax bases and rates, or policy-related levies related to the appraised entity after the valuation benchmark date;

vii. It is assumed that the management team of the appraised entity after the valuation benchmark datewill be responsible, stable, and capable of fulfilling their duties;

viii. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

ix. It is assumed that no force majeure or unforeseeable factors will have a significant adverse impact on the appraised entity after the valuation benchmark date;

x. It is assumed that the accounting policies adopted by the appraised entity after the valuation benchmark datewill remain consistent in important aspects with the accounting policies used in preparing this asset appraisal report;

xi. It is assumed that, based on the current management approach and management level, the scope and method of operations of the appraised entity will remain consistent with the present;

xii. It is assumed that the cash inflows of the appraised entity after the valuation benchmark datewill be average inflows, and the cash outflows will be average outflows;

xiii. It is assumed that the market competition conditions for the products or services of the appraised entity will remain the same as at present;

xiv. It is assumed that the mineral resource reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

xv. It is assumed that there will be no significant changes in the mining technology used by the appraised entity in the future;

xvi. It is assumed that in the future, the production and sales of commodity coal will achieve a balance between output and sales;

xvii. It is assumed that the construction projects under development will be completed and connected to the grid on time, and that they will be eligible for relevant tax incentives;

xviii. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation will be equal to the extracted and spent amounts;

xix. As of the valuation benchmark date, the appraised entity enjoys the preferential enterprise income tax policy for the Western Development, with an enterprise income tax rate of 15% from 1 January 2021 to 31 December 2030.

The conclusions of this asset appraisal report are valid under the above assumptions as of the valuation benchmark date. If there are significant changes in these assumptions, the signing asset appraisers and this appraisal agency will not bear responsibility for

deriving different appraisal conclusions due to changes in assumptions.

X. Appraisal Conclusions

i. Income approach appraisal results

As of the valuation benchmark date, the total book value of assets for Guodian Construction Investment Inner Mongolia Energy Co., Ltd. was RMB15,039,443,700; the total book value of liabilities was RMB16,201,807,100; and the net asset book value was RMB-1,162,363,400.

After applying the income approach, the value of the total equity held by the shareholders was RMB7,861,498,800, with an increase of RMB9,023,862,100, representing an appreciation rate of 776.34%.

ii. Asset-based approach appraisal results

As of the valuation benchmark date, the total asset book value of Guodian Construction Investment Inner Mongolia Energy Co., Ltd. is RMB15,039,443,700, with an appraised value of RMB23,927,184,900, an increase of RMB8,887,741,200, representing an appreciation rate of 59.10%. The total liability book value is RMB16,201,807,100, with an appraised value of RMB16,199,557,100, a decrease of RMB225 million, representing a depreciation rate of 0.01%. The net asset book value is RMB-1,162,363,400, with an appraised value of RMB7,727,627,800, an increase of RMB8,889,991,200, representing an appreciation rate of 764.82%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-based Approach

Valuation benchmark date: 31 July 2025 Unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
I. Current Assets	1	118,275.30	119,484.80	1,209.50	1.02
II. Non-Current Assets	2	1,385,669.07	2,273,233.69	887,564.62	64.05
Of which: Long-term equity investments	3	31,045.32	31,702.92	657.60	2.12
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	652,074.95	732,939.65	80,864.70	12.40
Construction in progress	6	148,736.73	155,232.89	6,496.16	4.37
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	224,424.75	1,023,970.93	799,546.17	356.26
Including: Land use right	9	72,838.02	73,755.47	917.45	1.26
Other non-current assets	10	329,387.30	329,387.30	0.00	0.00
Total assets	11	**1,503,944.37**	**2,392,718.49**	**888,774.12**	**59.10**
III. Current Liabilities	12	941,122.33	941,122.33	0.00	0.00
IV. Non-Current Liabilities	13	679,058.37	678,833.37	-225.00	-0.03
Total liabilities	14	**1,620,180.71**	**1,619,955.71**	**-225.00**	**-0.01**
Net assets	15	**-116,236.34**	**772,762.78**	**888,999.12**	**764.82**

iii. appraisal conclusion

The value of the entire shareholders' equity, based on the income approach, is RMB7,861,498,800, while the value based on the asset-based approach is RMB7,727,627,800. The difference between the two methods is RMB133,871,000, representing a variance of 1.73%.

The two appraisal methods consider different perspectives. The asset-based approach determines the value of the subject asset based on a reasonable assessment of the value

of the company's assets and liabilities, considering the approach of asset re-acquisition; whereas the income approach determines the value of the subject asset by discounting the anticipated earnings of the entity, focusing on the company's future earning capacity, and reflecting the comprehensive profitability of the company's assets.

The appraised entity is a coal-power integrated enterprise, with a high proportion of coal sales, and coal prices are significantly affected by national economic policies, coal supply and demand relations, and other factors. Moreover, with the progress of the "carbon peak and carbon neutrality" goals, the thermal power industry faces pressure to reduce energy consumption, cut emissions, and undergo transformation and upgrading. The energy transition strategy sets new positioning requirements for the thermal power sector, pushing thermal power companies to shift from being mere electricity producers to becoming "stabilisers" and "regulators" in the power system. While ensuring the safety of power supply, they also provide support for the large-scale development of renewable energy. These factors introduce considerable uncertainty in predicting future earnings. The coal mining industry is a capital-intensive sector, and the main operating assets of the enterprise are largely dependent on the mineable reserves. The initial investment in fixed assets is significant, and the value of the mining rights has already been appraised by a professional appraisal agency. Therefore, the Asset-Based Approach better reflects the value of the enterprise. The conclusion of this appraisal adopts the results from the Asset-Based Approach.

Based on the above analysis, the appraisal conclusion in this report uses the asset-based approach, resulting in the value of the total equity of the shareholders in Guodian Construction Investment Inner Mongolia Energy Co., Ltd. being RMB7,727,627,800.

XI. Special Matters Statement

The following matters were identified during the appraisal process that may affect the appraisal conclusion but cannot be assessed or estimated by the professional expertise and ability of the evaluators:

i. According to the *Asset Appraisal Law* and the *Guidance on Legal Ownership of Subject Asset*, the client and relevant parties commissioning the asset appraisal business shall be responsible for the authenticity, completeness, and legality of the ownership certificates, financial accounting information, and other materials they provide. The purpose of conducting asset appraisal is to estimate the value of the subject asset and provide professional opinions. Confirming the legal ownership or providing opinions on the legal status of the assets goes beyond the scope of professional asset appraisal. Asset appraisers do not provide guarantees on the legal ownership of the subject asset.

ii. In this asset appraisal report, any discrepancies between the total sum and the sum of individual items in tables or textual representations, where amounts are expressed in ten thousand yuan, are due to rounding.

iii. This appraisal makes use of the audit report numbered Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028118_A01 issued by Ernst & Young Hua Ming LLP on 16 December 2025. We obtained the audit report through legal channels, and after analyzing and reviewing the contents of the audit report in accordance with the relevant asset appraisal standards, we have prudently used the relevant contents of the audit report. The audited financial data in the audit report forms the basis for the asset appraisal. If this financial data changes, the conclusions of this appraisal may become invalid. According to Article 12 of the *Asset Appraisal Practice Standards – Enterprise Value: Asset* appraisers analyse and assess the use of financial statements based on the chosen appraisal methods. However, it is not the responsibility of the asset appraisers

to offer professional opinions on whether the financial statements fairly reflect the financial status, operating results, or cash flow of the appraised entity as of the valuation benchmark date. We only bear responsibility for improper referencing that may arise in the use of the audit report during the appraisal process.

iv. The appraisal of the intangible asset – mining rights within the appraisal scope refers to the appraisal conclusion provided by China Enterprise Appraisals Co., Ltd. in *Appraisal Report on the Mining Right of the Chahasu Coal Mine, Dongsheng Coalfield, Ordos City, Inner Mongolia Autonomous Region* (ZH.Q.H.K.P.B.Z. (2025) No. 1077), issued on 16 December 2025.

During this appraisal process, the appraisers communicated and coordinated with the mining rights appraisers. The mining rights appraisal was carried out using the discounted cash flow method. After verifying the subject asset, appraisal scope, appraisal purpose, valuation benchmark date, and value type of the mining rights appraisal report, we confirmed that they were consistent with those in this asset appraisal report and met the requirements of the economic transaction involved in this report. We directly referenced the appraisal conclusion provided by China Enterprise Appraisals Co., Ltd. for the mining rights value in this report. For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

v. Explanation regarding ownership defects

As of the valuation benchmark date, the 112 buildings included within the appraisal scope have not been registered for property ownership, with a total building area of 293,400.07 square metres. The appraised entity has provided a statement regarding the buildings, confirming that the information is accurate, and that the properties without ownership certificates are indeed owned by the entity, with no ownership disputes. The enterprise has obtained property compliance certification from the relevant local authorities, and there are no substantive obstacles to future certification.

As of the valuation benchmark date, there are 94 invention patents included in the appraisal scope. Among these, 68 patents are in the substantive examination stage and have not yet received patent certificates. The appraised entity has provided a statement confirming the accuracy of the status of these assets.

vi. Explanation regarding assets in an abnormal use state

As of the valuation benchmark date, some of the assets declared within the appraisal scope are in a pending scrap state, as detailed below:

1. Machinery: 111 items declared by the appraised entity, Inner Mongolia Energy, with a book value of RMB4,926,200; Vehicles: three items, with a book value of RMB23,200; Electronic equipment: 263 items, with a book value of RMB93,900. For the above assets pending disposal, the appraisal is based on their recoverable value. Among the software assets, eight items are no longer in use and will not be restored for use in the future, so the appraisal for these assets is zero.

2. Vehicles: 4 items declared for disposal by the appraised entity’s subsidiary, Inner Mongolia Huaxin Guodian Construction Investment Logistics Co., Ltd., with a book value of RMB70,000; Electronic equipment: 22 items, with a book value of RMB15,400. For the above assets pending disposal, the appraisal is based on their recoverable value.

The owning entities have provided a statement confirming the accuracy of the asset information.

vii. Financial leasing matters

1. The appraised entity and Bank of Communications Financial Leasing Co., Ltd. entered into a leasing contract with contract number Jiao Yin Zu Lin Zi No. 20210069, for certain facilities and equipment at the Bulian Power Plant. The contract term runs from April 2021 to April 2026, totaling 5 years, with a principal amount of RMB500,000,000.

2. The appraised entity and Bank of Communications Financial Leasing Co., Ltd. entered into a leasing contract with contract number Jiao Yin Zu Lin Zi No. 20220108, for the boiler body at the Bulian Power Plant. The contract term runs from May 2022 to May 2026, totaling 4 years, with a principal amount of RMB300,000,000.

3. The appraised entity and Guoneng Financial Leasing Co., Ltd. entered into a financial leasing contract with contract number Guo Neng Rong Zu (2023) Hui Zi No. 0106, for certain equipment and facilities. The contract term runs from July 2023 to July 2028, totaling 5 years, with a principal amount of RMB2,020,000,000.

viii. Ongoing litigation matters as of the valuation benchmark date

1. Dispute over the Construction Contract between Anhui Zhong Jue and Inner Mongolia Energy

On 25 August 2024, Anhui Zhong Jue filed an arbitration application with the Ordos Arbitration Commission, requesting (1) a ruling to terminate the *Industrial Waste Subsurface Green Disposal Project Contract signed between Anhui Zhong Jue and Inner Mongolia Energy*, with Inner Mongolia Energy to bear the investment costs of RMB12,808,000 and the resulting loss of RMB3,842,400, totalling RMB16,650,400; (2) the arbitration fees to be borne by Inner Mongolia Energy. As of the valuation benchmark date, no ruling has been made.

2. Dispute over the Construction Contract between Zhejiang Zhongpu and Inner Mongolia Energy

On 11 August 2024, Zhejiang Zhongpu filed an arbitration application with the Ordos Arbitration Commission, requesting (1) a ruling to terminate the *Industrial Waste Subsurface Green Disposal Project Contract signed between Zhejiang Zhongpu and Inner Mongolia Jiantou*, with Inner Mongolia Energy to bear the investment costs of RMB 8,656,300 and the resulting loss of RMB 865,600, totalling RMB9,521,900; (2) Inner Mongolia Energy to bear the costs for house leasing (RMB 200,000), renovation (RMB616,500), and severance of workers (RMB1,084,200), totalling RMB1,900,700; (3) the arbitration fees to be borne by Inner Mongolia Energy. As of the valuation benchmark date, no ruling has been made.

ix. Contingencies

In September 2025, Inner Mongolia Construction Investment Group received a notice from the Ordos Municipal Bureau of Natural Resources, requiring it to complete the payment procedures for the mining rights transfer revenue of the Chahasu Coal Mine. Currently, China Energy Investment Corporation (CEIC) and Inner Mongolia Construction Investment Group are continuously communicating and negotiating with relevant authorities regarding the above-mentioned matters. CEIC has committed that if Inner Mongolia Construction Investment Group subsequently needs to pay supplementary mining rights transfer revenue for the Chahasu Coal Mine (License No.: C1500002024071210157148), CEIC will be responsible for coordinating and resolving this portion of the mining rights transfer revenue.

x. Supplementary information on business license and organizational structure

The appraised entity has undergone changes in its legal representative, business type, articles of association, and organizational structure after the valuation benchmark date. This report discloses information based on the updated details.

Users of the asset appraisal report should pay attention to the impact of the above special matters on the appraisal conclusion.

XII. Limitations on the Use of the Asset Appraisal Report

i. Scope of use of the asset appraisal report

1. The users of the asset appraisal report are the client and other users as specified by national laws and administrative regulations.

2. The appraisal conclusions revealed in the asset appraisal report are only valid for the appraisal purpose of this project.

3. The appraisal conclusions in the asset appraisal report are valid for one year from the valuation benchmark date. The client or other users of the asset appraisal report should use the report within the stated validity period of the appraisal conclusions.

4. Without the written consent of the client, the asset appraisal institution and its asset appraisal professionals shall not disclose or provide the contents of the asset appraisal report to any third party, unless otherwise stipulated by law or administrative regulations.

5. Without the consent of the asset appraisal agency, the contents of the asset appraisal report shall not be copied, quoted, or disclosed in public media, except as required by law, administrative regulations, or as agreed by the relevant parties.

ii. If the client or other users of the asset appraisal report do not use the asset appraisal report in accordance with the laws, administrative regulations, and the usage scope outlined in the asset appraisal report, the asset appraisal agency and its professionals shall not bear any responsibility.

iii. Except for the client, other users of the asset appraisal report as agreed in the asset appraisal contract, and those specified by laws or administrative regulations, no other institution or individual may become a user of the asset appraisal report. This asset appraisal report contains several appendices and appraisal detail forms, all of which are an integral part of this report. However, they are only valid when used together with the main body of the report.

iv. The asset appraisal agency and asset appraisers shall not bear any obligations or responsibilities to users of this report who are not authorised, such as those who obtain the report through presentation or other means, outside the scope of its intended use. They will not provide further consultancy based on this report, nor will they provide testimony or attend hearings in court or other legal proceedings, and they reserve the right to hold non-authorised users liable for any losses incurred as a result.

v. Users of the asset appraisal report shall correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

vi. An asset appraisal report refers to a professional report issued by the asset appraisal agency, based on the law, administrative regulations, and asset appraisal standard requirements, after carrying out the necessary appraisal procedures as entrusted. It reflects the value of the subject asset for a specific purpose on the valuation benchmark

date. This report must be signed by the appraisers responsible for the appraisal and stamped with the asset appraisal agency's official seal. It can only be formally used after being filed with the state-owned asset supervision and management authority or the enterprise that provided funding.

This report is prepared in accordance with the Chinese Asset Appraisal Standards

Asset Appraisal Report on the Appraisal of the Entire Shareholder's Equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

ZH.Q.H.P.B.Z. (2025) No. 6669

(Volume 1 of 1)

China Enterprise Appraisals Co., Ltd.

16 December 2025

Declaration

I. This asset appraisal report is prepared based on the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

II. The asset appraisal agency and its professional appraisers comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and fairness, and bear legal responsibility for the asset appraisal report they issue.

III. The client or other users of the asset appraisal report shall use the report in accordance with the laws, administrative regulations, and the scope of use stated in the asset appraisal report. If the client or other users of the report misuse the report in violation of the foregoing regulations, the asset appraisal agency and its appraisers shall not bear any responsibility.

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by laws or administrative regulations. Other institutions or individuals shall not use this asset appraisal report.

The asset appraisal agency and the appraisers remind the users of the asset appraisal report to correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

IV. The asset and liability lists, and business forecasts related to the subject asset are provided by the client and the appraised entity, and confirmed through their signatures, seals, or other legally permitted means. The client and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

V. The asset appraisers have conducted on-site investigations of the subject asset and the assets involved. They have paid necessary attention to the legal ownership status of the subject asset and its assets, verified the ownership documents, disclosed any discovered issues truthfully, and urged the client and other relevant parties to rectify any property right issues to meet the requirements for issuing the asset appraisal report.

VI. The asset appraisal agency and its appraisers have no current or anticipated interests in the subject asset, nor any current or anticipated interests with the relevant parties, and are unbiased towards the relevant parties.

VII. The analysis, judgment, and results in the asset appraisal report issued by the asset appraisal agency are subject to the assumptions and limitations specified in the report. Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

VIII. The asset valuers' investigation of physical assets such as buildings and structures, equipment, construction in progress, and inventories is generally limited to observation of use and maintenance conditions. Internal, hidden, or difficult-to-access parts are not inspected. We do not possess professional qualifications nor have we been commissioned to conduct technical inspections or appraisals of the internal quality of these assets. Our appraisal is based on the information provided by the client and other relevant parties. If there are defects in the internal quality of these assets, the appraisal conclusions may be affected to varying degrees.

Summary of the Asset Appraisal Report

Important Notice

This summary is extracted from the main text of the asset appraisal report. To understand the details of the appraisal project and properly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read carefully.

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness. The market value of the entire shareholders' equity held by CHN Energy Shaanxi Shenyan Coal Co., Ltd. on the valuation benchmark date has been appraised according to the necessary appraisal procedures. The summary of the asset appraisal report is hereby presented as follows:

Appraisal purpose: China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Shaanxi Shenyan Coal Co., Ltd. on the valuation benchmark date is appraised, providing a value reference for the above economic activities.

Subject asset: The value of the entire shareholders' equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd.

Appraisal scope: All assets and liabilities of CHN Energy Shaanxi Shenyan Coal Co., Ltd.

As of the valuation benchmark date, the assets within the appraisal scope comprised current assets, long-term equity investments, fixed assets, construction in progress, intangible assets, development expenditures, long-term deferred expenses, deferred income tax assets and other non-current assets, with a total book value of RMB12,547,522,000; the liabilities included both current and non-current liabilities, with a total book value of RMB1,797,597,900; and the book value of net assets was RMB10,749,924,100.

Valuation benchmark date: 31 July 2025

Value type: market value

Appraisal methods: Asset-based approach and income approach

Appraisal conclusion: This asset appraisal report adopts the results from the asset-based approach as the appraisal conclusion. The specific appraisal conclusion is as follows:

As of the appraisal date, CHN Energy Shaanxi Shenyan Coal Co., Ltd. had a book value of total assets of RMB12,547,522,000 and an appraised value of RMB20,557,858,000, an increase of RMB8,010,336,000, representing an appreciation rate of 63.84%; the book value of total liabilities stood at RMB1,797,597,900 and the appraised value was RMB1,797,597,900, with no change in value; and the book value of net assets amounted to RMB10,749,924,100 and the appraised value recorded RMB18,760,260,100, an increase of RMB8,010,336,000, representing an appreciation rate of 74.52%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-based Approach

Valuation benchmark date: 31 July 2025 Currency unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	649,414.57	649,543.35	128.78	0.02
Non-current assets	2	605,337.63	1,406,242.45	800,904.82	132.31
Of which: Long-term equity investments	3	3,382.89	4,516.50	1,133.61	33.51
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	214,055.14	289,709.61	75,654.47	35.34
Construction in progress	6	2,953.49	2,974.74	21.25	0.72
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	255,125.51	979,221.00	724,095.49	283.82
Of which: Land use right	9	15,105.34	16,764.78	1,659.44	10.99
Other non-current assets	10	129,820.60	129,820.60	0.00	0.00
Total assets	**11**	**1,254,752.20**	**2,055,785.80**	**801,033.60**	**63.84**
Current liabilities	12	169,665.27	169,665.27	0.00	0.00
Non-current liabilities	13	10,094.52	10,094.52	0.00	0.00
Total liabilities	**14**	**179,759.79**	**179,759.79**	**0.00**	**0.00**
Net assets	**15**	**1,074,992.41**	**1,876,026.01**	**801,033.60**	**74.52**

Unless otherwise stated, all amounts in this report are expressed in Renminbi (RMB).

This asset appraisal report is solely for providing value reference for the economic activities described in the report. The validity period of the appraisal conclusion is one year from the valuation benchmark date.

Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

The content above is extracted from the main text of the asset appraisal report. To understand the details of the appraisal business and correctly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read.

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness, using the asset-based approach and income approach, and follows the necessary appraisal procedures to evaluate the market value of the entire shareholder equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd., relating to China Shenhua Energy Company Limited's proposed issuance of shares and cash payment for asset acquisition, as of 31 July 2025. The asset appraisal information is hereby reported as follows:

I. Client, Appraised Entity, and Other Users of the Asset Appraisal Report as Defined in the Asset Appraisal Engagement Contract

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity is CHN Energy Shaanxi Shenyan Coal Co., Ltd. Other users of the asset appraisal report, as stipulated in the asset appraisal engagement contract, include the higher-level competent authorities of the clients and other parties designated by national laws and regulations to use the asset appraisal report.

i. Profile of clients

1. China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "CHN Energy")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB132,094,661,149.8

Type: Limited liability company (state-owned)

Unified social credit code: 91110000100018267J

Date of incorporation: 23 October 1995

Business term: From 23 October 1995 to indefinite period

Business scope: Management of state-owned assets within the scope authorised by the State Council; investment and management in industries such as coal and other resource-based products, coal-to-liquid, coal chemical, electricity, heat, ports, various transport industries, finance, domestic and foreign trade, logistics, real estate, high technology, and information consultancy; planning, organising, coordinating, and managing the production and operation activities of group companies in the above industries; sales of chemical materials and products (excluding hazardous chemicals), textiles, building materials, machinery, electronic equipment, and office equipment. (Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be

subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

2. China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lyu Zhiren

Registered capital: RMB19,868,519,955

Type: Other joint stock company (listed)

Unified social credit code: 91110000710933024J

Date of incorporation: 8 November 2004

Business term: From 8 November 2004 to indefinite period

Stock code: 601088.SH, 01088.HK

Business scope: Coal mining (validity subject to the expiration of related permits for each mine); wholesale coal business; project investment; coal washing, processing; development and operation of mining products; internal railway transportation; electricity generation; provision of supporting services for coal, railway, and electricity operations; ship repair; development and use of energy and environmental protection technologies, technology transfer, consulting, and services; import and export business; sale of chemical products, chemical materials, building materials, machinery and equipment (excluding hazardous chemicals); property management. (Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

ii. Profile of the appraised entity

1. Company overview

Name: CHN Energy Shaanxi Shenyan Coal Co., Ltd. (hereinafter referred to as "Shenyan Coal")

Domicile: Office Building of Xiwan Open-cut Coal Mine, Xijing 3rd Road, Yushen Industrial Park, Shenmu City, Yulin City, Shaanxi Province

Legal representative: Huang Xiangming

Registered capital: RMB2,738,974,000

Type: Other limited liability company

Unified social credit code: 91610800694936013W

Date of incorporation: 2 November 2009

Business term: From 2 November 2009 to 1 November 2039

Business scope: General items: Sale of coal and coal products; coal washing and selection; earth and stone works construction; land use rights leasing; non-residential real estate leasing; mechanical equipment research and development; repair of special

equipment; mechanical equipment leasing; agricultural machinery leasing; agricultural professional and auxiliary activities; intelligent agricultural management; landscaping engineering construction; general goods storage and warehousing services (excluding hazardous chemicals and other items requiring permit approval); refined oil storage (excluding hazardous chemicals); sewage treatment and recycling; water resource management (unless otherwise required by law to obtain approval, operating activities are conducted independently with the business licence in accordance with the law). Licenced items: Coal mining; production and supply of tap water (operating activities can only be carried out after approval by relevant departments for items subject to approval in accordance with the law. Specific business items are subject to approval results).

2. Shareholders, their shareholding ratios and equity changes

Shaanxi Shenyan Coal Co., Ltd. (former name of Shenyan Coal) was established on 2 November 2009, with capital contributions from Shenhua Group Co., Ltd. and Shaanxi Yanchang Petroleum (Group) Co., Ltd., with a registered capital of RMB1,440,000,000. At the time of its establishment, the company's equity structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	Shenhua Group Co., Ltd.	73,440.00	51.00	Currency
2	Shaanxi Yanchang Petroleum (Group) Co., Ltd.	70,560.00	49.00	Currency
Total		**144,000.00**	**100.00**	/

In July 2013, the company increased its registered capital from RMB1,440,000,000 to RMB2,180,000,000 according to the resolution of the shareholders' meeting. Of which, Shenhua Group Co., Ltd. contributed an additional RMB377,400,000 in monetary form, and Shaanxi Yanchang Petroleum (Group) Co., Ltd. contributed an additional RMB362,600,000 in monetary form. After this change, the company's shareholding structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	Shenhua Group Co., Ltd.	111,180.00	51.00	Currency
2	Shaanxi Yanchang Petroleum (Group) Co., Ltd.	106,820.00	49.00	Currency
Total		**218,000.00**	**100.00**	/

In August 2016, according to the *Approval Regarding the Transfer of Equity in Shaanxi Shenyan Coal Co., Ltd.* (SH.Y.Q.F. [2016] No. 32) issued by Shaanxi Yanchang Petroleum (Group) Co., Ltd., Shaanxi Yanchang Petroleum (Group) Co., Ltd. transferred 49.00% of its equity in Shenyan Coal to Shaanxi Yanchang Petroleum and Mining Co., Ltd. After this change, the company's shareholding structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	Shenhua Group Co., Ltd.	111,180.00	51.00	Currency
2	Shaanxi Yanchang Petroleum and Mining Co., Ltd.	106,820.00	49.00	Currency
Total		**218,000.00**	**100.00**	/

In November 2017, the shareholder of the appraised entity, Shenhua Group Co., Ltd., was renamed to China Energy Investment Corporation Co., Ltd. After this change, the company's shareholding structure was as follows:

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No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	China Energy Investment Corporation Co., Ltd.	111,180.00	51.00	Currency
2	Shaanxi Yanchang Petroleum and Mining Co., Ltd.	106,820.00	49.00	Currency
Total		**218,000.00**	**100.00**	/

In October 2020, Shaanxi Shenyan Coal Co., Ltd. was renamed to CHN Energy Shaanxi Shenyan Coal Co., Ltd. according to the resolution of the shareholders' meeting.

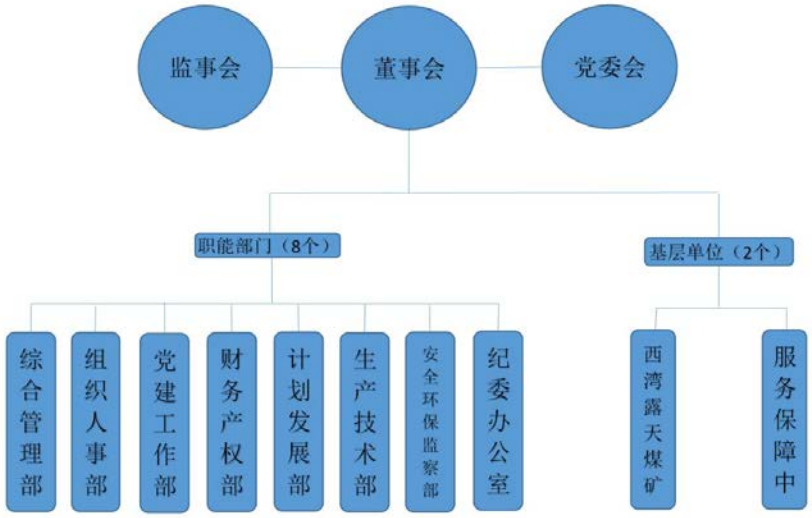
In November 2023, according to the resolution of the shareholders' meeting and the capital increase agreement, China Energy Investment Corporation Co., Ltd. contributed RMB35,914,000, of which RMB11,179,000 was used to subscribe for the newly increased registered capital of Shenyan Coal, and the remaining RMB24,735,000 was included in the capital reserve of Shenyan Coal. After the capital increase, it held a 41.00% equity interest in Shenyan Coal. Shenmu State-owned Capital Investment and Operation Group Co., Ltd. contributed RMB659,927,000, of which RMB205,423,000 was used to subscribe for the newly increased registered capital of Shenyan Coal, and the remaining RMB454,504,000 was included in the capital reserve of Shenyan Coal. After the capital increase, it held a 7.50% equity interest in Shenyan Coal. Shaanxi Yushen Energy Development and Construction Group Co., Ltd. contributed RMB615,932,000, of which RMB191,728,000 was used to subscribe for the newly increased registered capital of Shenyan Coal, and the remaining RMB424,204,000 was included in the capital reserve of Shenyan Coal. After the capital increase, it held a 7.00% equity interest in Shenyan Coal. Yulin Yuyang District Energy Investment Co., Ltd. contributed RMB483,947,000, of which RMB150,644,000 was used to subscribe for the newly increased registered capital of Shenyan Coal, and the remaining RMB333,303,000 was included in the capital reserve of Shenyan Coal. After the capital increase, it held a 5.50% equity interest in Shenyan Coal. After the completion of the above-mentioned capital increases, the registered capital of Shenyan Coal increased to RMB2,738,974,000. After this change, the company's shareholding structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	China Energy Investment Corporation Co., Ltd.	112,297.90	41.00	Currency
2	Shaanxi Yanchang Petroleum and Mining Co., Ltd.	106,820.00	39.00	Currency
3	Shaanxi Yushen Energy Development and Construction Group Co., Ltd.	19,172.80	7.00	Currency
4	Shenmu State-owned Capital Investment and Operation Group Co., Ltd.	20,542.30	7.50	Currency
5	Yulin Yuyang District Energy Investment Co., Ltd.	15,064.40	5.50	Currency
Total		**273,897.40**	**100.00**	/

As of the valuation benchmark date, Shenyan Coal's shareholding structure has remained unchanged.

3. Ownership and management structure of the company

As of the valuation benchmark date, the organisational structure of the appraised entity was as follows:



监事会	Board of Supervisors
董事会	Board of Directors
党委会	Party Committee
职能部门（8 个）	Functional departments (8)
综合管理部	General Management Department
组织人事部	Organisation and Human Resources Department
党建工作部	Party Building Work Department
财务产权部	Financial and Property Rights Department
计划发展部	Planning and Development Department
生产技术部	Production Technology Department
安全环保监察部	Safety & Environmental Supervision Department
纪委办公室	Discipline Inspection Office
基层单位（2 个）	Grassroots units (2)
西湾露天煤矿	Xiwan Open-cut Coal Mine
服务保障中心	Service Support Centre

As of the valuation benchmark date, the appraised entity has one affiliated long-term equity investment unit, as detailed below:

Name of investee	Investment date	Shareholding (%)	Investment cost (RMB'0,000)	Book value (RMB'0,000)
Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd.	October 2015	30.00	1,500.00	3,382.89

4. Asset, financial and operating status for the last two years and the current period

The financial status of the appraised entity for the most recent two years and the current period was as follows:

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	1,138,400.55	1,130,947.12	1,254,752.20
Total liabilities	498,709.67	204,592.18	179,759.79
Owner's equity	639,690.87	926,354.94	1,074,992.41

The operational status of the appraised entity for the most recent two years or and the current period was as follows:

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	682,422.38	705,933.94	358,510.33
Total profits	324,310.33	342,984.61	166,385.99
Net profit	273,205.66	286,943.04	140,161.07

The financial statements of the appraised entity as of the appraisal date and for the years 2024 and 2023 have been audited by Ernst & Young Hua Ming LLP , which expressed standard unqualified audit opinions.

5. Relationship between the client and the appraised entity

The clients of this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited, and the appraised entity is CHN Energy Shaanxi Shenyan Coal Co., Ltd, which, along with China Shenhua Energy Company Limited, is a subsidiary of China Energy Investment Corporation Co., Ltd.

iii. Other users of the asset appraisal report as stipulated in the asset appraisal engagement contract

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by national laws and regulations. It shall not be used or relied upon by any third party.

II. Appraisal Purpose

China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Shaanxi Shenyan Coal Co., Ltd. on the valuation benchmark date is appraised, providing a value reference for the above economic activities.

On 1 August 2025, China Energy Investment Corporation Limited held the 18th Chairman's Special Meeting of 2025, and considered and approved the above matters, requested to carry out evaluation work, and form the "Chairman's Special Meeting Minutes".

III. Subject Asset and Appraisal Scope

i. Subject asset

The subject asset is the value of the entire shareholder's equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd.

ii. Appraisal scope

The appraisal scope includes all assets and liabilities of CHN Energy Shaanxi Shenyan Coal Co., Ltd. As of the valuation benchmark date, the assets within the appraisal scope comprised current assets, long-term equity investments, fixed assets, construction in progress, intangible assets, development expenditures, long-term deferred expenses, deferred income tax assets and other non-current assets, with a total book value of RMB12,547,522,000; the liabilities included both current and non-current liabilities, with a total book value of RMB1,797,597,900; and the book value of net assets was RMB10,749,924,100. As of the valuation benchmark date, the appraisal scope is as follows:

Asset Appraisal Report on the Appraisal of the Entire Shareholder's Equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

Unit: RMB'0,000

Item		Book value
Current assets	1	649,414.57
Non-current assets	2	605,337.63
Of which: Long-term equity investments	3	3,382.89
Investment properties	4	0.00
Fixed assets	5	214,055.14
Construction in progress	6	2,953.49
Oil and gas assets	7	0.00
Intangible assets	8	255,125.51
Of which: Land use right	9	15,105.34
Other non-current assets	10	129,820.60
Total assets	**11**	**1,254,752.20**
Current liabilities	12	169,665.27
Non-current liabilities	13	10,094.52
Total liabilities	**14**	**179,759.79**
Net assets	**15**	**1,074,992.41**

The subject and scope of the engaged appraisal align with the subject asset and scope involved in the economic activities. As of the valuation benchmark date, the book values of assets and liabilities within the appraisal scope have been audited by Ernst & Young Hua Ming LLP , which expressed a standard unqualified audit opinion.

iii. Main assets within the appraisal scope are as follows:

The main assets declared by the company to be included in this appraisal include buildings and structures, equipment, long-term equity investments, intangible assets etc. The types and characteristics of the main assets are as follows:

1. Buildings and structures

The buildings and structures declared by the enterprise and included in this appraisal scope were mainly constructed from 2018 to 2025, primarily located in the Xiwan Open-cut Coal Mine industrial area, the coal washing plant, the oil depot area, and the Service Support Centre. The basic details of the buildings and structures are as follows:

(1) Buildings

The buildings and structures declared by the enterprise and included in this appraisal scope total 56 items, which are primarily classified by their use into production, office, residential, and auxiliary buildings. Production buildings mainly include the machine repair workshop, comprehensive water treatment room, transformation and distribution room for the coal storage warehouse, screening and crushing workshop, 110 kV substation, industrial site boiler room, water treatment system including oily wastewater treatment workshop, oil depot fire pump room, and transformation and distribution room. Office buildings mainly include the comprehensive building for outsourced unit, district team office building, newly constructed district team comprehensive building, electromechanical repair comprehensive building, and coal washing plant comprehensive building. Residential buildings mainly include the dormitory building for outsourced unit, No.1 and No. 2 dormitory buildings, combined building of fire garage and dormitory building, Xiwan Open-cut Coal Mine activity centre, and newly constructed staff apartments. Auxiliary buildings mainly include the Xiwan Mine grease warehouse. The building structures are mainly frame structures, brick-concrete structures, and steel structures. The buildings within the appraisal scope are under normal maintenance and management, and are currently in normal use.

As of the valuation benchmark date, none of the aforementioned buildings have obtained property ownership certificates, and the declared total floor area is 103,991.15 square metres. For the buildings that have not been certified, the appraised entity has issued a statement of ownership, confirming that the buildings within the appraisal scope are owned by it, and there are no property disputes.

As of the valuation benchmark date, the land occupied by the aforementioned buildings has been registered with property rights certificates, with certificate numbers SH. (2019) Y.L.SH.B.D.CH.Q. No. 03453 and SH. (2021) Y.L.SH.B.D.CH.Q. No. 09311. The registered owners are Shaanxi Shenyan Coal Co., Ltd. (the former name of the appraised entity). The land is classified as granted, with land use purposes designated as mining land and industrial land, respectively.

(2) Structures and other auxiliary facilities

The structures and other auxiliary facilities mainly include site roads, stripping roads, perimeter walls, lump coal storage, mixed coal storage, screening and crushing bridges from the screening and crushing workshop to the lump coal storage, conveyor bridges from the screening and crushing workshop to the mixed coal storage, transfer buffer warehouse, soil and water conservation greenery, and the first mining pit in the mining area. The types of structures include steel concrete, concrete, asphalt concrete, gravel, earth and stone, plants, iron works, steel structures, and brick masonry. The structures and other auxiliary facilities within the scope of the appraisal are under normal maintenance and management, and are currently in regular use.

The pipes and trenches mainly consist of the stormwater drainage pipes in the mining site, the integrated heating trench in the industrial area, the water pipes from the main industrial site to the external production system, the heating pipe network in the industrial area, the water supply and drainage pipe network in the industrial area, and the open channel in the open-cut mine. The materials used for the pipes are mainly PE, stainless steel pipes, reinforced concrete pipes, UPVC, and welded steel pipes. The pipes and ditches within the appraisal scope are under normal maintenance and management, and are currently in normal use.

2. Equipment

The equipment declared by the enterprise and included in this appraisal scope mainly includes machinery, vehicles, and electronic devices. The specific details are as follows:

(1) Machinery

The machinery declared by the enterprise and included in this appraisal scope totals 1,359 items, purchased and put into use from 2010 to 2025, mainly including comprehensive self-protection devices, M21 belt conveyors, box transformers, automated three-dimensional storage equipment, graders, crawler dozers, hydraulic shovels, 220-ton discharging trucks, 35 cubic meter electric shovels, apron feeders, crushers, and others. As of the valuation benchmark date, the aforementioned equipment was all in normal use.

(2) Vehicles

The vehicles declared by the enterprise and included in this appraisal scope total 134 units, purchased and put into use from 2010 to 2025, mainly including drainage vehicles, Coaster shuttles, mobile crane transport vehicles, water trucks, internal combustion balance-type 20-ton forklifts, Toyota 2,700 off-road vehicles, Coaster minibuses,

generator vehicles, flat trucks, fleet refueling trucks, and passenger buses. As of the valuation benchmark date, seven of the aforementioned vehicles were in a state awaiting scrapping, while the remaining vehicles are in normal use.

As of the valuation benchmark date, except for 44 vehicles used within the site that do not require a driving licence, all other vehicles have been registered with a driving licence, with the registered owner for all being CHN Energy Shaanxi Shenyan Coal Co., Ltd.

(3) Electronic equipment

The electronic equipment declared by the enterprise and included in this appraisal scope totals 1,833 units, purchased and put into use from 2010 to 2025, mainly including various models of computers, printers, air conditioners, surveillance systems, 3D laser scanning and measurement equipment, wireless dispatch cabinets, servers, lump coal storage grading screen modification - grading screens at the coal washing plant, 3D visualisation systems, explosion-proof intercoms, and others. As of the valuation benchmark date, the aforementioned equipment was all in normal use.

3. Long-term equity investments

The long-term equity investment declared by the enterprise and included in this appraisal scope includes one subsidiary with non-controlling interest. The details of the long-term equity investment are shown in the table below:

No.	Investee	Equity percentage (%)	Investment amount (RMB)	Book value (RMB)	Status
1	Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd.	30.00	15,000,000.00	33,828,882.49	Normal

The subscribed capital and paid-in capital of long-term equity investments are shown in the following table:

Unit: RMB'0,000

No.	Investee	Subscribed capital	Paid-in capital
1	Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd.	5,000.00	5,000.00

4. Intangible assets

The intangible assets declared by the company to be included in the appraisal scope include land use rights, mining rights, patent rights, software, software copyrights, and other intangible assets. The specific details are as follows:

(1) Land use rights

The land use rights declared by the enterprise and included in this appraisal scope totals two parcels, both of which have been registered with property rights certificates. Specific details are shown in the table below:

(2) Mining rights

The mining rights declared by the enterprise and included in this appraisal scope include one mining right and one purchase of 2 million tonnes of coal production capacity. The 2 million tonnes of coal production capacity was acquired by the appraised entity through an external purchase in November 2018. The details of the mining right are shown in the table below:

Asset Appraisal Report on the Appraisal of the Entire Shareholder's Equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

No.	Name of mining rights	Licence number	Mining right holder	Mining type	Production scale
1	Xiwan Open-cut Coal Mine Mining Right	C6100002014111110138223	CHN Energy Shaanxi Shenyan Coal Co., Ltd.	Coal	13 million tonnes per year

(3) Patent rights

The patents declared by the enterprise and included in this appraisal scope total 50 items, comprising one invention patent and 49 utility model patents, which primarily cover devices for installing air filters in open-cut mining trucks, electric shovel cable trailing devices, coal mining dust suppression spray systems, water sprinkling dust removal equipment for coal, methods and apparatus for determining data transmission networks, and computer-readable storage media. All of the aforementioned patents were obtained through independent research and development, have been applied in practice, and their annual fees have been paid on time. Among these, one patent is co-owned; the registered owner for ten patents is Shaanxi Shenyan Coal Co., Ltd. (the former name of the appraised entity), and no change registration has yet been completed. Refer to the "Asset-based Approach Appraisal Details Table" for the specific details of aforementioned patents.

Regarding the jointly owned patents and patents whose registered owner's name has not yet been changed, the appraised entity has provided a statement and guarantees that these patents are either solely owned or co-owned with other companies, and there are no ownership disputes or potential disputes. For jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party.

(4) Other intangible assets - software and software copyrights

a) Software

The software declared by the enterprise and included in this appraisal scope totals 44 items, which include the Xiwan Open-cut Coal Mine Centralised Monitoring Platform Project, Xiwan Open-cut Coal Mine Dual Prevention Management Platform, Oil Depot Equipment Installation Engineering Tank Area Process Monitoring System, Shenyan Coal Storage System Mobile Terminal Application Project, Service Support Centre Archive Smart Document Management System, Network Security Level Protection System, Truck Tire Monitoring System, and others. All were acquired by the appraised entity through external purchase and are currently in normal use.

b) Software copyrights

The enterprise declared a total of 6 software copyrights within the appraisal scope, all of which have obtained certificates of rights. These copyrights are solely owned by the appraised entity, with the registered owner being CHN Energy Shaanxi Shenyan Coal Co., Ltd. The software copyrights were all developed and obtained through self-development or outsourced commissioning by the appraised entity. For detailed information, refer to the "Asset-based Appraisal Detailed Report."

iv. Off-balance-sheet assets declared by the enterprise

The off-balance-sheet assets declared by the enterprise and included in this appraisal scope consist of patent rights and software copyrights. Refer to "Main assets within the scope" for details.

v. Relevant assets referenced from the reports

The appraised value of the mining rights in this asset appraisal report was determined with reference to the mining rights appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. The referenced appraisal report is summarised as follows:

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1079
Subject asset	Mining right of CHN Energy Shaanxi Shenyan Coal Co., Ltd. for the Xiwan Open-cut Coal Mine in Shenmu City
Appraisal scope	The scope includes the coordinates defined in the mining licence issued by the Shaanxi Provincial Department of Land and Resources on 16 October 2023 (Licence No.: C6100002014111110138223), as well as the resources within the defined area.
Valuation benchmark date	31 July 2025
Value type	Market Value
Appraisal method	Discounted Cash Flow Method

IV. Value Type

Based on the appraisal purpose, market conditions, and the specific conditions of the subject asset, the value type of the subject asset is determined to be market value.

Market value refers to the estimated value of the subject asset in normal and fair transactions as of the valuation benchmark date, between a willing buyer and a willing seller, each acting rationally and without coercion.

V. Valuation benchmark date

The valuation benchmark date for this report is 31 July 2025.

The valuation benchmark date is determined by the client. The selection of the valuation benchmark date mainly considers the realisation of economic activities and end-of-accounting-period factors. Asset appraisal provides a value reference for assets at a specific point in time. By choosing the end of the accounting period as the valuation benchmark date, it can comprehensively reflect the overall status of the subject assets. At the same time, adhering to the principles of ensuring the appraisal results effectively serve the appraisal purpose, accurately delineating the appraisal scope, conducting precise and efficient verification of assets, and rationally selecting the basis for appraisal, this date was selected as the valuation benchmark date.

VI. Appraisal Basis

i. Basis for economic activities

Minutes of the 18th Chairman's Special Meeting of China Energy Investment Corporation Co., Ltd. in 2025 (1 August 2025);

ii. Legal and regulatory basis

1. *Asset Appraisal Law of the People's Republic of China* (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. *Company Law of the People's Republic of China* (second amendment at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. *Civil Code of the People's Republic of China* (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020)

4. *Securities Law of the People's Republic of China* (second amendment at the 15th Session of the Standing Committee of the 13th National People's Congress on 28

December 2019)

5. L*aw of the People's Republic of China on the State-Owned Assets of Enterprises* (adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on 28 October 2008, effective from 1 May 2009);

6. *Vehicle Purchase Tax Law of the People's Republic of China* (approved at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

7. L*aw of the People's Republic of China on Enterprise Income Tax* (second amendment at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

8. *Law of the People's Republic of China on the Administration of Urban Real Estate* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

9. *Land Administration Law of the People's Republic of China* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

10. *Resource Tax Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019)

11. *Patent Law of the People's Republic of China* (fourth amendment at the 22nd Session of the Standing Committee of the 13th National People's Congress on 17 October 2020);

12. *Copyright Law of the People's Republic of China* (third amendment at the 23rd Session of the Standing Committee of the 13th National People's Congress on 11 November 2020);

13. *Energy Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024, effective from 1 January 2025)

14. *Mineral Resources Law of the People's Republic of China* (amended at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024);

15. *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (amended by State Council Order No. 714 on 23 April 2019);

16. *Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises* (second amendment by State Council Order No. 378 on 2 March 2019);

17. *Interim Regulations of the People's Republic of China on City and Town Land Use Tax* (fourth amendment by State Council Order No. 17 on 2 March 2019);

18. *Interim Regulations on Value-Added Tax of the People's Republic of China* (second amendment by State Council Order No. 134 on 19 November 2017);

19. *Regulations on the Assets Appraisal and Management of State-owned Assets* (amended by State Council Order No. 91 on 29 November 2020);

20. *Interim Measures for the Assessment and Management of Enterprises* (Order No. 12 of the SASAC);

21. *Measures for Supervision and Administration of State-owned Assets of Enterprises* (Order No. 32 of the SASAC and the Ministry of Finance);

22. *Notice on Strengthening the Matters Related to the Appraisal Management of the State-owned Assets* (G.Z.W.CH.Q. [2006] No. 274);

23. *Notice on Matters Related to the Review of Appraisal Report of State-owned Assets of Enterprises* (G.Z.CH.Q. [2009] No. 941);

24. *Guidelines for the Approval of Asset Appraisal Projects in Central Enterprises* (G.Z.F.CH.Q. [2010] No. 71);

25. *Guideline for the Filing for the Appraisal Project of State-owned Assets of Enterprises* (G.Z.F.CH.Q. [2013] No. 64);

26. *Notice on Optimising the Management of Asset Appraisal of State-Owned Enterprises* (G.Z.F.CH.Q.G. [2024] Document No. 8);

27. *Notice on Issuing the Rules for the Implementation of Regulations on the Assets Appraisal and Management of State-owned Assets* (G.Z.B.F. [1992] No. 36);

28. *Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Regarding the National Implementation of VAT Reform* (C.SH. [2008] No. 170);

29. *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner* (C.SH. [2016] No. 36);

30. *Notice of the Ministry of Finance and the State Taxation Administration on Adjusting VAT Rate* (C.SH. [2018] No. 32);

31. *Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China* (Order No. 65 of the Ministry of Finance and the State Administration of Taxation);

32. *Announcement on Policies Relevant to Deepening VAT Reform* (Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs);

33. *Financial Supervision and Management Measures for the Asset Appraisal Industry* (MOF Order No. 86, amended by MOF Order No. 97);

34. *Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 33), *Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 76);

35. *Notice on Further Standardising Bank Letters and Reply Letters* (C.K. [2020] No. 12);

36. *Regulations on the Transfer of State-Owned Land Use Rights* (MLR Order No. 21);

37. *Interim Regulations on Mining Rights Transfer and Assignment Management* (G.T.Z.F. [2000] No. 309);

38. *Notice on the Mining Rights Valuation Management Measures (Trial)* (G.T.Z.F. [2008] No. 174);

39. *Notice of the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration on the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue* (C.Z. [2023] No. 10);

40. *Announcement on the Implementation Criteria for Relevant Issues on Resource Tax* (Announcement [2020] No. 34 of the Ministry of Finance and the State Taxation Administration);

41. *Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on Extending the Corporate Income Tax Policy for the Western Development* (Ministry of Finance Announcement No. 23, 2020);

42. *Measures for the Supervision and Administration of State-Owned Equity in Listed Companies* (SASAC, MOF, and CSRC Order No. 36);

43. Other relevant Laws, regulations, and notices.

iii. Basis of appraisal standards

1. *Basic Rules for Asset Appraisal* (C.Z. [2017] No. 43);

2. *Code of Professional Ethics for Asset Appraisal* (ZH.P.X. [2017] No. 30);

3. *Asset Appraisal Practice Standards – Appraisal Report* (ZH.P.X. [2018] No. 35);

4. *Asset Appraisal Practice Standards – Appraisal Procedures* (ZH.P.X. [2018] No. 36);

5. *Asset Appraisal Practice Standards – Appraisal Methods* (ZH.P.X. [2019] No. 35);

6. *Asset Appraisal Practice Standards – Appraisal Engagement Contract* (ZH.P.X. [2017] No. 33);

7. *Asset Appraisal Practice Standards – Appraisal Archives* (ZH.P.X. [2018] No. 37);

8. *Asset Appraisal Practice Standards – Utilisation of Expert Work and Relevant Reports* (ZH.P.X. [2017] No. 35);

9. *Asset Appraisal Practice Standards – Enterprise Value* (ZH.P.X. [2018] No. 38);

10. *Asset Appraisal Practice Standards – Intangible Assets* (ZH.P.X. [2017] No. 37);

11. *Asset Appraisal Practice Standards – Real Estate* (ZH.P.X. [2017] No. 38);

12. *Asset Appraisal Practice Standards – Machinery and Equipment* (ZH.P.X. [2017] No. 39);

13. *Asset Appraisal Practice Standards – Intellectual Property* (ZH.P.X. [2023] No. 14);

14. *Guidelines for Appraisal Reports of State-owned Enterprise Assets* (ZH.P.X. [2017] No. 42);

15. *Guidelines for Quality Control of Asset Appraisal Institutions* (ZH.P.X. [2017] No. 46);

16. *Guidance on Types of Asset Appraisal Value* (ZH.P.X. [2017] No. 47);

17. *Guidance on Legal Ownership of Subject Asset* (ZH.P.X. [2017] No. 48).

18. *Guidelines on Patent Asset Appraisal* (ZH.P.X. [2017] No. 49);

19. *Guidelines on Copyright Asset Appraisal* (ZH.P.X. [2017] No. 50);

20. *Guidance on Determining Mining Rights Appraisal Parameters* (Chinese Association of Mineral Resources Appraisers, October 2008);

21. *Chinese Mining Rights Appraisal Standards* (Chinese Association of Mineral Resources Appraisers, August 2008);

22. *Chinese Mining Rights Appraisal Standards* (II) (Chinese Association of Mineral Resources Appraisers, September 2010);

23. *Guidance on the Mineral Rights Appraisal Standard issued by the Chinese Association of Mineral Resources Appraisers (CMV 13051-2007) — Determination of Types of Solid Mineral Resource Reserves*.

iv. Basis of ownership

1. State-owned Property Registration Certificates;

2. Real Estate Certificates;

3. Mining Licences;

4. Patent Certificates;

5. Copyright (Intellectual Property) Ownership Documentation;

6. Motor Vehicle Registration Certificates;

7. Relevant Ownership Transfer Contracts;

8. Other relevant ownership certificates.

v. Basis for price determination

1. *Basic Construction Financial Rules* (Ministry of Finance Order No. 81, effective from 1 September 2016);

2. *Regulations on the Management of Construction Costs for Basic Construction Projects* (C.J. [2016] No. 504);

3. *Electromechanical Product Price Information Query System (2025)*;

4. *Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection, effective from 1 May 2013);

5. Guidance on the Implementation of the *Notice of the National Development and Reform Commission on Further Liberalising Professional Service Prices for Construction Projects* (F.G.J.G. [2015] No. 299) (ZH.D.L.D.E. [2015] No. 162);

6. *Ground Building Engineering Consumption Quotas for Coal Construction* (2015, After-tax Base Price);

7. *Coal Construction Cost Quotas and Price Management Regulations* (2015);

8. *Coal Construction Engineering Cost Quotas and Other Regulations for Coal Construction* (NB/T 51064-2016);

9. *Other Costs Standards for Coal Construction* (2015);

10. *Shaanxi Province Construction and Decoration Engineering Consumption Quota*;

11. *Consumption Quota for Installation Works of Shaanxi Province*;

12. *Comprehensive Consumption Quota for Open-cut Stripping Works in Coal Construction* (2015 After-tax Base Price);

13. LPR (loan prime rate) on the valuation benchmark date;

14. Records of on-site inspection by the appraisers and other relevant appraisal information collected;

15. WIND financial terminal;

16. iFinD financial terminal;

17. Project feasibility study reports, project investment estimates, design estimates, and other materials provided by the appraised entity;

18. Relevant engineering budget and final accounts data provided by the enterprise;

19. Engineering contract agreements signed by the enterprise with relevant parties;

20. Payment progress statistics and related payment vouchers for ongoing projects provided by the enterprise;

21. Financial statements, audit reports, and data from previous years provided by the enterprise;

22. Future business plans provided by relevant departments of the enterprise;

23. Market forecast data for the main products of the enterprise for the current and future years;

24. Raw material purchase contracts signed by the enterprise with relevant parties;

25. Other materials related to the asset appraisal.

vi. Other reference sources

1. *Terminology of the Rules for Asset Appraisal 2020* (ZH.P.X. [2020] No. 31);

2. *Expert Guidance No. 8 – Verification in Asset Appraisal* (ZH.P.X. [2019] No. 39);

3. *Expert Guidance No. 12 - Measurement of Rate of Discount for the Enterprise Value by the Income Approach* (ZH.P.X. [2020] No. 38);

4. *Expert Guidance No. 16 – Computer Software Copyright Asset Appraisal* (ZH.P.X. [2023] No. 23);

5. *Common Parameters Manual for Asset Appraisal*;

6. *Regulations for Appraisal on Urban Land* (GB/T 18508-2014);

7. *Regulations for Gradation and Classification on Urban Land* (GB/T 18507-2014);

8. *Current Land Use Classification* (GB/T 21010-2017);

9. *Regulations for Standardised Price of Land* (TD/T 1052-2017);

10. *Technical Specifications for Dynamic Monitoring of Urban Land Prices* (TD/T 1009-2007);

11. *Technical Specifications for the Appraisal of State-owned Construction Land Use Rights* (G.T.Z.T.F. [2018] No. 4);

12. *Code for Real Estate Appraisal* (GB/T 50291-2015);

13. *Building Condition Rating Standards (Trial)* (CH.ZH.Z. [1984] No. 678);

14. *General Requirements for Mineral Exploration* (GB/T 13908-2020);

15. *Specifications for Coal Exploration – Coal* (DZ/T 0215-2020);

16. *Classifications for Mineral Resources and Mineral Reserves* (GB/T 17766-2020);

17. Asset list and appraisal declaration form provided by the appraised entity;

18. Audit Report issued by Ernst & Young Hua Ming LLP ;

19. Mining rights appraisal report issued by China Enterprise Appraisals Co., Ltd.;

20. Information database of China Enterprise Appraisals Co., Ltd.

VII. Appraisal Method

Income approach refers to various appraisal methods that capitalise or discount the expected income of the subject asset to determine its value.

Market approach refers to various appraisal methods that compare the subject asset with comparable references, using the market price of the comparable references as a basis to determine the value of the subject asset.

Asset-based approach refers to an appraisal method where the value of the subject asset is determined based on the balance sheet of the appraised entity or business on the valuation benchmark date, assessing the value of identifiable on-balance-sheet and off-balance-sheet assets and liabilities.

The methods selected for this appraisal are income approach and asset-based approach.

i. Reasons for the selection of appraisal methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the Asset-based Approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the Company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the valued enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, near the valuation benchmark date, there were few comparable transactions such as purchases or mergers involving companies in the same industry in China. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach is not adopted for this appraisal.

ii. Introduction to appraisal methods

1. Income approach

This appraisal for enterprise overall value adopts the discounted cash flow method under the income approach to indirectly determine the entire shareholders' equity value. The overall value of the enterprise is composed of the value of operating assets

generated from normal business activities and the value of non-operating assets unrelated to normal business operations. To determine the value of the operating assets, the discounted enterprise free cash flow model is adopted, which adds the enterprise's free cash flows in several years ahead which are discounted through an appropriate discount rate. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

a) Operational asset value

Operational assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date ;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date ;

F_n: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC);

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

Of which, the free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) + Depreciation and amortisation - Capital expenditures - Increase in working capital

Of which, the discount rate (WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Wherein: k_e: Cost of equity capital;

k_d: Cost of debt capital;

E: Market value of equity;

D: Market value of debt;

t: Tax rate.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: r_f: Risk-free rate of return;

MRP: Market risk premium;

β_L: Systematic risk coefficient of equity;

r_c: Company-specific risk adjustment coefficient.

b) Surplus Asset Value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

c) Non-Operational Asset and Liability Values

Non-operational assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. As of the valuation benchmark date, the non-operating assets of the appraised entity included other receivables, fixed assets in abnormal condition, deferred tax assets, accounts payable, other payables, and expected liabilities. The cost approach was adopted for this appraisal.

d) Long-Term Equity Investment Value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the equity holding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date.

2. Asset-based approach

(1) Current assets

a) Monetary funds, including bank deposits and other monetary funds, were appraised at their verified book value through verification of bank statements and bank confirmations.

b) For accounts receivable and other receivables, the valuers conducted inquiries with the appraised entity regarding its sales credit policies, customer composition and creditworthiness, as well as the historical recovery of accounts receivable. According to the principle of materiality, confirmation letters were sent for large amounts or long-aging receivables, and related contracts and vouchers were randomly checked. Based on the verification of accounts receivable, the evaluators determined the appraised value based on the amount that is likely to be collected for each item. As at the valuation benchmark date, the accounts receivable included in the appraisal scope were expected

to be fully recovered, therefore they were appraised at their verified book value.

c) For prepayments, the valuers conducted inquiries with the relevant personnel of the appraised entity to understand the reasons for the formation of the prepayments and the creditworthiness of the counterparties. In accordance with the principle of materiality, confirmation requests were sent for prepayments significant in amount or have long aging, etc., and a sample check was performed on the corresponding contracts and vouchers. Based on the verification of advance payments, the assessors determined the value by considering the goods or related rights that could be recovered for each payment. As at the valuation benchmark date, the prepayments included in the appraisal scope were expected to be fully recovered, therefore they were appraised at their verified book value.

d) Inventories

For raw materials, the appraised entity used actual cost accounting, including purchase price, related taxes, transportation fees, loading and unloading fees, insurance fees, and other reasonable costs. Due to the setup of the accounting system, the appraised entity could only provide the total inventory details as of the valuation benchmark date and could not split the details according to financial items such as inventory – raw materials, construction in progress – engineering materials, etc. In this appraisal, the total inventory details as of the valuation benchmark date were listed under inventory – raw materials, and the value is appraised based on the book value of the inventory details.

For Finished Products, the appraised entity uses actual cost accounting, including purchase costs, processing costs, and other costs. As of the valuation benchmark date, the finished products are normal sales items. The appraised value is determined based on the sales price at the valuation benchmark date, minus sales expenses, taxes and surcharges, and an appropriate amount of after-tax net profit. The specific appraisal calculation formula is as follows:

Appraised value of finished goods for normal sales = Quantity of finished goods × After-tax unit selling price × (1 - Sales tax and surcharge rate - Selling expense rate - Income tax rate - Net profit margin × Deduction rate)

Under normal circumstances, a reasonable profit deduction rate of 0.5 is applied for normal sales finished products. The sales price for finished products is taken as the average recent sales price of the appraised entity as of the valuation benchmark date.

(2) Long-term equity investments

Hongqi Shenyang Company has performed well in historical annual profits and can cooperate with the relevant appraisal work; therefore, an overall appraisal was conducted. First, the total equity value of the shareholders of the investee was appraised, and then the partial equity value of the shareholders was calculated by multiplying the proportion of the shares held.

(3) Buildings and structures

Based on the characteristics of the various types of building and structure assets, the appraised value type, data collection conditions, and other related factors, as well as the applicability of the appraisal methods, the analysis is as follows:

Since the appraisal target is self-built industrial buildings and auxiliary facilities, the accounting information is relatively complete, and the physical cost can be fully

measured, the cost method can be used for appraisal; there have been no similar real estate leasing cases in the area where the appraisal target is located recently, the income approach cannot be used for appraisal; there have been no similar real estate transaction cases in the area where the appraisal target is located recently and no sufficient comparable examples can be collected, the market approach cannot be used for appraisal. In summary, the cost method is used for appraisal. The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

a) Determination of replacement cost

A. The replacement cost of general buildings and structures generally includes construction and installation engineering fees, pre-construction and other costs, and capital costs. The calculation formula is as follows:

Replacement cost = Construction and installation project cost + Pre-construction and other costs + Capital cost - Deductible VAT

a. Construction and installation project costs

For large, valuable, and important buildings, the construction and installation project costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building's final budget as a basis and calculates the construction and installation project costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and structure simple, the comparable method is used to determine the construction and installation project costs.

b. Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government prescribed fee standards.

c. Capital costs

Capital costs are calculated based on the appraised entity's reasonable construction period, referencing the Loan Prime Rate (LPR) published by the People's Bank of China on the valuation benchmark date. The total sum of construction and installation project costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The reasonable construction period for the appraised entity is 2.5 years. The calculation formula of capital costs is as follows:

Capital cost = (Construction and installation project cost + Pre-construction and other costs) × Reasonable construction period × Interest rate × 1/2

d. Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the full replacement value is reduced by the corresponding VAT.

B. The replacement cost of the first mining pit in the mining area includes construction and installation comprehensive costs, pre-construction and other expenses, and capital costs. The calculation formula is as follows:

Replacement cost = Construction and installation cost + Pre-construction and other costs + Capital costs - Deductible VAT

a. Construction and installation comprehensive costs

The construction and installation project cost was determined based on the physical quantities of work and the latest winning contract price for the enterprise's earth and stone works.

Construction and installation project cost = Earth work cost + Rock blasting cost + Rock transportation cost

b. Pre-construction and other expenses

Pre-construction and other expenses were calculated based on the engineering investment amount of the appraised entity, in accordance with the fee standards set by the industry, national, or local government regulations.

c. Capital costs

The reasonable construction period for the appraised entity is 2.5 years, and the corresponding loan interest rate is 3.19%. The capital cost for the construction period of the first mining pit in the mining area was calculated accordingly.

d. Deductible VAT

According to the provisions of VAT-related documents, for those who meet the conditions for VAT deduction, the replacement cost shall deduct the corresponding VAT.

b) Determination of composite depreciation rate

A. For important buildings (and structures), the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining useful life / (Remaining useful life + Years of use) × 100%

For mining enterprises, the remaining useful life of buildings is closely related to the mine's remaining service life. The remaining useful life is determined based on the lower of the mine's remaining service life and the building's remaining economic lifespan.

B. For low-value buildings (and structures), the composite depreciation rate is mainly determined based on the economic service life. The calculation formula is as follows:

Composite depreciation rate = (Economic lifespan - years of use) / Economic lifespan × 100%

For mining enterprises, the impact of the remaining service life of the mine should also be considered.

C. For the first mining pit in the mining area, it differs from above-ground buildings and structures in that it is a special structure attached to coal resources, closely related to the coal reserves being mined at the coal mine. As the coal resources are extracted, its economic lifespan shortens accordingly. When the coal resources are depleted, its economic lifespan ends.

The underground engineering geological structure is complex, with many unpredictable factors and poor construction conditions. The stability of underground engineering is closely related to its location, the nature of the rock layers, and geological conditions. The service life of underground engineering is determined by the reserves in its service area. Therefore, before determining the composite depreciation rate, the valuers first reviewed the geological reports and coal mine design materials to understand the impact of the position, rock properties, and geological structure of the underground engineering on the project. Second, they conducted on-site inspections of the condition of the first mining pit in the mining area and its maintenance status, and consulted with on-site engineering technicians to check and verify maintenance records and methods. Third, the valuers calculated the years of service based on the completion date of the first mining pit and, using the coal mine's geological reserves, industrial reserves, and recoverable reserves provided by the geological survey department, calculated the remaining service life of the first mining pit in the mining area by level, coal seam, and mining area. Finally, they determined the composite depreciation rate for the first mining pit in the mining area.

c) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

(4) Equipment

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the scope of the appraisal, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost approach is used for these equipment appraisals. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Composite depreciation rate

a) Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows:

A. Machinery

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. At the same time, in accordance with the relevant VAT documents, for equipment that meets the VAT deduction conditions, the replacement cost of the equipment should exclude the corresponding VAT. The equipment replacement cost calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

a. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date . For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

b. Transport and handling fees

Transport and handling fees refer to the transportation costs, loading and unloading fees, and other associated costs incurred during the equipment's transportation. If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume. The formula for calculating transport and handling fees is as follows:

Transportation and handling fees = Equipment purchase price × Transport and handling fee rate

If transport and handling fees are already included in the equipment purchase price, no additional calculation is made.

c. Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets (preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parameters Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

d. Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government prescribed fee standards.

e. Capital costs

Capital costs are calculated based on the reasonable construction period of the appraised entity's project, referring to the loan market quotation rate (LPR) published by the National Interbank Funding Centre on the valuation benchmark date. The total cost, including equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, is used as the basis, assuming that the funds are evenly invested. The reasonable construction period for the appraised entity is 2.5 years. The calculation formula of capital costs is as follows:

Capital costs = (Equipment purchase price + Transport and handling costs + Installation engineering fees + Pre-construction and other costs) × Reasonable construction period × Loan interest rate × 1/2

f. Deductible VAT

VAT was calculated based on the relevant documents, such as "C.SH.[2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", "Announcement [2019] No. 39 of the Ministry of Finance, State Taxation Administration, and General Administration of Customs", and the relevant local and industry pricing adjustment documents for deductible VAT. The specific calculation method is as follows:

Deductible VAT = Equipment purchase price / 1.13 × 13% + (Transport and handling fees + Installation engineering fees) / 1.09 × 9% + VAT deductible from pre-construction and other costs

B. Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date , adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and other costs - Deductible VAT

Including:

Vehicle purchase tax = Vehicle purchase cost / (1 +13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the Vehicle Purchase Tax Law of the People's Republic of China; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

C. Electronic equipment

For electronic equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electronic equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

Replacement cost = Electronic equipment purchase price / 1.13

b) Determination of composite depreciation rate

A. For specialised and general machinery, the newness rate is primarily determined based on the equipment's economic lifespan, years of use, and on-site inspections of the equipment's condition and technical status. The remaining useful life is then calculated, and the composite depreciation rate is determined using the following

formula:

Composite depreciation rate = Remaining useful life / (Remaining useful life + Years of use) × 100%

B. For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based newness rate = (Economic lifespan - Years of use) / Economic lifespan × 100%

Composite depreciation rate = Age-based newness rate × Adjustment coefficient

C. For vehicles, according to the *Compulsory Motor Vehicle Scrap Standards* (Order [2012] No.12 of the Ministry of Commerce, National Development and Reform Committee, the Ministry of Public Security, and Environmental Protection Department), the theoretical newness rate is determined using vehicle mileage and usage years, based on the lower of the two. For vehicles without a mandatory scrapping period, the remaining useful life method is used. Finally, a weighted average is calculated between the lower of the age-based newness rate and the mileage-based newness rate, and the observation-based newness rate, to determine the composite depreciation rate. The calculation formula is as follows:

Age-based newness rate (no required useful life) = Remaining useful life / (Years of use + Remaining useful life) × 100%

Age-based newness rate (with required useful life) = (Required useful life - Years of use) / Required useful life × 100%

Mileage-based newness rate = (Standard retirement mileage - Accumulated mileage) / Standard retirement mileage × 100%

Composite depreciation rate = MIN(age-based newness rate, mileage-based newness rate) × 40% + Observation-based newness rate × 60%

c) Determination of the appraised value

Appraised value= Replacement cost × Composite depreciation rate

(5) Construction in progress includes civil works and construction materials. For civil works with a start time more than six months before the valuation benchmark date , if there is little change in the construction and installation project cost during the construction period, the appraisal will be based on the book value, excluding unreasonable costs, plus the capital costs. For construction materials, the appraisal will be confirmed based on the book value.

(6) Intangible assets - land use right

According to the *Asset Appraisal Practice Standards – Real Estate*, the main appraisal methods for land use rights include the market approach, cost method, income approach, hypothetical development method, and benchmark land price method. The choice of appraisal method should be based on the local real estate market development conditions, as well as the specific characteristics of the project and the purpose of the appraisal, to select the appropriate appraisal method. Applicability analysis of appraisal methods is as follows:

Market comparison method: According to market research, there have been many

similar land market transaction cases in the vicinity of the land under appraisal in recent years, and the market method is suitable for the appraisal;

Income method: As the land under appraisal is for enterprise production and operation, its potential income is included in the enterprise's operating profits. However, the accounting of income, costs, and profits from enterprise operations is relatively complex, and it is not easy to determine the profits generated by the land separately. Therefore, the income method is not suitable for the appraisal;

Assumption development method: There are no similar building (structure) transaction cases for proposed projects in the area, and the total price of real estate cannot be reasonably determined. Therefore, the assumption development method is not suitable for the appraisal;

Cost method: The land under appraisal is located in a mature industrial zone, and the cost method cannot consider market transaction factors and cannot reflect the true market value of the land. Therefore, the cost method is not suitable for the appraisal;

Benchmark land price coefficient correction method: The land under appraisal is outside the urban benchmark land price range, therefore the benchmark land price coefficient correction method is not suitable for the appraisal.

A brief introduction to the market approach is as follows:

The market comparison method refers to the comparison of the subject asset with similar land transaction examples under the same market conditions, using the substitution principle. Adjustments are made for differences in transaction conditions, transaction dates, regional factors, individual factors, floor area ratio, remaining useful life, and other relevant aspects between the two. The method used to determine the price of the subject asset on the valuation benchmark date . The basic formula for the Market Comparison Method is as follows:

$P = PB \times A \times B \times C \times D \times E$

Where: P = appraised value of the land

PB: Price of the comparable transaction

A: Transaction situation index for the appraised land parcel / transaction situation index for comparative example land parcels;

B: Land price index on the valuation benchmark date for the appraised land parcel / land price index on the transaction date for comparative example land parcels;

C: Regional factors condition index for the appraised land parcel / regional factors condition index for comparative example land parcels;

D: Individual factors condition index for the appraised land parcel / individual factors condition index for comparative example land parcels;

E: Duration adjustment index of the appraised land parcel / Duration adjustment index of the comparable example land parcels.

(7) Intangible assets - mining rights

a) Mining rights

The appraised value of the mining rights in this asset appraisal report was determined with reference to the mining rights appraisal conclusion issued by China Enterprise

Appraisals Co., Ltd. The summary of the referenced appraisal reports can be found in "Relevant assets referenced from the reports." For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

b) Coal production capacity replacement quotas and interest derived from exploration rights of Xiwan coal mine

For the purchased capacity indicators and interest derived from exploration rights of Xiwan coal mine, these have already been valued as part of the mining rights. Therefore, this appraisal confirmed a value of zero for the capacity indicators.

(8) Intangible assets - patent rights

China's market for technological intangible assets is still in its early stages, collecting relevant fair transaction data is relatively difficult. Therefore, the market approach is not feasible for this assessment. Regarding the patent rights owned by the appraised entity, verification with the entity confirmed that all relevant patent rights were developed during production activities. Some patents were obtained many years ago, and the patent assets are only used briefly in the production and operation of the enterprise, without bringing excess returns or cost savings to the enterprise. Consequently, the income approach was also not feasible for this appraisal. The formula for the cost method is as follows:

Appraised value = Replacement cost × (1 - depreciation rate)

Replacement cost of patents includes agent fee, application fee, printing fee and substantive examination fees, etc.

For self-developed patents, the depreciation rate is determined based on the legal and usable years of intangible assets. The depreciation rate is calculated as follows:

Depreciation rate = (1 - Remaining useful life / Legal useful life) × 100%

(9) Intangible assets - other intangible assets

Based on the characteristics of other intangible assets, the appraisal type, and the data collection, the market approach is adopted for appraisal as follows: a) For software in normal use, since most of the software was not recently purchased, the software adjustment coefficient was determined by referencing the price inflation rate and the average income in the information software industry, which was then used to adjust the original book value to arrive at the software's appraisal; b) for software copyright, as it is formed during the production efforts and is used briefly, without bringing excess profits or cost savings to enterprises, the cost method is used in the appraisal; the formular for the cost method is as follows:

Appraised value = Replacement cost × (1 - depreciation rate)

Replacement cost of software copyright includes agent fee, etc.

For self-developed software copyright, the depreciation rate is determined based on the legal and usable years of intangible assets. The depreciation rate is calculated as follows:

Depreciation rate = (1- Remaining useful life / Legal useful life) × 100%

(10) For development expenditure, the valuers investigated the reasons for the development expenditure and reviewed the original accounting vouchers and other

related materials. The development expenditure was valued based on the verified book value.

(11) For long-term deferred expenses, the valuers investigated the reasons for the long-term deferred expenses and reviewed the relevant accounting vouchers. After verification, the original amount of the long-term deferred expenses was found to be true and accurate, and the amortisation balance was correct. The long-term deferred expenses can still provide corresponding rights or assets during the remaining benefit period, and the appraisal value is determined based on the remaining balance to be amortised over the remaining benefit period.

(12) For deferred tax assets, the valuers investigated the reasons for the deferred tax assets, reviewed the relevant accounting regulations for confirming deferred tax assets, and verified the accounting vouchers for confirming the deferred tax assets as of the valuation benchmark date. The deferred tax assets were determined by multiplying the verified temporary differences by the applicable income tax rate.

(13) For other non-current assets, the valuers investigated and understood the reasons for the occurrence of other non-current assets, and reviewed the relevant accounting vouchers and related documentation. Other non-current assets were valued at their verified book value.

(14) Liabilities

Liabilities of the appraised entity included accounts payable, payroll payable, taxes payable, other payables, non-current liabilities due within one year, and provisions. The appraisers first checked the consistency between the subsidiary accounts and the general ledger, and examined the detailed items. They also sampled relevant accounting vouchers and documents to confirm the accuracy of the debt book values. For current and non-current liabilities, the appraised values are determined based on the actual liabilities borne by the company as verified.

VIII. Implementation Process and Information of the Appraisal Procedure

The appraisers carried out the appraisal of the assets involved in the subject asset from 9 August 2025 to 16 December 2025. The main appraisal procedures and process are as follows:

i. Acceptance of engagement

On 9 August 2025, the client and us reached an agreement on the basic matters of the appraisal, including the appraisal purpose, the subject asset, the appraisal scope, the valuation benchmark date, and the rights and obligations of each party. We then negotiated with the client and developed the corresponding appraisal plan.

ii. Preliminary preparation

After accepting the engagement, the project team, based on the appraisal purpose, the characteristics of the subject asset, and the time plan, formulated a specific appraisal work plan and formed the appraisal team. Simultaneously, the team drafted a list of required materials and appraisal forms based on the actual needs of the project.

iii. On-site investigation

The valuers conducted the necessary verification of the assets and liabilities involved in the appraised entity from 9 August 2025 to 10 September 2025, and carried out the required investigation into the business and management of the appraised entity.

1. Asset verification

(1) Guiding the appraised entity to complete forms and prepare materials to be provided to the asset appraisal institution

The appraisers guided the financial and asset management personnel of the appraised entity to carefully and accurately complete the asset information based on the "Assets Appraisal Detail Sheet" and its requirements, the material checklist, etc., after their own inventory. They also collected and prepared property ownership certificates and documents reflecting performance, condition, economic, and technical indicators of the assets.

(2) Preliminary review and improvement of the Assets Appraisal Detail Sheet

The evaluators reviewed the relevant documents, understood the detailed status of the assets included in the appraisal scope, and then carefully reviewed the "Assets Appraisal Detail Sheet" to check for incomplete or incorrect entries, unclear asset items, and other issues. Based on experience and the gathered information, the evaluators ensured the accuracy of the sheet and provided feedback to the appraised entity to improve them.

(3) On-site inspection

Based on the type, quantity, and distribution of assets included in the appraisal scope, the evaluators, with the cooperation of the relevant personnel of the appraised entity, conducted on-site inspections in accordance with the relevant provisions of the asset appraisal standards. Different inspection methods were applied depending on the nature and characteristics of the various assets.

(4) Supplementing, modifying, and improving the Assets Appraisal Detail Sheet

Based on the results of the on-site inspection and after thorough communication with the relevant personnel of the appraised entity, the evaluators further refined the "Assets Appraisal Detail Sheet" to ensure consistency between the accounts, sheet, and actual assets.

(5) Verification of ownership certificate documents

The evaluators verified the ownership proof documents for the assets within the appraisal scope, including buildings, vehicles, land use rights, mining rights, and other intangible assets. In cases where ownership information was incomplete or unclear, the evaluators requested the enterprise to verify or provide relevant ownership clarification documents.

2. Due diligence

To fully understand the operational and management status of the appraised entity and the risks it faces, the appraisers conducted necessary due diligence. The main contents of the due diligence were as follows:

(1) The history of the appraised entity, its major shareholders and their shareholding ratios, and the necessary ownership and management structure;

(2) The asset, financial, and operational management status of the appraised entity;

(3) The business plan, development plan, and financial forecast information of the appraised entity;

(4) Previous appraisals and transactions related to the appraised entity;

(5) Macro and regional economic factors affecting the production and operation of the appraised entity;

(6) The development status and prospects of the industry in which the appraised entity operates;

(7) Other relevant information.

iv. Data collection

The appraisers collected appraisal materials according to the specifics of the appraisal project, including data independently obtained from markets and other channels, data acquired from the client and other relevant parties, and data from government departments, professional institutions, and other relevant bodies. They then analysed, summarised, and organised the collected materials to form the basis for estimation.

v. Preliminary estimation

Based on the specific conditions of the various assets, the evaluators selected the appropriate formulas and parameters according to the chosen appraisal methods, performing analysis, calculations, and judgments to form preliminary appraisal conclusions. The project leader summarised the preliminary conclusions for each asset appraisal and drafted the preliminary asset appraisal report.

vi. Internal review

According to our company's appraisal business process management regulations, the project leader submitted the preliminary asset appraisal report for internal review after completion. After the internal review, the evaluators communicated with the client or other relevant parties, as agreed, on the contents of the asset appraisal report, ensuring that the independence of the appraisal conclusions was maintained. After completing the above appraisal procedures, the formal asset appraisal report was issued and submitted.

IX. Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

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

ii. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

iii. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner during the service lives of the mines;

iv. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

v. Given the actual status of the assets on the valuation benchmark date , it is assumed that the company will continue operations during the service lives of the mines;

vi. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date ;

vii. It is assumed that the management of the appraised entity after the valuation benchmark date will remain responsible and stable, with the ability to perform their duties;

viii. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

ix. It is assumed that after the valuation benchmark date , there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

x. It is assumed that after the valuation benchmark date , the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

xi. It is assumed that after the valuation benchmark date , the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

xii. It is assumed that after the valuation benchmark date , the appraised entity's cash inflows and cash outflows will be at an average rate;

xiii. According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development* (Announcement [2020] No. 23 of the Ministry of Finance), enterprises meeting the conditions in western China can pay corporate income tax at a reduced rate of 15% from 1 January 2021 to 31 December 2030. Therefore, this appraisal assumed that from August 2025 to 2030, the statutory income tax rate under the income approach would be 15%, and from 2031 onwards, the statutory income tax rate would be 25%;

xiv. It was assumed that starting from 2047, the appraised entity would begin to levy mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C.Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

xv. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts.

xvi. It is assumed that the appraisal was based on the resource reserves within the scope of the mining licence for Xiwan Open-cut Coal Mine that have been reviewed and filed, and that the said mining licence could be successfully renewed upon expiration;

xvii. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

xviii. The mining right for Xiwan Open-cut Coal Mine within this appraisal scope currently has a production capacity indicator gap of 3 million metric tonnes per year. It was assumed in this appraisal that the enterprise would acquire the corresponding production capacity indicators on a compensatory basis, with a cash outflow of RMB140 per metric ton (inclusive of tax) considered in Phase I.

xix. In March 2024, the appraised entity signed a land lease agreement with its subsidiary, Hongqi Shenyan, for a lease term from 15 March 2024 to 14 March 2029. It was assumed that the lease agreement would be renewed under the same terms upon its expiry, extending through to the end of the forecast period.

xx. It is assumed that the High-tech Enterprise Certificate of Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd., subsidiary of the appraised entity, would remain valid until the end of the forecast period following its expiry in December 2027.

xxi. Shaanxi Hongqi Industrial Explosive Group Co., Ltd., shareholder of Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd., a subsidiary of the appraised entity, has obtained a Safe Production Licence for Civil Explosive Materials, valid until 5 May 2028. Shaanxi Hongqi Industrial Explosive Group Co., Ltd. has authorised Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd. to produce civil explosive materials - emulsion explosives (gelatinous) (bulk-loaded), with this authorisation valid until 5 May 2028. In this appraisal it was assumed that the aforementioned Safety Production Licence for Civil Explosive Materials, upon its expiry, could be extended until the end of the forecast period, and that the authorisation granted to Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd., upon its expiry, could likewise be extended until the end of the forecast period.

The conclusions of this asset appraisal report are valid under the above assumptions as of the valuation benchmark date . If there are significant changes in these assumptions, the signing asset appraisers and this asset appraisal agency will not bear responsibility for deriving different appraisal conclusions due to changes in assumptions.

X. Appraisal Conclusion

i. Income Approach Appraisal Results

As of the appraisal date, the book value of the total assets of CHN Energy Shaanxi Shenyan Coal Co., Ltd. was RMB12,547,522,000; the book value of total liabilities was RMB1,797,597,900; and the book value of net assets was RMB10,749,924,100.

Under the income approach, the value of the entire shareholder's equity amounted to RMB18,453,997,800, representing an increase of RMB7,704,073,700, an appreciation rate of 71.67%.

ii. Asset-based Approach Appraisal Results

As of the appraisal date, CHN Energy Shaanxi Shenyan Coal Co., Ltd. had a book value of total assets of RMB12,547,522,000 and an appraised value of RMB20,557,858,000, an increase of RMB8,010,336,000, representing an appreciation rate of 63.84%; the book value of total liabilities stood at RMB 1,797,597,900 and the appraised value was RMB 1,797,597,900, with no change in value; and the book value of net assets amounted to RMB10,749,924,100 and the appraised value recorded RMB18,760,260,100, an increase of RMB8,010,336,000, representing an appreciation rate of 74.52%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-based Approach

Valuation benchmark date: 31 July 2025 Currency unit: RMB'0,000

Asset Appraisal Report on the Appraisal of the Entire Shareholder's Equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	649,414.57	649,543.35	128.78	0.02
Non-current assets	2	605,337.63	1,406,242.45	800,904.82	132.31
Of which: Long-term equity investments	3	3,382.89	4,516.50	1,133.61	33.51
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	214,055.14	289,709.61	75,654.47	35.34
Construction in progress	6	2,953.49	2,974.74	21.25	0.72
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	255,125.51	979,221.00	724,095.49	283.82
Of which: Land use right	9	15,105.34	16,764.78	1,659.44	10.99
Other non-current assets	10	129,820.60	129,820.60	0.00	0.00
Total assets	**11**	**1,254,752.20**	**2,055,785.80**	**801,033.60**	**63.84**
Current liabilities	12	169,665.27	169,665.27	0.00	0.00
Non-current liabilities	13	10,094.52	10,094.52	0.00	0.00
Total liabilities	**14**	**179,759.79**	**179,759.79**	**0.00**	**0.00**
Net assets	**15**	**1,074,992.41**	**1,876,026.01**	**801,033.60**	**74.52**

iii. Appraisal Conclusion

Under the income approach, the value of the entire shareholder's equity was RMB18,453,997,800 under the income approach and RMB18,760,260,100 under the asset-based approach, with a difference of RMB306,262,300 representing a variance rate of 1.63%.

The main reason for the difference in the results from the two methods is that the two approaches consider different perspectives. The asset-based approach is based on the asset replacement method, reflecting the replacement value of the company's existing assets. The income approach, on the other hand, considers the company's profitability, reflecting the comprehensive profitability of the company's assets.

The appraisal conclusion adopts the appraisal results of the asset-based method for the following reasons:

The appraised entity's core business is coal mining and sales, and its key assets are mining rights. In this appraisal, the asset-based approach uses the discounted cash flow method to assess the mining rights, which aligns closely with the approach used in the income approach. Moreover, the appraisal of the mining rights is based on the coal market conditions, using objective market benchmarks. The results from the asset-based approach reflect the contribution of the mining rights to the company's future earnings, therefore the asset-based approach can more objectively reflect the market value of the appraised entity.

Based on the foregoing analysis, this asset appraisal report adopted the result derived from the asset-based approach as its appraisal conclusion, namely, the appraised value of the entire shareholder's equity of CHN Energy Shaanxi Shenyan Coal Co., Ltd. was RMB18,760,260,100.

Due to objective limitations, this asset appraisal report does not take into account any premium or discount that may arise due to control or lack of control, nor does it consider the impact of liquidity on the value of the subject asset.

XI. Special Matters Statement

The following matters were identified during the appraisal process that may affect the appraisal conclusion but cannot be assessed or estimated by the professional expertise

and ability of the evaluators:

i. In this asset appraisal report, if there is a discrepancy between the total values and the sum of the individual items in any tables or written statements (expressed in RMB10,000), it is due to rounding.

ii. This appraisal refers to the Audit Report numbered Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028112 A01 issued by Ernst & Young Hua Ming LLP on 16 December 2025. We obtained the audit report through legal channels, and after analyzing and reviewing the contents of the audit report in accordance with the relevant asset appraisal standards, we have prudently used the relevant contents of the audit report. The audited financial data in the audit report forms the basis for the asset appraisal. If this financial data changes, the conclusions of this appraisal may become invalid. According to Article 12 of the *Asset Appraisal Practice Standards – Enterprise Value*: Asset appraisers analyse and assess the use of financial statements based on the chosen appraisal methods. However, it is not the responsibility of the asset appraisers to offer professional opinions on whether the financial statements fairly reflect the financial status, operating results, or cash flow of the appraised entity as of the valuation benchmark date . We only bear responsibility for improper referencing that may arise in the use of the audit report during the appraisal process.

iii. The appraised value of the Xiwan Coal Mining Rights, an intangible asset within the appraisal scope, was determined with reference to the appraisal conclusion in the *Appraisal Report on Shenmu County Xiwan Open-cut Coal Mine Mining Rights of Shaanxi Shenyan Coal Co., Ltd.* (ZH.Q.H.K.P.B.Z. [2025] No. 1079) issued by China Enterprise Appraisals Co., Ltd. on 16 December 2025.

During this appraisal process, the valuers communicated and coordinated with the mining rights valuers, who adopted the discounted cash flow method for the appraisal of the mining right. After verifying that the mining rights appraisal report's subject asset, scope, purpose, base date, value type, and other aspects were consistent with this asset appraisal report and in line with the requirements of the economic transaction, the mining rights value involved in this appraisal report directly references the appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

iv. According to the *Asset Appraisal Law* and the *Guidance on Legal Ownership of Subject Asset*, the client and relevant parties commissioning the asset appraisal are responsible for the authenticity, completeness, and legality of the ownership certificates, financial accounting information, and other materials they provide. The purpose of conducting asset appraisal is to estimate the value of the subject asset and provide professional opinions. Confirming the legal ownership or providing opinions on the legal status of the assets goes beyond the scope of professional asset appraisal. Asset appraisers do not provide guarantees on the legal ownership of the subject asset.

v. Explanation regarding ownership defects

1. A total of 56 buildings declared by the appraised entity and included in this appraisal scope have not yet obtained property ownership certificates, with a total floor area of 103,991.15 square metres. For the buildings without ownership certificates, the appraised entity has undertaken that these buildings belong to it and that no ownership dispute exists.

2. A total of two land use rights declared by the appraised entity and included in this appraisal scope have both obtained Real Property Certificates, showing Shaanxi Shenyan Coal Co., Ltd. (former name of the appraised entity) as the registered owner. For the above land use rights whose registered owner's name has not yet been changed, the appraised entity has undertaken that the said land use rights are owned by it and that no ownership dispute exists.

3. A total of 50 patents declared by the appraised entity are included within the appraisal scope, comprising one invention patent and 49 utility model patents. Among these, one patent is co-owned; the registered owner for ten patents is Shaanxi Shenyan Coal Co., Ltd. (the former name of the appraised entity), and no change registration has yet been completed. For the above jointly owned patents and patents whose registered owner's name has not yet been changed, the appraised entity has undertaken that the said patents are either solely owned by it or jointly owned with other companies, and that no ownership dispute exists. For jointly owned patents, all parties have the right to apply them in their own production and operations. Therefore, the resulting income and costs are enjoyed and borne by each party. For jointly owned patents, the value of patent rights attributable to the appraised entity in this appraisal was calculated by evenly allocating the total patent value among the number of registered owners.

vi. Explanation regarding assets in an abnormal use state

Certain assets declared by the appraised entity and included in this appraisal scope were pending scrapping. Specifically, there were seven vehicles pending scrapping, with a book value of RMB70,000. For vehicles pending scrapping, the appraisal was based on their recoverable value.

Users of the asset appraisal report should pay attention to the impact of the above special matters on the appraisal conclusion.

XII. Limitations on the Use of the Asset Appraisal Report

i. Scope of use of the asset appraisal report

1. The users of the asset appraisal report are the client and those specified by national laws and administrative regulations.

2. The appraisal conclusion in the asset appraisal report is only valid for the economic activities related to this project.

3. The validity period of the conclusion in the asset appraisal report is one year from the valuation benchmark date . The client or other users of the asset appraisal report should use the report within the stated validity period of the appraisal conclusions.

4. Without the written consent of the client, the asset appraisal agency and its professionals shall not provide or disclose the contents of the asset appraisal report to any third parties, except as required by laws or administrative regulations.

5. Without the consent of the asset appraisal agency, the contents of the asset appraisal report shall not be copied, quoted, or disclosed in public media, except as required by laws, administrative regulations, or as agreed by the relevant parties.

ii. If the client or other users of the asset appraisal report do not use the asset appraisal report in accordance with the laws, administrative regulations, and the use scope outlined in the asset appraisal report, the asset appraisal agency and its professionals shall not bear any responsibility.

iii. Except for the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and those specified by laws or administrative regulations, no other institution or individual may become a user of the asset appraisal report. This asset appraisal report contains several appendices and appraisal detail forms, all of which are an integral part of this report. However, they are only valid when used together with the main body of the report.

iv. The asset appraisal agency and asset appraisers shall not bear any obligations or responsibilities to users of this report who are not authorised, such as those who obtain the report through presentation or other means, outside the scope of its intended use. They will not provide further consultancy based on this report, nor will they provide testimony or attend hearings in court or other legal proceedings, and they reserve the right to hold non-authorised users liable for any losses incurred as a result.

v. Users of the asset appraisal report shall correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

vi. An asset appraisal report refers to a professional report issued by the asset appraisal agency, based on the law, administrative regulations, and asset appraisal standard requirements, after carrying out the necessary appraisal procedures as entrusted. It reflects the value of the subject asset for a specific purpose on the valuation benchmark date . This report must be signed by the appraisers responsible for the appraisal and stamped with the asset appraisal agency's official seal. It can only be formally used after being filed with the state-owned asset supervision and management authority or the enterprise that provided funding.

This report is prepared in accordance with the Chinese Asset Appraisal Standards.

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Shanxi Jinshen Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

ZH.Q.H.P.B.Z.(2025) No. 6670

(Volume 1 of 1)

China Enterprise Appraisals Co., Ltd.

16 December 2025

Declaration

I. This asset appraisal report is prepared based on the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

II. The asset appraisal agency and its professional appraisers comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and fairness, and bear legal responsibility for the asset appraisal report they issue.

III. The client or other users of the asset appraisal report shall use the report in accordance with the laws, administrative regulations, and the scope of use stated in the asset appraisal report. If the client or other users of the report misuse the report in violation of the foregoing regulations, the asset appraisal agency and its appraisers shall not bear any responsibility.

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by laws or administrative regulations. Other institutions or individuals shall not use this asset appraisal report.

The asset appraisal agency and the appraisers remind the users of the asset appraisal report to correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

IV. The asset and liability lists, and business forecasts related to the subject asset are provided by the client and the appraised entity, and confirmed through their signatures, seals, or other legally permitted means. The client and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

V. The asset appraisers have conducted on-site investigations of the subject asset and the assets involved. They have paid necessary attention to the legal ownership status of the subject asset and its assets, verified the ownership documents, disclosed any discovered issues truthfully, and urged the client and other relevant parties to rectify any property right issues to meet the requirements for issuing the asset appraisal report.

VI. The asset appraisal agency and its appraisers have no current or anticipated interests in the subject asset in the asset appraisal report, nor any current or anticipated interests with the relevant parties, and are unbiased towards the relevant parties.

VII. The analysis, judgment, and results in the asset appraisal report issued by the asset appraisal agency are subject to the assumptions and limitations specified in the report. Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

VIII. The asset appraisers' inspection of physical assets such as buildings and structures, shaft and tunnel engineering, equipment, inventory, and other tangible assets is generally limited to observation of use and maintenance conditions. Internal, hidden, or difficult-to-access parts are not inspected. We do not possess professional qualifications nor have we been commissioned to conduct technical inspections or appraisals of the internal quality of these assets. Our appraisal is based on the information provided by the client and other relevant parties. If there are defects in the internal quality of these assets, the appraisal conclusions may be affected to varying degrees.

Summary of the Asset Appraisal Report

Important Notice

This summary is extracted from the main text of the asset appraisal report. To understand the details of the appraisal project and properly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read carefully.

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness. The market value of the entire shareholders' equity held by Shanxi Jinshen Energy Co., Ltd. on the valuation benchmark datehas been appraised according to the necessary appraisal procedures. The summary of the asset appraisal report is hereby presented as follows:

Appraisal purpose: China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity of Shanxi Jinshen Energy Co., Ltd., held by China Energy Investment Corporation Co., Ltd. on the valuation benchmark dateis appraised, providing a value reference for the above economic activities.

Subject asset: The entire shareholders' equity value of Shanxi Jinshen Energy Co., Ltd.

Appraisal scope: The total assets and liabilities of Shanxi Jinshen Energy Co., Ltd.

As of the valuation benchmark date, the assets within the appraisal scope include current assets, long-term equity investments, fixed assets, and intangible assets. The book value of total assets for the parent company was RMB3,349,234,600; liabilities consisted of current liabilities, with the total book value of liabilities amounting to RMB2,379,398,900; the book value of net assets was RMB969,835,700.

As of the valuation benchmark date, the consolidated total assets had a book value of RMB7,704,073,700, with total liabilities amounting to RMB1,189,815,300. The book value of owner’s equity was RMB6514,258,400, of which the equity attributable to the parent company was RMB5,233,925,000.

Valuation benchmark date: 31 July 2025

Value type: Market value

Appraisal methods: Asset-based approach and income approach

Appraisal conclusion: This asset appraisal report adopts the results from the asset-based approach as the appraisal conclusion. The specific appraisal conclusion is as follows:

As of the valuation benchmark date for Shanxi Jinshen Energy Co., Ltd., the parent company’s total assets had a book value of RMB3,349,234,600, with an appraised value of RMB10,095,158,600, showing an increase of RMB6,745,924,000, representing an appreciation rate of 201.42%. The total liabilities had a book value of RMB2,379,398,900, with an appraised value of RMB2,379,398,900, showing no change in value. The net assets had a book value of RMB969,835,700, with an appraised value of RMB7,715,759,700, reflecting an increase of RMB6,745,924,000,

or an appreciation rate of 695.57%. The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-based Approach

Valuation benchmark date: 31 July 2025 Currency unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	251,176.27	251,159.08	-17.19	-0.01
Non-current assets	2	83,747.19	758,356.78	674,609.60	805.53
Of which: Long-term equity investments	3	81,854.81	756,099.46	674,244.65	823.71
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	1,874.29	2,226.99	352.70	18.82
Construction in progress	6	0.00	0.00	0.00	/
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	18.09	30.33	12.25	67.74
Including: Land use right	9	0.00	0.00	0.00	/
Other non-current assets	10	0.00	0.00	0.00	/
Total assets	**11**	**334,923.46**	**1,009,515.86**	**674,592.40**	**201.42**
Current liabilities	12	237,939.89	237,939.89	0.00	0.00
Non-current liabilities	13	0.00	0.00	0.00	/
Total liabilities	**14**	**237,939.89**	**237,939.89**	**0.00**	**0.00**
Net assets	**15**	**96,983.57**	**771,575.97**	**674,592.40**	**695.57**

As of the valuation benchmark datefor Shanxi Jinshen Energy Co., Ltd., the consolidated total assets have a book value of RMB7,704,073,700, with total liabilities amounting to RMB1,189,815,300. The book value of owner's equity was RMB6,514,258,400, of which the equity attributable to the parent company was RMB5,233,925,000. After applying the asset-based approach, the entire shareholders' equity amounted to RMB7,715,759,700, with an increase of RMB2,481,834,700, representing an appreciation rate of 47.42%.

Unless otherwise stated, all amounts in this report are expressed in Renminbi (RMB).

This asset appraisal report is provided only to offer a value reference for the economic transaction described in the report. The validity period of the appraisal conclusions is one year from the valuation benchmark date.

Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

The content above is extracted from the main text of the asset appraisal report. To understand the details of the appraisal business and correctly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read.

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Shanxi Jinshen Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness, using the asset-based approach and income approach, and follows the necessary appraisal procedures to evaluate the market value of the entire shareholder equity of Shanxi Jinshen Energy Co., Ltd., relating to China Shenhua Energy Company Limited's proposed issuance of shares and cash payment for asset acquisition, as of 31 July 2025. The asset appraisal information is hereby reported as follows:

I. Client, Appraised Entity, and Other Users of the Asset Appraisal Report as Defined in the Asset Appraisal Engagement Contract

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Co., Ltd. The appraised entity is Shanxi Jinshen Energy Co., Ltd. Other users of the asset appraisal report, as stipulated in the asset appraisal contract, include the higher supervisory units of the clients and other users as defined by national laws and regulations.

i. Profile of client 1

Name: China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "CHN Energy")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB132,094,661,149.8

Type: Limited liability company (state-owned)

Unified social credit code: 91110000100018267J

Date of incorporation: 23 October 1995

Business term: From 23 October 1995 to indefinite period

Business scope: Management of state-owned assets within the scope authorised by the State Council; investment and management in industries such as coal and other resource-based products, coal-to-liquid, coal chemical, electricity, heat, ports, various transport industries, finance, domestic and foreign trade, logistics, real estate, high technology, and information consultancy; planning, organising, coordinating, and managing the production and business activities of the group companies in the above industries; sales of chemical materials and products (excluding hazardous chemicals), textiles, building materials, machinery, electronic equipment, and office equipment. (Market entities independently choose their business projects and conduct operations. Projects subject to approval must be carried out only after receiving approval from relevant authorities, and no operations may be conducted that are prohibited or

restricted by national or local industrial policies.)(Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

ii. Profile of client 2

Name: China Shenhua Energy Co., Ltd. (hereinafter referred to as "China Shenhua")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lv Zhiren

Registered capital: RMB19,868,519,955

Type: Other joint stock company (listed)

Unified social credit code: 91110000710933024J

Date of incorporation: 8 November 2004

Business term: From 8 November 2004 to indefinite period

Stock code: 601088.SH, 01088.HK

Business scope: Coal mining (validity subject to the expiration of related permits for each mine); wholesale coal business; project investment; coal washing, processing; development and operation of mining products; internal railway transportation; electricity generation; provision of supporting services for coal, railway, and electricity operations; ship repair; development and use of energy and environmental protection technologies, technology transfer, consulting, and services; import and export business; sale of chemical products, chemical materials, building materials, machinery and equipment (excluding hazardous chemicals); property management. (Market entities independently choose their business projects and conduct operations. Projects subject to approval must be carried out only after receiving approval from relevant authorities, and no operations may be conducted that are prohibited or restricted by national or local industrial policies.)(Market entities have the right to select business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; no business activities shall be conducted in projects prohibited and restricted by national and municipal industrial policies.)

iii. Profile of the appraised entity

1. Company overview

Name: Shanxi Jinshen Energy Co., Ltd. (hereinafter referred to as "Jinshen Energy")

Registered Address: No. 2 Heping Lane, Qixiang Road, Xinfu District, Xinzhou

Legal Representative: Huang Hua

Registered Capital: RMB574 million

Type: Limited liability company (state-owned)

Unified Social Credit Code: 91140900767119138D

Date of Incorporation: 20 October 2004

Business Term: From 20 October 2004 to 28 February 2029

Business Scope: The distribution of coal through state-approved coal stations via railway (projects subject to approval can only be carried out after approval from the relevant departments).

2. Shareholders, their shareholding ratios and equity change

Jinshen Energy was established on 20 October 2004, funded by Shenhua Group Co., Ltd. and Shanxi Coal Sales Corporation, with a registered capital of RMB30,000,000. At the time of its establishment, the company's equity structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	Shenhua Group Co., Ltd.	1,470.00	49.00	Currency
2	Shanxi Coal Sales Corporation	1,530.00	51.00	Currency
Total		**3,000.00**	**100.00**	/

In April 2005, the company increased its registered capital from RMB30,000,000 to RMB255,000,000 according to the resolution of the shareholders' meeting. Of the increase, RMB110,250,000 was contributed by Shenhua Group Co., Ltd. in cash, and RMB114,750,000 was contributed by Shanxi Coal Sales Corporation in cash. After this change, the company's shareholding structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	Shenhua Group Co., Ltd.	12,495.00	49.00	Currency
2	Shanxi Coal Sales Corporation	13,005.00	51.00	Currency
Total		**25,500.00**	**100.00**	/

In August 2009, according to a shareholders' meeting resolution, Jinshen Energy's shareholder, Shanxi Coal Sales Corporation, changed its name to Shanxi Coal Sales Group Co., Ltd. due to restructuring; the company’s registered capital increased from RMB255,000,000 to RMB430,000,000. Of the increase, RMB85,750,000 was contributed by Shenhua Group Co., Ltd. in cash, and RMB89,250,000 was contributed by Shanxi Coal Sales Group Co., Ltd. in cash. After this change, the company's shareholding structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	Shenhua Group Co., Ltd.	21,070.00	49.00	Currency
2	Shanxi Coal Sales Group Co., Ltd.	21,930.00	51.00	Currency
Total		**43,000.00**	**100.00**	/

In April 2011, according to a shareholders' meeting resolution, the company’s registered capital was increased from RMB430,000,000 to RMB574,000,000. Of the increase, RMB70,560,000 was contributed by Shenhua Group Co., Ltd. in cash, and RMB73,440,000 was contributed by Shanxi Coal Sales Group Co., Ltd. in cash. After this change, the company's shareholding structure was as follows:

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	Shenhua Group Co., Ltd.	28,126.00	49.00	Currency
2	Shanxi Coal Sales Group Co., Ltd.	29,274.00	51.00	Currency
Total		**57,400.00**	**100.00**	/

In November 2017, the shareholder of Jinshen Energy, Shenhua Group Co., Ltd., changed its name to China Energy Investment Corporation Co., Ltd. After this change, the company's shareholding structure was as follows:

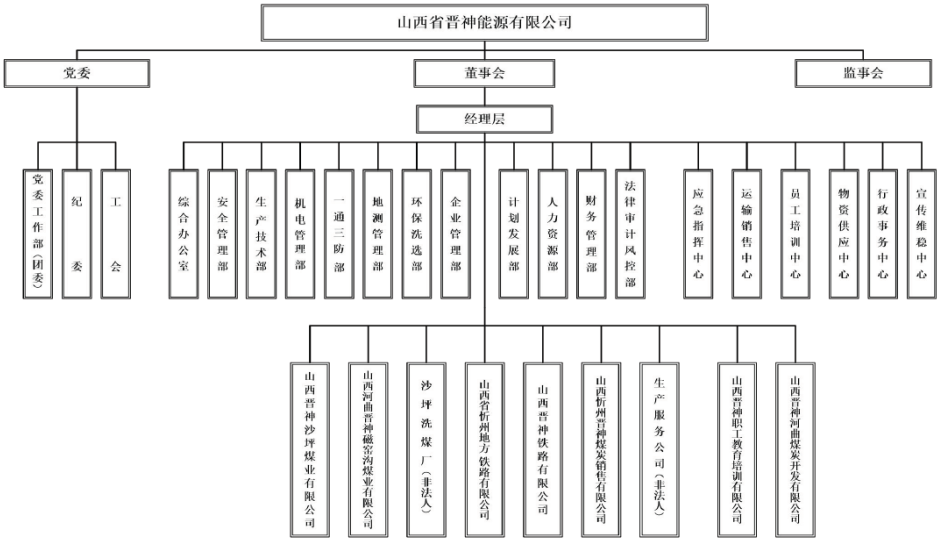
Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of Shanxi Jinshen Energy Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

No.	Name of shareholder	Contribution amount (in RMB'0,000)	Shareholding (%)	Method of capital contribution
1	China Energy Investment Corporation Co., Ltd.	28,126.00	49.00	Currency
2	Shanxi Coal Sales Group Co., Ltd.	29,274.00	51.00	Currency
Total		**57,400.00**	**100.00**	/

As of the valuation benchmark date, Jinshen Energy's shareholding structure has remained unchanged.

3. Ownership and management structure of the company

As of the valuation benchmark date, the organisational structure of the appraised entity was as follows:



山西省晋神能源有限公司	Shanxi Jinshen Energy Co., Ltd.
党委	Party Committee
董事会	Board of Directors
监事会	Board of Supervisors
经理层	Management
党委工作部（团委）	Party Committee Work Department (Youth League Committee)
纪委	Disciplinary Inspection Committee
工会	Labour Union
综合办公室	General Office
安全管理部	Safety Management Department
生产技术部	Production Technology Department
机电管理部	Mechanical and Electrical Management Department
一通三防部	One Pass Three Preventive Department
地测管理部	Geological Survey Management Department
环保洗选部	Environmental Protection and Coal Washing Department
企业管理部	Enterprise Management Department
计划发展部	Planning and Development Department

人力资源部	Human Resources Department
财务管理部	Financial Management Department
法律审计风控部	Legal, Audit, and Risk Control Department
应急指挥中心	Emergency Command Centre
运输销售中心	Transportation Sales Centre
员工培训中心	Employee Training Centre
物资供应中心	Material Supply Centre
行政事务中心	Administrative Affairs Centre
宣传维稳中心	Public Relations and Stability Maintenance Centre
山西晋神沙坪煤业有限公司	Shanxi Jinshen Shaping Coal Industry Co., Ltd.
山西河曲晋神磁窑沟煤业有限公司	Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.
沙坪洗煤厂（非法人）	Shaping Coal Washery (Non-Legal Person)
山西省忻州地方铁路有限公司	Shanxi Xinzhou Local Railway Co., Ltd.
山西晋神铁路有限公司	Shanxi Jinshen Railway Co., Ltd.
山西忻州晋神煤炭销售有限公司	Shanxi Xinzhou Jinshen Coal Sales Co., Ltd.
生产服务公司（非法人）	Production Service Company (Non-Legal Person)
山西晋神职工教育培训有限公司	Shanxi Jinshen Employee Education and Training Co., Ltd.
山西晋神河曲煤炭开发有限公司	Shanxi Jinshen Hequ Coal Development Co., Ltd.

As of the valuation benchmark date, the appraised entity had 7 long-term equity investment subsidiaries, including 6 wholly-owned and controlled subsidiaries, and 1 affiliated subsidiary. The details were as follows:

Unit: RMB'0,000

No.	Investee	Equity percentage (%)	Registered capital	Status	Abbreviation
1	Shanxi Jinshen Hequ Coal Development Co., Ltd.	99.50	1,500.00	In operation	Hequ Development
2	Shanxi Jinshen Railway Co., Ltd.	95.00	2,000.00	In operation	Jinshen Railway
3	Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	60.00	24,000.00	In operation	Ciyaogou Coal Industry
4	Shanxi Xinzhou Jinshen Coal Sales Co., Ltd.	100.00	1,000.00	In operation	Xinzhou Sales
5	Shanxi Jinshen Shaping Coal Industry Co., Ltd.	100.00	8,000.00	In operation	Shaping Coal Industry
6	Shanxi Xinzhou Local Railway Co., Ltd.	100.00	3,000.00	In operation	Xinzhou Railway
7	Jinshen Coal Operations Co., Ltd. under Shanxi Coal Sales Group	49.00	5,000.00	In operation	Jinshen Operations
Total		/	**44,500.00**	/	/

4. Asset, financial, and operating status for the last two years and the current period

The financial condition of the appraised entity over the last two years is as follows (consolidated basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	811,576.96	832,825.16	770,407.37
Total liabilities	186,830.95	190,973.07	118,981.53
Owner's equity	624,746.01	641,852.09	651,425.84
Owner’s equity attributable to the parent company	506,603.40	517,509.42	523,392.50

The financial condition of the appraised entity over the last two years is as follows (parent company basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	427,720.70	399,592.17	334,923.46
Total liabilities	335,419.95	302,734.80	237,939.89
Owner's equity	92,300.75	96,857.37	96,983.57

The operating condition of the appraised entity over the last two years is as follows (consolidated basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	562,521.24	306,003.67	177,068.47
Total profits	251,644.72	85,984.00	15,281.99
Net profit	181,884.44	62,405.07	9,491.61
Owner's net profit attributable to the parent company	139,910.94	40,410.51	3,691.49

The operating condition of the appraised entity over the last two years is as follows (parent company basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	557,252.88	307,903.54	177,022.65
Total profits	146,596.26	34,510.76	133.12
Net profit	144,276.28	33,159.98	126.20

The financial statements of the appraised entity as of the appraisal date and for the years 2024 and 2023 have been audited by Ernst & Young Hua Ming LLP, which expressed standard unqualified audit opinions.

5. Relationship between the client and the appraised entity

The clients of this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Co., Ltd. The appraised entity is Shanxi Jinshen Energy Co., Ltd., a subsidiary partly owned by China Energy Investment Corporation Co., Ltd.

iv. Other users of the asset appraisal report as stipulated in the asset appraisal engagement contract

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by national laws and regulations. It shall not be used or relied upon by any third party.

II. Appraisal Purpose

China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity of Shanxi Jinshen Energy Co., Ltd., held by China Energy Investment Corporation Co., Ltd. on the valuation benchmark dateis appraised, providing a value reference for the above economic activities.

On 1 August 2025, the China Energy Investment Corporation Co., Ltd. convened its 18th Chairman's Special Meeting of 2025. The meeting reviewed and approved the aforementioned matters, mandated the initiation of the appraisal, and produced the “Minutes of the Chairman's Special Meeting”.

III. Subject Asset and Appraisal Scope

i. Subject asset

The subject asset is the entire shareholders' equity value of Shanxi Jinshen Energy Co., Ltd.

ii. Appraisal scope

The appraisal scope includes total assets and liabilities of Shanxi Jinshen Energy Co., Ltd. As of the valuation benchmark date, the assets within the appraisal scope included current assets, long-term equity investments, fixed assets, and intangible assets. The book value of total assets for the parent company was RMB3,349,234,600; liabilities consisted of current liabilities, with the total book value of liabilities amounting to RMB2,379,398,900; the book value of net assets was RMB969,835,700. As of the valuation benchmark date, the appraisal scope was as follows:

Unit: RMB'0,000

Item		Book value
Current assets	1	251,176.27
Non-current assets	2	83,747.19
Of which: Long-term equity investments	3	81,854.81
Investment properties	4	0.00
Fixed assets	5	1,874.29
Construction in progress	6	0.00
Oil and gas assets	7	0.00
Intangible assets	8	18.09
Including: Land use right	9	0.00
Other non-current assets	10	0.00
Total assets	**11**	**334,923.46**
Current liabilities	12	237,939.89
Non-current liabilities	13	0.00
Total liabilities	**14**	**237,939.89**
Net assets	**15**	**96,983.57**

As of the valuation benchmark date, the consolidated total assets had a book value of RMB7,704,073,700, with total liabilities amounting to RMB1,189,815,300. The book value of owner's equity was RMB6,514,258,400, of which the equity attributable to the parent company was RMB5,233,925,000.

The subject and scope of the engaged appraisal align with the subject asset and scope involved in the economic activities. As of the valuation benchmark date, the book values of assets and liabilities within the appraisal scope have been audited by Ernst & Young Hua Ming LLP, which expressed a standard unqualified audit opinion.

iii. Main assets within the appraisal scope are as follows:

The main assets declared by the company to be included in this appraisal include buildings and structures, equipment, long-term equity investments, intangible assets etc. The types and characteristics of the main assets are as follows:

1.Buildings and structures assets

The buildings and structures within the appraisal scope were mainly built between 2012 and 2016, primarily located 200 metres north of the intersection of Changfeng West Street and Qianfeng Road, in the Shangyuan community of Beihai Yicheng, Bohai New Area, and within the appraised entity's plant area. The basic details of the buildings and structures are as follows:

(1) Buildings

The buildings declared by the enterprise and included in this appraisal scope total 8 items, which are primarily classified by their use into office, residential, and other production buildings. Office buildings include one office floor; residential buildings include office buildings 101 and 102 at the Huanghua Port Office; other production buildings include warehouses on the west side of the metal component processing workshop and the metal component processing workshop. The building structures are mainly steel-concrete structures, brick-concrete structures, and steel structures. Except for 2 buildings awaiting scrapping, the other buildings are being properly maintained and managed, and are in normal use.

As of the valuation benchmark date, the registration status of the buildings and the land they occupy was as follows:

No.	Building Name	Property Certificate No.	Property Certificate Holder	Corresponding Land Certificate No.	Land Certificate Holder
1	Office Building, First Floor	Not registered	Not registered	Not registered	Not registered
2	Office Building - Huanghua Port Office 101	H.G.F.Q.ZH.M.Z. No. 015456	Shanxi Jinshen Energy Co., Ltd.	B.H.G.Y. (2007) No. 014	Shanxi Jinshen Energy Co., Ltd.
3	Office Building - Huanghua Port Office 102	H.G.F.Q.ZH.M.Z. No. 015455	Shanxi Jinshen Energy Co., Ltd.	B.H.G.Y. (2007) No. 014	Shanxi Jinshen Energy Co., Ltd.
4	Warehouse West of the Metal Component Processing Workshop	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.
5	Metal Component Processing Workshop	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.
6	Metal Component Processing Workshop Office Renovation Project	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.
7	Crushing Warehouse and Laboratory (Anchorage Agent Workshop)	Not registered	Not registered	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.
8	Old Materials Warehouse	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.	Shanxi (2021) Hequ County Real Property No. 0016941	Shanxi Jinshen Hequ Coal Development Co., Ltd.

Note: Shanxi Jinshen Hequ Coal Development Co., Ltd. is a controlling subsidiary of the appraised entity.

For the buildings without property certificates and those occupying subsidiary land, the appraised entity has provided ownership proof documents, including purchase contracts, accounting vouchers, and construction contracts, to prove that these buildings and structures are owned by it. The appraised entity has issued a statement of ownership and guarantees that the buildings within the appraisal scope are owned by it, with no property disputes. If any ownership issues arise, the appraised entity is willing to bear the legal responsibility.

(2) Structures

The enterprise has declared 2 structures within the appraisal scope, including the yard hardening scattered projects at the metal component processing workshop and the steel shed (material warehouse and parking lot). The structures within the appraisal scope are under normal maintenance and management, and are currently in normal use.

2. Equipment assets

The equipment assets declared by the enterprise and included in this appraisal scope mainly include machinery and equipment, vehicles, and electronic equipment. The specific details are as follows:

(1) Machinery

The enterprise has declared a total of 87 items of machinery and equipment within the appraisal scope, purchased and put into use between 2009 and 2021, including a hydrological dynamic monitoring system, particle pollution counters, iron spectrum analyzers, loaders, overpressure trapezoidal grinders, and anchoring agent semi-automatic production line equipment. As of the valuation benchmark date, 60 of the aforementioned devices were pending scrapping, and 2 items were without physical assets.

(2) Vehicles

The enterprise has declared a total of 7 vehicles within the appraisal scope, purchased and put into use between 2009 and 2018, including Toyota SUVs, Volkswagen off-road Audi sedans, and Touareg 2995CC off-road vehicles. As of the valuation benchmark date, one vehicle, a Nissan pickup truck with licence plate number Jin HBB317, was pending scrapping, while the other vehicles were in normal use.

As of the valuation benchmark date, all of the aforementioned vehicles had been registered with vehicle driving permits, with the certificate holder listed as Shanxi Jinshen Energy Co., Ltd.

(3) Electric equipment

The enterprise has declared a total of 231 electronic devices within the appraisal scope, purchased and put into use between 2008 and 2018. These include various models of computers, printers, office furniture, surveillance equipment, video conferencing systems, and plotters. As of the valuation benchmark date, 115 of these devices were pending scrapping, and 111 were without physical assets.

3. Long-term equity investments

The enterprise has declared a total of 7 long-term equity investments within the appraisal scope, including 6 wholly-owned and controlled subsidiaries, and 1 affiliated subsidiary. The details of the long-term equity investments are shown in the table below:

Unit: RMB'0,000

No.	Investee	Equity percentage (%)	Subscribed capital	Paid-in capital	Investment amount	Book value	Status
1	Shanxi Jinshen Hequ Coal Development Co., Ltd.	99.50	1,492.50	1,492.50	1,492.50	1,492.50	In operation
2	Shanxi Jinshen Railway Co., Ltd.	95.00	1,900.00	1,900.00	1,900.00	1,900.00	In operation
3	Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	60.00	14,400.00	14,400.00	14,400.00	14,400.00	In operation
4	Shanxi Xinzhou Jinshen Coal Sales Co., Ltd.	100.00	1,000.00	1,000.00	1,000.00	1,000.00	In operation
5	Shanxi Jinshen Shaping Coal Industry Co., Ltd.	100.00	8,000.00	8,000.00	8,000.00	8,000.00	In operation
6	Shanxi Xinzhou Local Railway Co., Ltd.	100.00	3,000.00	3,000.00	50,000.00	50,000.00	In operation
7	Jinshen Coal Operations Co., Ltd. under Shanxi Coal Sales Group	49.00	2,450.00	2,450.00	2,450.00	5,062.31	In operation
Total		/	**32,242.50**	**32,242.50**	**79,242.50**	**81,854.81**	/

Among them, the subsidiaries Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. and Shanxi Jinshen Shaping Coal Industry Co., Ltd. each hold mining rights as follows:

No.	Name of mining rights	Licence number	Mining right holder	Mining type	Production scale
1	Shanxi Jinshen Shaping Coal Industry Co., Ltd.	C1400002009121220052426	Shanxi Jinshen Shaping Coal Industry Co., Ltd.	Coal	8 million tonnes per year
2	Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	C1400002009111220045698	Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.	Coal	5 million tonnes per year

4. Intangible assets

The intangible asset declared by the enterprise within the appraisal scope is other intangible assets - software. The software consists of 1 item, the Production Command Centre - Coal Mine Dual Prevention Management Information Platform, which was purchased by the appraised entity and is in normal use.

iv. Off-balance-sheet assets declared by the company

All assets declared by the enterprise within the appraisal scope are on-balance-sheet assets.

v. Relevant assets referenced from other reports

The appraised value of the mining rights in this asset appraisal report was determined with reference to the mining rights appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. The referenced appraisal report is summarised as follows:

(1) Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. - Ciyaogou Coal Mine

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1081
Subject asset	Mining rights of Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.
Appraisal scope	The mining licence issued by the Department of Land and Resources of Shanxi Province on 31 August 2012 (Licence No. C1400002009111220045698) defines the scope and the remaining resource reserves within the boundary coordinates.
valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

(2) Shaping Coal Mine of Shanxi Jinshen Shaping Coal Industry Co., Ltd.

Report No.	ZH.Q.H.K.P.B.Z. [2025] No. 1080
Subject asset	Mining rights of Shanxi Jinshen Shaping Coal Industry Co., Ltd.
Appraisal scope	The mining licence issued by the Natural Resources Department of Shanxi Province on 17 May 2024 (Licence No. C1400002009121220052426) defines the scope and the remaining resource reserves within the boundary coordinates.
valuation benchmark date	31 July 2025
Value Type	Market Value
Appraisal methods	Discounted cash flow method

IV. Value Type

Based on the appraisal purpose, market conditions, and the specific conditions of the subject asset, the value type of the subject asset is determined to be market value.

Market value refers to the estimated value of the subject asset in normal and fair transactions as of the valuation benchmark date, between a willing buyer and a willing seller, each acting rationally and without coercion.

V. valuation benchmark date

The valuation benchmark datefor this report is 31 July 2025.

The valuation benchmark dateis determined by the client. The selection of the valuation benchmark datemainly considers the realisation of economic activities and end-of-accounting-period factors. Asset appraisal provides a value reference for assets at a specific point in time. By choosing the end of the accounting period as the valuation benchmark date, it can comprehensively reflect the overall status of the subject assets. At the same time, adhering to the principles of ensuring the appraisal results effectively serve the appraisal purpose, accurately delineating the appraisal scope, conducting precise and efficient verification of assets, and rationally selecting the basis for appraisal, this date was selected as the valuation benchmark date.

VI. Appraisal Basis

i. Basis for economic activities

Minutes of the 18th Chairman's Special Meeting of the China Energy Investment Corporation Co., Ltd. in 2025 (1 August 2025).

ii. Legal and regulatory basis

1.*Asset Appraisal Law of the People's Republic of China* (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2.*Company Law of the People's Republic of China* (second amendment at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3.*Civil Code of the People's Republic of China* (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020);

4.*Securities Law of the People's Republic of China* (second amendment at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019);

5.*Law of the People's Republic of China on the State-Owned Assets of Enterprises* (adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on 28 October 2008, effective from 1 May 2009);

6.*Vehicle Purchase Tax Law of the People's Republic of China* (approved at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

7.*Law of the People's Republic of China on Enterprise Income Tax* (second amendment at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

8.*Law of the People's Republic of China on the Administration of Urban Real Estate* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

9.Land Administration Law of the People's Republic of China (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

10.*Resource Tax Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019)

11.*Patent Law of the People's Republic of China* (fourth amendment at the 22nd Session

of the Standing Committee of the 13th National People's Congress on 17 October 2020);

12.*Energy Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024, effective from 1 January 2025)

13.*Mineral Resources Law of the People's Republic of China* (amended at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024);

14.*Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* (amended by State Council Order No. 714 on 23 April 2019);

15.*Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises* (second amendment by State Council Order No. 378 on 2 March 2019);

16.*Interim Regulations of the People's Republic of China on City and Town Land Use Tax* (fourth amendment by State Council Order No. 17 on 2 March 2019);

17.*Interim Regulations on Value-Added Tax of the People's Republic of China* (second amendment by State Council Order No. 134 on 19 November 2017);

18.Regulations on the Assets Appraisal *and Management of State-owned Assets* (amended by State Council Order No. 91 on 29 November 2020);

19.I*nterim Measures for the Appraisal and Management of State-Owned Assets of Enterprises* (Order No. 12 of the SASAC);

20.*Measures for Supervision and Administration of State-owned Assets of Enterprises* (Order No. 32 of the SASAC and the Ministry of Finance);

21.*Notice on Strengthening the Matters Related to the Appraisal Management of the State-owned Assets* (G.Z.W.CH.Q. [2006] No. 274);

22.*Notice on Matters Related to the Review of Appraisal Report of State-owned Assets of Enterprises* (G.Z.CH.Q. [2009] No. 941);

23.*Guidelines for the Approval of Asset Appraisal Projects in Central Enterprises* (G.Z.F.CH.Q. [2010] No. 71);

24.*Guideline for the Filing for the Appraisal Project of State-owned Assets of Enterprises* (G.Z.F.CH.Q. [2013] No. 64);

25.*Notice on Optimising the Management of Asset Appraisal of State-Owned Enterprises* (G.Z.F.CH.Q.G. [2024] Document No. 8);

26.*Notice on Issuing the Rules for the Implementation of Regulations on the Assets Appraisal and Management of State-owned Assets* (G.Z.B.F. [1992] No. 36);

27.*Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Regarding the National Implementation of VAT Reform* (C.SH. [2008] No. 170);

28.*Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner* (C.SH. [2016] No. 36);

29.*Notice of the Ministry of Finance and the State Taxation Administration on Adjusting VAT Rate* (C.SH. [2018] No. 32);

30.*Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China* (Order No. 65 of the Ministry of Finance and the State

Administration of Taxation);

31.*Announcement on Policies Relevant to Deepening VAT Reform* (Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs);

32.*Financial Supervision and Management Measures for the Asset Appraisal Industry* (MOF Order No. 86, amended by MOF Order No. 97);

33.*Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 33), *Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 76);

34.*Notice on Further Standardising Bank Letters and Reply Letters* (C.K. [2020] No. 12);

35.*Regulations on the Transfer of State-Owned Land Use Rights* (MLR Order No. 21);

36.*Interim Regulations on Mining Rights Transfer and Assignment Management* (G.T.Z.F. [2000] No. 309);

37.*Notice on the Mining Rights Appraisal Management Measures (Trial)* (G.T.Z.F. [2008] No. 174);

38.*Notice of the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration on the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue* (C.Z. [2023] No. 10);

39.*Announcement on the Implementation Criteria for Relevant Issues on Resource Tax* (Announcement [2020] No. 34 of the Ministry of Finance and the State Taxation Administration);

40.*Announcement of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on Extending the Corporate Income Tax Policy for the Western Development (*Ministry of Finance Announcement No. 23, 2020);

41.Other relevant Laws, regulations, and notices.

iii. Basis of appraisal standards

1.*Basic Rules for Asset Appraisal* (C.Z. [2017] No. 43);

2.*Code of Professional Ethics for Asset Appraisal* (ZH.P.X. [2017] No. 30);

3.*Asset Appraisal Practice Standards – Appraisal Report* (ZH.P.X. [2018] No. 35);

4.*Asset Appraisal Practice Standards – Appraisal Procedures* (ZH.P.X. [2018] No. 36);

5.Asset Appraisal Practice Standards – Appraisal Methods (ZH.P.X. [2019] No. 35);

6.*Asset Appraisal Practice Standards – Engagement Contract* (ZH.P.X. [2017] No. 33);

7.*Asset Appraisal Practice Standards – Appraisal Archives* (ZH.P.X. [2018] No. 37);

8.*Asset Appraisal Practice Standards – Utilisation of Expert Work and Relevant Reports* (ZH.P.X. [2017] No. 35);

9.*Asset Appraisal Practice Standards – Enterprise Value* (ZH.P.X. [2018] No. 38);

10.*Asset Appraisal Practice Standards – Intangible Assets* (ZH.P.X. [2017] No. 37);

11.*Asset Appraisal Practice Standards – Real Estate* (ZH.P.X. [2017] No. 38);

12.*Asset Appraisal Practice Standards – Machinery and Equipment* (ZH.P.X. [2017] No. 39);

13.*Asset Appraisal Practice Standards – Intellectual Property* (ZH.P.X. [2023] No. 14);

14.*Guidelines for Appraisal Reports of State-owned Enterprise Assets* (ZH.P.X. [2017] No. 42);

15.*Guidelines for Quality Control of Asset Appraisal Institutions* (ZH.P.X. [2017] No. 46);

16.*Guidance on Types of Asset Appraisal Value* (ZH.P.X. [2017] No. 47);

17.*Guidance on Legal Ownership of Subject Asset* (ZH.P.X. [2017] No. 48).

18.*Guidelines on Patent Asset Appraisal* (ZH.P.X. [2017] No. 49);

19.*Guidance on Determining Mining Rights Appraisal Parametres* (Chinese Association of Mineral Resources Appraisers, October 2008);

20.*Chinese Mining Rights Appraisal Standards* (Chinese Association of Mineral Resources Appraisers, August 2008);

21.*Chinese Mining Rights Appraisal Standards* (ii) (Chinese Association of Mineral Resources Appraisers, September 2010);

22.*Guiding Opinions on the Mineral Rights Appraisal Standard issued by the Chinese Association of Mineral Resources Appraisers (CMV 13051-2007) — Determination of Types of Solid Mineral Resource Reserves*.

iv. Basis of ownership

1.State-owned Property Registration Certificates;

2.Certificate of Real Estate Ownership, Housing Ownership Certificate, State-owned Land Use Certificate;

3.Mining Licences;

4.Patent Certificates;

5.Motor Vehicle Registration Certificates;

6.Relevant Ownership Transfer Contracts;

7.Other relevant ownership certificates.

v. Basis for price determination

1.*Basic Construction Financial Rules* (Ministry of Finance Order No. 81, effective from 1 September 2016);

2.*Regulations on the Management of Construction Costs for Basic Construction Project*s (C.J. [2016] No. 504);

3.*Electromechanical Product Price Information Query System (2025)*;

4.*Standard for Mandatory Scrapping of Motor Vehicles* (Order No. 12 of 2012 of Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security, Ministry of Environmental Protection, effective from 1 May 2013);

5.*Guiding Opinions on the Implementation of the Notice of the National Development and Reform Commission on Further Liberalising Professional Service Prices for*

Construction Projects (F.G.J.G. [2015] No. 299) (ZH.D.L.D.E. [2015] No. 162);

6.*Ground Building Engineering Consumption Quotas for Coal Construction* (2015, After-tax Base Price);

7.*Coal Construction Cost Quotas and Price Management Regulations* (2015);

8.*Coal Construction Engineering Cost Quotas and Other Regulations for Coal Construction* (NB/T 51064-2016);

9.*Other Costs Standards for Coal Construction* (2015);

10.*Consumption Quotas for Coal Mining Shaft Engineering* (2015, After-tax Base Price);

11.*Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering* (2015, After-tax Base Price);

12.*Shanxi Province Construction and Decoration Engineering Consumption Quotas*;

13.*Consumption Quota for Installation Projects of Shaanxi Province*;

14.*Mechanical Industry Construction Project Budgeting Methods and Various Budgeting Indicators*;

15.LPR (loan prime rate) on the valuation benchmark date;

16.Project feasibility study reports, project investment estimates, design estimates, and other materials provided by the appraised entity;

17.Relevant engineering budget and final accounts data provided by the enterprise;

18.Engineering contract agreements signed by the enterprise with relevant parties;

19.Payment progress statistics and related payment vouchers for ongoing projects provided by the enterprise;

20.Financial statements, audit reports, and data from previous years provided by the enterprise;

21.Future business plans provided by relevant departments of the enterprise;

22.Market forecast data for the main products of the enterprise for the current and future years;

23.Raw material purchase contracts signed by the enterprise with relevant parties;

24.Records of on-site inspection by the appraisers and other relevant appraisal information collected;

25.WIND financial terminal;

26.iFinD financial terminal;

27.Other materials related to the asset appraisal.

vi. Other reference sources

1.*Terminology of the Rules for Asset Appraisal 2020* (ZH.P.X. [2020] No. 31);

2.*Expert Guidance No. 8 – Verification in Asset Appraisal* (ZH.P.X. [2019] No. 39);

3.*Expert Guidance No. 12 - Measurement of Rate of Discount for the Enterprise Value by the Income Approach* (ZH.P.X. [2020] No. 38);

4.*Common Parametres Manual for Asset Appraisal*;

5.*Regulations for Appraisal on Urban Land* (GB/T 18508-2014);

6.*Regulations for Gradation and Classification on Urban Land* (GB/T 18507-2014);

7.*Current Land Use Classification* (GB/T21010-2017);

8.*Regulations for Standardised Price of Land* (TD/T1052-2017);

9.*Technical Specifications for Dynamic Monitoring of Urban Land Prices* (TD/T1009-2007);

10.*Technical Specifications for the Appraisal of State-owned Construction Land Use Rights* (G.T.Z.T.F. [2018] No. 4);

11.*Code for Real Estate Appraisal* (GB/T 50291-2015);

12.*Building Condition Rating Standards (Trial)* (CH.ZH.Z. [1984] No. 678);

13.*General Requirements for Mineral Exploration* (GB/T 13908-2020);

14.*Specifications for coal exploration – Coal* (DZ/T 0215-2020);

15.*Classification*s for Mineral Resources and Mineral Reserves (GB/T 17766-2020);

16.Asset list and appraisal declaration form provided by the appraised entity;

17.Audit Report issued by Ernst & Young Hua Ming LLP ;

18.Mining rights appraisal report issued by China Enterprise Appraisals Co., Ltd.;

19.Information database of China Enterprise Appraisals Co., Ltd.

VII. Appraisal Methods

Income approach refers to various appraisal methods that capitalise or discount the expected income of the subject asset to determine its value.

Market approach refers to various appraisal methods that compare the subject asset with comparable references, using the market price of the comparable references as a basis to determine the value of the subject asset.

Asset-based approach refers to an appraisal method where the value of the subject asset is determined based on the balance sheet of the appraised entity or business on the valuation benchmark date, assessing the value of identifiable on-balance-sheet and off-balance-sheet assets and liabilities.

The methods selected for this appraisal are income approach and asset-based approach.

i. Reasons for the selection of appraisal methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans for the current operations and future development of the company. The future expected

income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the appraised enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, there were few comparable transactions, mergers, or acquisitions within the same industry near the valuation benchmark date. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

ii. Introduction to the appraisal methods

1.Income approach

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the Free Cash Flow Discount Model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

(1) Enterprise overall value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

a) Operating asset value

Operating assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

Fn: The expected free cash flow of the enterprise at the end of the detailed forecast period;

r: The discount rate (weighted average cost of capital, WACC);

n: The detailed forecast period;

i: The i-th year of the detailed forecast period.

Of which, the free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - Capital expenditures - Increase in working capital

Of which, the discount rate (WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Wherein: K_e: Cost of equity capital;

K_d: Cost of debt capital;

E: Market value of equity;

D: Market value of debt;

t: Tax rate.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta_L + r_c$$

Where: rf: Risk-free rate of return;

MRP: Market risk premium;

β_L: Systematic risk coefficient of equity;

r_c: Company-specific risk adjustment coefficient.

b) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The appraised entity's surplus assets include cash. The surplus assets in this appraisal are appraised using the cost method.

c) Non-operating asset and non-operating liability value

Non-operating assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operational assets and liabilities of the appraised entity include accounts receivable, other receivables, inventories and fixed assets in abnormal condition, accounts payable, and other payables. The cost method was adopted for this appraisal.

d) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the invested entity, as confirmed using an appropriate appraisal method, is multiplied by the shareholding percentage to determine the long-term equity investment value.

(2) Interest-bearing debt value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date. As of the valuation benchmark date, the appraised entity has no interest-bearing debt.

2.Asset-based approach

(1) Current assets

a) Monetary funds, which consists of bank deposits, is verified through bank statements, bank confirmations, etc., with the appraised value determined based on the verified book value.

b) Other receivables, the appraisers conducted inquiries with the appraised entity regarding its sales credit policies, customer composition and creditworthiness, as well as the historical recovery of accounts receivable. According to the principle of materiality, confirmation letters were sent for large amounts or long-aging receivables, and related contracts and vouchers were randomly checked. Based on the verification of accounts receivable, the evaluators determined the appraised value based on the amount that is likely to be collected for each item. For amounts believed to be fully recoverable, the total receivables are used to calculate the appraised value. For amounts that are likely to be unrecoverable, the appraisers estimated the amount based on historical data and on-site investigations, considering factors such as the amount, overdue time, reasons for non-payment, the debtor's financial status, creditworthiness, and operational management. The appraisal value is then calculated after deducting the estimated risk loss. Simultaneously, the "Provision for Bad Debts" item on the balance sheet is considered as zero.

c) Inventories

For raw materials, the appraised entity used actual cost accounting, including purchase price, related taxes, transportation fees, loading and unloading fees, insurance fees, and other reasonable costs. As of the valuation benchmark date, the raw materials had been purchased a long time ago and are awaiting scrapping. For raw materials awaiting scrapping, this appraisal determines the appraisal value based on the recoverable value of the materials.

For inventory goods, the appraised entity uses actual cost accounting, mainly including procurement costs. As of the valuation benchmark date, the inventory goods had been purchased a long time ago, and except for the coal with no physical assets, the other goods are unusable and awaiting scrapping. For inventory goods awaiting scrapping, this appraisal determines the appraisal value based on their recoverable value. For inventory goods with no physical assets, the appraisal value is zero. The inventory write-down provision is assessed at zero.

(2) Long-term equity investments

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity.

For non-controlling long-term equity investments, as there are no conditions for an overall appraisal, the appraisal value was determined by the net assets as of the valuation benchmark datemultiplied by the shareholding percentage.

(3) Buildings and structures assets

According to the characteristics of different types of building and structure assets, the type of appraisal value, and the data collection situation, the cost method is mainly used for self-built and self-used industrial plants where budget and final account data can be obtained, as their replacement cost better reflects asset value. For purchased commercial properties, the market approach is used since surrounding transaction markets and recent transaction cases exist, and market transaction prices better reflect asset value.

a) Cost approach

The cost approach calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

A. Determination of replacement cost

The replacement cost for ordinary buildings and structures generally includes construction and installation project costs, pre-construction and other costs, and capital costs. The calculation formula is as follows:

Replacement cost = Construction and installation engineering cost + Pre-construction and other costs + Capital cost - Deductible VAT

a. Construction and installation engineering costs

For large, valuable, and important buildings, the construction and installation project costs are determined using the preliminary and final budget adjustment method, which uses the quantities in the building’s final budget as a basis and calculates the construction and installation project costs based on local standards and relevant fee documents.

For general buildings, or when final budget data is incomplete or the building's value is small and structure simple, the comparable method is used to determine the construction and installation project costs.

b. Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government prescribed fee standards. Since the number of self-built buildings included in the appraisal scope is small and their value is low, no preliminary fees are calculated in this appraisal.

c. Capital costs

Capital costs are calculated based on the appraised entity's reasonable construction period, referencing the Loan Prime Rate (LPR) published by the People’s Bank of China on the valuation benchmark date. The total sum of construction and installation project costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. Since the number of self-built buildings included in the appraisal scope is small, with a low value and insufficient construction period of less than six months, no capital costs are calculated.

d. Deductible VAT

According to relevant VAT documents, for those that qualify for VAT deduction, the replacement cost is reduced by the corresponding VAT.

B. Determination of composite depreciation rate

a. For important buildings and structures, the economic service life, used lifespan, and on-site inspection of the structure, decoration, and auxiliary equipment are considered to determine the remaining useful life, which is then used to calculate the composite depreciation rate.

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

b. For small-value buildings and structures, the service life is mainly used to determine the degree of newness. The calculation formula is as follows:

Composite depreciation rate = (Economic service life - used lifespan) / Economic service life × 100%

C. Determination of Appraised Value

Appraised value= Replacement cost × Composite depreciation rate

b) Market approach

The market approach refers to comparing the subject asset with similar real estate that has recently been traded on the valuation benchmark date, adjusting the known prices of these comparable properties to estimate the objective and reasonable price or value of the subject asset.

Appraisal using the market approach should proceed as follows:

A. Collect transaction examples;

B. Select comparable examples;

C. Establish a comparable price basis;

D. Make adjustments for transaction conditions;

E. Make adjustments for transaction dates;

F. Conduct region condition adjustments;

G. Make adjustments for physical conditions;

H. Make adjustments for ownership conditions;

I. Determine the comparable price.

The market approach appraisal formula is as follows:

Appraised Real Estate Price = Comparable Transaction Price × Normal Transaction Conditions / Comparable Transaction Conditions × valuation benchmark datePrice Index / Comparable Transaction Date Price Index × Appraisal Region Condition Factor / Comparable Region Condition Factor × Appraisal Physical Condition Factor / Comparable Physical Condition Factor × Appraisal Ownership Condition Factor / Comparable Ownership Condition Factor

(4) Shaft engineering

Based on the characteristics of various shaft engineering projects, the appraised value type, data collection conditions, and other related factors, the cost method is primarily used for appraising shaft engineering projects. The cost method calculation formula is as follows:

Appraised value = Replacement cost × Composite depreciation rate

a) Determination of replacement cost

Replacement cost = Comprehensive cost + Preliminary and other costs + Cost of capital − Deductible input VAT

A. Comprehensive cost

The comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

For large-scale, high-value, and critical shaft engineering project, the comprehensive cost is calculated based on physical engineering quantities and the current coal mining quotas and fee standards.

Engineering cost = Base price of engineering quotas + Measure fees + Company management fees + Profits + Regulatory fees + Other project fees + Regional price differences

Where:

Base price of engineering quotas – The base price is calculated based on the shaft engineering's lifting method, lifting depth, tunnel cross-section, support method, materials, and thickness. The Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price) and Comprehensive Quotas for Auxiliary Costs in Coal Mining Shaft Engineering (2015, After-tax Base Price) are applied. This includes wages, material consumption, machine usage fees, etc., with adjustments made according to relevant regulations.

Other fees — determined in accordance with the Notice issued by the China Coal Construction Association on *Adjustment of Pricing Basis for Coal Construction Projects under the VAT Reform for the Construction Industry* ((ZH.M.J.X.Z. [2016] No. 46) and the *Notice on Adjusting the Value-Added Tax Rate for Coal Construction Engineering Pricing Basis* (ZH.M.J.X.Z. [2019] No. 37), together with the *Notification on Release of the Consumption Quotas for Coal Mining Shaft Engineering (2015, After-tax Base Price)* (ZH.M.J.X.Z. [2016] No. 115) and the *Supplementary Provisions on the Implementation of the Valuation Standards for Coal-Construction Projects* (ZH.M.J.X.Z. [2016] No. 116), and calculated in combination with the actual construction conditions of the mine.

Labour, materials, and equipment price differences – Adjusted according to the *Notice on Adjusting Coal Construction Engineering Quotation Standards (2015 Base Price) for Labour Unit Prices and Related Regulations* (ZH.M.J.X.Z. [2021] No. 125), Urumqi City Construction Engineering Material Information Price List (Q2 2025), and materials price information provided by the enterprise for the valuation benchmark date.

For general shaft engineering projects, or when final settlement data is incomplete, or when the value is small and the structure is simple, the Analogy Method is used to determine the construction cost.

B. Preliminary and other costs:

Preliminary and other costs include construction unit management fees, engineering supervision fees, surveying and design fees, environmental evaluation fees, and soil and water conservation consulting service fees. These costs are calculated based on the engineering construction investment amount, according to industry, national, or local government fee standards. Preliminary and Other Costs Calculation Formula:

Preliminary and other costs = Engineering cost × Fee rate

C. Capital costs

Financing costs are calculated based on the appraised entity's reasonable construction period, referencing the LPR published by the People's Bank of China on the valuation benchmark date, and considering the appraised entity's loan interest rate adjustments. The total sum of engineering costs, preliminary and other fees, etc., is used as the base for calculating the financing costs over the uniform capital investment. The calculation formula of capital costs is as follows:

Financing cost = (Engineering cost + Preliminary and other fees) × Reasonable construction period × Interest rate / 2

b) Determination of composite depreciation rate

Shaft engineering in coal mines differs from surface buildings in that it is a special structure attached to coal resources. Its economic lifespan is closely linked to the coal reserves that can be mined. As coal resources are depleted, the economic lifespan shortens, and when coal resources are exhausted, the economic lifespan ends.

Underground engineering has a complex geological structure, many unpredictable factors, and poor construction conditions. The stability of the tunnels depends on their location, rock layer properties, and mining methods. The service life of each type of tunnel is determined by the coal reserves in the service area.

Therefore, before determining the depreciation rate, the appraisers first reviewed geological reports, mine design data, and understood the position, rock properties, support methods, geological structures, and the impact of mining on the tunnels. They then visited representative tunnels underground to inspect the support conditions and maintenance status and consulted with on-site engineering personnel to verify and review the maintenance records and methods. Finally, based on the coal reserves, remaining reserves, recoverable reserves, and production capacity provided by the geological survey department, the remaining service life of each tunnel was calculated, and the composite depreciation rate was determined. The calculation formula is as follows:

Composite depreciation rate = Remaining service life / (Service life + Remaining service life) × 100%

c) Appraisal value

Appraised value = Replacement cost × Composite depreciation rate

(5) Equipment assets

Equipment assets include machinery, vehicles, and electronic devices. Based on the nature of this project and the characteristics of the equipment assets within the scope of the appraisal, for some older electronic devices (e.g., computers) and vehicles, where there is an active second-hand market, the appraised value is based on the second-hand or scrap value of similar equipment. For other equipment, which does not have independent profit-generating ability and where there are very few similar transaction examples, it is not suitable to apply the income approach or market approach for appraisal. Therefore, the cost approach is used for these equipment appraisals. For scrapped equipment, the appraisal is based on the recoverable price. For equipment with no physical presence, the appraisal amount is zero.

The cost method calculation formula is as follows:

Appraised value= Replacement cost × Composite depreciation rate

a) Replacement cost

Based on the characteristics and nature of the equipment within this appraisal scope, as well as the circumstances of the appraised entity, the calculation methods for the replacement costs of various types of equipment in this appraisal are as follows.

A. Machinery

For equipment that requires installation, the replacement cost generally includes: Equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, and the capital cost. For equipment that does not require installation, the replacement cost generally includes: Equipment purchase price and transport and handling fees. Additionally, according to VAT-related regulations, for VAT general taxpayers, if the equipment meets the VAT deduction conditions, the replacement cost of the equipment should exclude the corresponding VAT. The calculation formula is as follows:

Equipment requiring installation replacement cost = Equipment purchase price + Transport and handling fees + Installation engineering fees + Pre-construction and other costs + Capital costs - Deductible VAT

Equipment not requiring installation replacement cost = Equipment purchase price + Transport and handling costs - Deductible VAT

a. Equipment purchase price

For major process equipment, the purchase price is primarily determined by consulting the market price as at the valuation benchmark date or referencing the contract price of similar equipment at the valuation benchmark date. For small equipment, the purchase price is determined by checking the market price information for the valuation benchmark date. For equipment with no market price information, the purchase price is determined by referencing the purchase price for similar equipment.

b. Transport and handling fees

Transport and handling fees refer to the transportation costs, loading and unloading fees, and other associated costs incurred during the equipment's transportation. If transport and handling fees are not included in the equipment purchase price, they are determined by referring to standard cost indicators from resources like the *Asset Appraisal Common Data and Parametres Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices*, taking into account factors such as transportation distance, weight, and volume. The formula for calculating transport and handling fees is as follows:

Equipment transportation and handling fees = Equipment purchase price × Transport and handling fee rate

If transport and handling fees are already included in the equipment purchase price, no additional calculation is made.

c. Installation engineering fees

For equipment that requires installation, the installation engineering fees are estimated using the unit price method, referring to similar equipment installation project budgets

(preliminary or final) and other engineering documents, including the *Coal Mining Construction Project Cost Quotas* (NB/T51063-2016) and other relevant standards, as well as recent local pricing information. Alternatively, the *Asset Appraisal Common Methods and Parametres Handbook* and the *Mechanical Industry Construction Project Budgeting Method and Indices* are used, combined with the scale and nature of the equipment installation work to determine the installation fee rate. The installation engineering fee calculation formula is as follows:

Installation engineering fee = Equipment purchase price × Installation engineering fee rate

For equipment where the purchase price includes installation engineering costs, or for equipment that does not require installation, installation engineering fees are not included.

For equipment foundations that are inseparable from buildings or separately listed as independent foundations, these are appraised within the corresponding buildings and structures, and installation engineering fees are not recalculated.

d. Pre-construction and other costs

The pre-construction and other costs are calculated based on the construction investment amount provided by the appraised entity, according to industry, national, or local government prescribed fee standards. The equipment that requires installation within the appraisal scope is limited, with a low value, so no preliminary costs are calculated in this appraisal.

e. Capital costs

Capital costs are calculated based on the reasonable construction period of the appraised entity's project, referring to the loan market quotation rate (LPR) published by the National Interbank Funding Centre on the valuation benchmark date. The total cost, including equipment purchase price, transport and handling fees, installation engineering fees, pre-construction and other costs, is used as the basis, assuming that the funds are evenly invested. The equipment that requires installation within the appraisal scope is limited, with a low value and a reasonable construction period of less than six months, so financing costs are not calculated in this appraisal.

f. Deductible VAT

VAT was calculated based on the relevant documents, such as "C.SH. [2008] No. 170", "C.SH. [2016] No. 36", "C.SH. [2018] No. 32", "Announcement [2019] No. 39 of the Ministry of Finance, State Taxation Administration, and General Administration of Customs", and the relevant local and industry pricing adjustment documents for deductible VAT. The specific calculation method is as follows:

Deductible VAT = Equipment purchase price / 1.13 × 13% + (Transport and handling fees + Installation engineering fees) / 1.09 × 9% + VAT deductible from pre-construction and other costs

B. Vehicles

For vehicles, the replacement cost is determined by the market price on the valuation benchmark date, adding the vehicle purchase tax and other reasonable costs (such as licence fees). The calculation formula is as follows:

Replacement cost = Vehicle purchase price + Vehicle purchase tax + Licence fees and

other costs - Deductible VAT

Where:

Vehicle purchase tax = Vehicle purchase cost / (1 + 13%) × 10%.

The vehicle purchase price is mainly determined by consulting local dealers or checking online for market prices; vehicle purchase tax is determined according to the *Vehicle Purchase Tax Law of the People's Republic of China*; licence fees and other costs are determined based on local administrative fee standards and actual vehicle expenses.

C. Electronic equipment

For electric equipment that requires installation, the appraisal is conducted using the same method as for machinery. For other electric equipment that does not require installation, the replacement cost is determined based on the market purchase price on the valuation benchmark date.

Replacement cost = Electronic equipment purchase price / 1.13

b) Determination of composite depreciation rate

A. For specialised and general machinery, the depreciation rate is primarily determined based on the equipment's economic service life, used lifespan, and on-site inspections of the equipment's condition and technical status. The remaining service life is then calculated, and the composite depreciation rate is determined using the following formula:

Composite depreciation rate = Remaining service life / (Remaining service life + Used lifespan) × 100%

B. For electronic equipment, office furniture, and other devices, the composite depreciation rate was mainly determined based on their economic service life and the results of on-site inspections. The calculation formula is as follows:

Age-based newness rate = (Economic lifespan - Years of use) / Economic lifespan × 100%

Composite depreciation rate = Age-based depreciation rate × Adjustment coefficient

C. For vehicles, according to the *Compulsory Motor Vehicle Scrap Standards* (Order [2012] No.12 of the Commerce, National Development and Reform Committee, the Ministry of Public Security, and Environmental Protection Department), the theoretical newness rate is determined using vehicle mileage and usage years, based on the lower of the two. For vehicles without a mandatory scrapping period, the remaining useful life method is used. Finally, a weighted average is calculated between the lower of the age-based newness rate and the mileage-based newness rate, and the observation-based newness rate, to determine the composite depreciation rate. The calculation formula is as follows:

Age-based newness rate (no required useful life) = Remaining useful life / (Years of use + Remaining useful life) × 100%

Age-based newness rate (with required useful life) = (Required useful life - Years of use) / Required useful life × 100%

Mileage-based newness rate = (Standard retirement mileage - Accumulated mileage) / Standard retirement mileage × 100%

Composite depreciation rate = MIN (age-based newness rate, mileage-based newness rate) × 40% + Observation-based newness rate × 60%

c) Determination of the appraised value

Appraised value = Replacement cost × Composite depreciation rate

(6) Intangible assets - land use righst

According to the *Asset Appraisal Practice Standards– Real Estate*, the main appraisal methods for land use rights include the market approach, cost approach, income approach, hypothetical development approach, and benchmark land price approach. The choice of appraisal method should be based on the local real estate market development conditions, as well as the specific characteristics of the project and the purpose of the appraisal, to select the appropriate appraisal approach. The market approach is selected for this appraisal, based on the appraisal purpose, subject asset, value type, data collection conditions, and the applicability of the appraisal methods. A brief introduction to the market approach is as follows:

The market comparison approach refers to the comparison of the subject asset with similar land transaction examples under the same market conditions, using the substitution principle. Adjustments are made for differences in transaction conditions, transaction dates, regional factors, individual factors, floor area ratio, remaining useful life, and other relevant aspects between the two. The method used to determine the price of the subject asset on the valuation benchmark date. The basic formula for the Market Comparison Approach is as follows:

$$P = PB \times A \times B \times C \times D \times E$$

Wherein: P = Appraised value of the subject asset;

PB: Price of the comparable transaction;

A: Transaction situation index for the appraised land parcel / transaction situation index for comparative example land parcels;

B: Land price index on the valuation benchmark datefor the appraised land parcel / land price index on the transaction date for comparative example land parcels;

C: Regional factors condition index for the appraised land parcel / regional factors condition index for comparative example land parcels;

D: Individual factors condition index for the appraised land parcel / individual factors condition index for comparative example land parcels;

E: Duration adjustment index of the subject asset / Duration adjustment index of the comparable.

(7) Intangible assets - mining rights

The appraised value of the mining rights in this asset appraisal report was determined with reference to the mining rights appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. The summary of the referenced appraisal reports can be found in "Relevant assets referenced from other reports." For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

(8) Intangible assets - other intangible assets

Based on the characteristics of other intangible assets, the appraisal type, and the data collection, the market approach is adopted for appraisal. For software that is normally in use, since the software was not purchased recently, the adjustment coefficient for the software's appraisal was determined by considering factors such as the general price increase and the average income in the information software industry. The original recorded value of the software was adjusted accordingly to derive the software's appraisal value.

(9) Liabilities

The liabilities of the appraised entity include accounts payable, advance payments, contract liabilities, payable employee compensation, taxes payable, and other payables. The appraisers first checked the consistency between the subsidiary accounts and the general ledger, and examined the detailed items. They also sampled relevant accounting vouchers and documents to confirm the accuracy of the debt book values. For current liabilities, the appraisal values are determined based on the actual liabilities borne by the company as verified.

VIII. Implementation Process and Information of the Appraisal Procedure

The appraisers carried out the appraisal of the assets involved in the subject asset from 9 August 2025 to 16 December 2025. The main appraisal procedures and process are as follows:

i. Acceptance of engagement

On 9 August 2025, the client and us reached an agreement on the basic matters of the appraisal, including the appraisal purpose, the subject asset, the appraisal scope, the valuation benchmark date, and the rights and obligations of each party. We then negotiated with the client and developed the corresponding appraisal plan.

ii. Preliminary preparation

After accepting the engagement, the project team, based on the appraisal purpose, the characteristics of the subject asset, and the time plan, formulated a specific appraisal work plan and formed the appraisal team. Simultaneously, the team drafted a list of required materials and appraisal forms based on the actual needs of the project.

iii. On-site investigation

The appraisers conducted the necessary verification of the assets and liabilities involved in the entity to be appraised from 11 August 2025 to 30 September 2025, and carried out the required investigation into the business and management of the entity to be appraised.

1. Asset verification

(1) Guiding the appraised entity to complete forms and prepare materials to be provided to the asset appraisal institution

The appraisers guided the financial and asset management personnel of the appraised entity to carefully and accurately complete the asset information based on the "Assets Appraisal Details Sheet" and its requirements, the material checklist, etc., after their own inventory. They also collected and prepared property ownership certificates and documents reflecting performance, condition, economic, and technical indicators of the assets.

(2) Preliminary review and improvement of the Assets Appraisal Details Sheet submitted by the appraised entity

The appraisers reviewed the relevant documents, understood the detailed status of the assets included in the appraisal scope, and then carefully reviewed the "Assets Appraisal Details Sheet" to check for incomplete or incorrect entries, unclear asset items, and other issues. Based on experience and the gathered information, the appraisers ensured the accuracy of the sheet and provided feedback to the appraised entity to improve them.

(3) On-site inspection

Based on the type, quantity, and distribution of assets included in the appraisal scope, the appraisers, with the cooperation of the relevant personnel of the appraised entity, conducted on-site inspections in accordance with the relevant provisions of the asset appraisal standards. Different inspection methods were applied depending on the nature and characteristics of the various assets.

(4) Supplementing, modifying, and improving the Assets Appraisal Details Sheet

Based on the results of the on-site inspection and after thorough communication with the relevant personnel of the appraised entity, the appraisers further refined the "Assets Appraisal Details Sheet" to ensure consistency between the accounts, sheet, and actual assets.

(5) Verification of ownership certificate documents

The appraisers verified the ownership documentation for assets within the appraisal scope, such as buildings, vehicles, and other intangible assets. In cases where the ownership information was incomplete or unclear, they requested the enterprise to verify or provide relevant property ownership clarification documents.

2. Due diligence

To fully understand the operational and management status of the appraised entity and the risks it faces, the appraisers conducted necessary due diligence. The main contents of the due diligence were as follows:

(1) The history of the appraised entity, its major shareholders and their shareholding ratios, and the necessary ownership and management structure;

(2) The asset, financial, and operational management status of the appraised entity;

(3) The business plan, development plan, and financial forecast information of the appraised entity;

(4) Previous appraisals and transactions related to the subject asset and appraised entity;

(5) Macro and regional economic factors affecting the production and operation of the appraised entity;

(6) The development status and prospects of the industry in which the appraised entity operates;

(7) Other relevant information.

iv. Data collection

The appraisers collected appraisal materials according to the specifics of the appraisal project, including data independently obtained from markets and other channels, data

acquired from the client and other relevant parties, and data from government departments, professional institutions, and other relevant bodies. They then analysed, summarised, and organised the collected materials to form the basis for estimation.

v. Preliminary estimation

Based on the specific conditions of the various assets, the appraisers selected the appropriate formulas and parametres according to the chosen appraisal methods, performing analysis, calculations, and judgments to form preliminary appraisal conclusions. The project leader summarised the preliminary conclusions for each asset appraisal and drafted the preliminary asset appraisal report.

vi. Internal review

According to our company’s appraisal business process management regulations, the project leader submitted the preliminary asset appraisal report for internal review after completion. After the internal review, the appraisers communicated with the client or other relevant parties, as agreed, on the contents of the asset appraisal report, ensuring that the independence of the appraisal conclusions was maintained. After completing the above appraisal procedures, the formal asset appraisal report was issued and submitted.

IX. Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

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

ii. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset’s function, purpose, and transaction price;

iii. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mine;

iv. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

v. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations throughout the remaining service life of the mine;

vi. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

vii. It is assumed that after the valuation benchmark date, the assessed entity's subsidiary Shaping Coal Industry commences annual payment of mining rights transfer revenue starting in 2028, and Ciyaogou Coal Industry commences such payment starting in 2032, in accordance with the provisions of the *Notice of the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration on*

the Issuance of the Measures for the Collection of Mining Rights Transfer Revenue (C.Z. [2023] No. 10);

viii. It is assumed that the management of the appraised entity after the valuation benchmark datewill remain responsible and stable, with the ability to perform their duties;

ix. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

x. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

xi. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

xii. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

xiii. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

xiv. It was assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts.

xv. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;

xvi. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;

xvii. It is assumed that after the expiry of the lease agreements for the operations required by the appraised entity and its subsidiaries within the appraisal scope, these agreements can be renewed until the end of the forecast period in accordance with the terms of the original agreements;

xviii. Within the scope of this appraisal, mining rights of Ciyaogou Coal Mine of Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. still have a capacity gap of 2.6 million tonnes per year; mining rights of Shaping Coal Mine of Shanxi Jinshen Shaping Coal Industry Co., Ltd. still have a capacity gap of 4 million tonnes per year. It is assumed that the company will acquire the corresponding capacity rights on a paid basis, with a cash outflow of RMB140 per tonne (inclusive of tax) considered in the first period.

xix. According to the *Notice from the Office of the Ecological and Environmental Protection Committee of Hequ County*: Existing "high energy consumption, high pollution, and resource-intensive" projects within 1 kilometer of the Yellow River bank will be phased out. The Shaping Coal Washery must be shut down. The Shaping Coal Mine is currently undergoing relocation and reconstruction of its coal washing plant. According to the information provided by the enterprise, this assumption expects the completion of these matters by the end of 2027. Consequently, the company will outsource coal washing from August 2025 to December 2027, after which it will begin utilizing its own coal washing plant for processing.

The conclusions of this asset appraisal report are valid under the above assumptions as of the valuation benchmark date. If there are significant changes in these assumptions, the signing asset appraisers and this asset appraisal agency will not bear responsibility for deriving different appraisal conclusions due to changes in assumptions.

X. Appraisal Conclusion

i. Income approach appraisal results

As of the valuation benchmark date, the total assets of Shanxi Jinshen Energy Co., Ltd. on a parent company basis had a book value of RMB3,349,234,600, with total liabilities amounting to RMB2,379,398,900, and the book value of net assets was RMB969,835,700. Under the income approach, the value of entire shareholders' equity amounted to RMB7,648,368,400, representing an increase of RMB6,678,532,700, an appreciation rate of 688.63%.

As of the valuation benchmark datefor Shanxi Jinshen Energy Co., Ltd., the consolidated total assets had a book value of RMB7,704,073,700, with total liabilities amounting to RMB1,189,815,300. The book value of owner’s equity was RMB6,514,258,400, of which the equity attributable to the parent company was RMB5,233,925,000. Under the income approach, the value of entire shareholders' equity amounted to RMB7,648,368,400, representing an increase of RMB2,414,443,400, an appreciation rate of 46.13%.

ii. Asset-based approach appraisal results

As of the valuation benchmark datefor Shanxi Jinshen Energy Co., Ltd., the parent company’s total assets had a book value of RMB3,349,234,600, with an appraisal value of RMB10,095,158,600, showing an increase of RMB6,745,924,000, representing an appreciation rate of 201.42%. The total liabilities had a book value of RMB2,379,398,900, with an appraisal value of RMB2,379,398,900, showing no change in value. The net assets had a book value of RMB969,835,700, with an appraisal value of RMB7,715,759,700, reflecting an increase of RMB6,745,924,000, or an appreciation rate of 695.57%.

The detailed results of the asset-based approach are shown in the following summary table:

.Summary of Appraisal Results from Asset-based Approach

valuation benchmark date: 31 July 2025 Currency unit: RMB’0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	251,176.27	251,159.08	-17.19	-0.01
Non-current assets	2	83,747.19	758,356.78	674,609.60	805.53
Of which: Long-term equity investments	3	81,854.81	756,099.46	674,244.65	823.71
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	1,874.29	2,226.99	352.70	18.82
Construction in progress	6	0.00	0.00	0.00	/
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	18.09	30.33	12.25	67.74
Including: Land use right	9	0.00	0.00	0.00	/
Other non-current assets	10	0.00	0.00	0.00	/
Total assets	**11**	**334,923.46**	**1,009,515.86**	**674,592.40**	**201.42**
Current liabilities	12	237,939.89	237,939.89	0.00	0.00
Non-current liabilities	13	0.00	0.00	0.00	/
Total liabilities	**14**	**237,939.89**	**237,939.89**	**0.00**	**0.00**
Net assets	**15**	**96,983.57**	**771,575.97**	**674,592.40**	**695.57**

As of the valuation benchmark datefor Shanxi Jinshen Energy Co., Ltd., the consolidated total assets had a book value of RMB7,704,073,700, with total liabilities amounting to RMB1,189,815,300. The book value of owner's equity was RMB6,514,258,400, of which the equity attributable to the parent company was RMB5,233,925,000. After applying the asset-based approach, the entire shareholders' equity amounted to RMB7,715,759,700, with an increase of RMB2,481,834,700, representing an appreciation rate of 47.42%.

iii. Appraisal conclusion

The entire shareholders' equity value after applying the income approach was RMB7,648,368,400, while the total equity value after applying the asset-based approach was RMB7,715,759,700. The difference between the two was RMB67,391,300, representing a discrepancy rate of 0.88%.

The main reason for the difference in the results from the two methods is that the two approaches consider different perspectives. The asset-based approach is based on the asset replacement method, reflecting the replacement value of the company's existing assets. The income approach, on the other hand, considers the company's profitability, reflecting the comprehensive profitability of the company's assets.

The appraisal conclusion adopts the appraisal results of the asset-based method for the following reasons:

The appraised entity is a platform company engaged in unified management. The coal purchase and sales business it operates is primarily aimed at maintaining the normal operation of the platform company and is not for profit purposes. Therefore, the result from the income approach is not adopted as the appraisal conclusion. Under the asset-based approach, all assets and liabilities within the appraisal scope as of the valuation benchmark datehave been appraised using appropriate methods. The appraisal results can objectively reflect the market value of the appraised entity's net assets, so the result from the asset-based approach is adopted as the appraisal conclusion.

Based on the above analysis, the conclusion of this asset appraisal report adopts the result from the asset-based approach, meaning the entire shareholders' equity of Shanxi Jinshen Energy Co., Ltd. is RMB7,715,759,700.

Due to objective limitations, this asset appraisal report does not take into account any premium or discount that may arise due to control or lack of control, nor does it consider the impact of liquidity on the value of the subject asset.

XI. Special Notes

The following matters were identified during the appraisal process that may affect the appraisal conclusion but cannot be assessed or estimated by the professional expertise and ability of the appraisers:

i. In this asset appraisal report, any discrepancies between the total sum and the sum of individual items in tables or textual representations, where amounts are expressed in RMB10,000, are due to rounding.

ii. This appraisal has utilised the audit report numbered Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028114_A01issued by Ernst & Young Hua Ming LLP on 16 December 2025. We obtained the audit report through legal channels, and after analyzing and reviewing the contents of the audit report in accordance with the relevant asset appraisal standards, we have prudently used the relevant contents of the audit

report. The audited financial data in the audit report forms the basis for the asset appraisal. If this financial data changes, the conclusions of this appraisal may become invalid. According to Article 12 of the *Asset Appraisal Practice Standards – Enterprise Value*: Asset appraisers analyse and assess the use of financial statements based on the chosen appraisal methods. However, it is not the responsibility of the asset appraisers to offer professional opinions on whether the financial statements fairly reflect the financial status, operating results, or cash flow of the appraised entity as at the valuation benchmark date. We only bear responsibility for improper referencing that may arise in the use of the audit report during the appraisal process.

iii. The appraisal for Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. - Ciyaogou Coal Mine, a subsidiary within the scope of this appraisal, references the appraisal conclusion from the *Mining Rights Appraisal Report for Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd.*, issued by China Enterprise Appraisals Co., Ltd. on 16 December 2025 (ZH.Q.H.K.P.B.Z. [2025] No. 1081). The appraisal for Shanxi Jinshen Shaping Coal Industry Co., Ltd. - Shaping Coal Mine references the appraisal conclusion from the *Mining Rights Appraisal Report for Shanxi Jinshen Shaping Coal Industry Co., Ltd.*, issued by China Enterprise Appraisals Co., Ltd. on 16 December 2025 (ZH.Q.H.K.P.B.Z. [2025] No. 1080).

During this appraisal process, the appraisers communicated and coordinated with mining rights appraisers, who adopted the discounted cash flow method for the appraisal of the mining right. After verifying that the mining rights appraisal report's subject asset, scope, purpose, base date, value type, and other aspects were consistent with this asset appraisal report and in line with the requirements of the economic transaction, the mining rights value involved in this appraisal report directly references the appraisal conclusion issued by China Enterprise Appraisals Co., Ltd. For details on the calculation process and results of the mining rights appraisal, please refer to the mining rights report issued by China Enterprise Appraisals Co., Ltd.

iv. According to the *Asset Appraisal Law* and the *Guidance on Legal Ownership of Subject Asset*, the client and related parties engaging the asset appraisal are responsible for the authenticity, completeness, and legality of the ownership certificates, financial accounting information, and other materials they provide. The purpose of conducting asset appraisal is to estimate the value of the subject asset and provide professional opinions. Confirming the legal ownership or providing opinions on the legal status of the assets goes beyond the scope of professional asset appraisal. Asset appraisers do not provide guarantees on the legal ownership of the subject asset.

v. Explanation regarding ownership defects

1. Two buildings declared by the appraised entity, Jinshen Energy, within the appraisal scope have not been registered with property ownership certificates. Four buildings have their ownership certificates listing Shanxi Jinshen Hequ Coal Development Co., Ltd. (a subsidiary of the appraised entity) as the certificate holder. One piece of land occupied by the buildings does not have specific information. The ownership certificates for five pieces of land list Shanxi Jinshen Hequ Coal Development Co., Ltd. as the certificate holder. Jinshen Energy has committed that the above buildings are owned by it, with no ownership disputes.

2. 13 buildings declared by the appraised entity's controlling subsidiary, Hequ Development, within the appraisal scope have not been registered with property ownership certificates, with a total area of 63,782.04 square metres, of which 59,020.77

square metres occupy land for which Hequ Development is currently processing real estate ownership certificates. Hequ Development has committed that the above buildings are owned by it, with no ownership disputes. The land use rights include 3 pieces of land with a total area of 180,000.01 square metres, of which 43,276.97 square metres have not been registered with property rights certificates and are in the process of registration. Hequ Development has committed that the above land use rights are owned by it, with no ownership disputes.

3. The appraised entity's controlling subsidiary, Jinshen Railway, has declared 106 buildings within the appraisal scope, none of which have property ownership certificates, with a total area of 5,954.87 square metres. Jinshen Railway has committed that these buildings are owned by it, with no ownership disputes. The registration certificates for 7 vehicles list Shanxi Xinzhou Local Railway Co., Ltd. as the certificate holder. Jinshen Railway has committed that these vehicles are owned by it, with no ownership disputes.

4. The appraised entity's controlling subsidiary, Ciyaogou Coal Industry, has declared 6 buildings within the appraisal scope, none of which have property ownership certificates, with a total area of 1,078.24 square metres. Ciyaogou Coal Industry has committed that these buildings are owned by it, with no ownership disputes. One vehicle's registration certificate lists Shanxi Hequ Jinshen Hequ Coal Development Co., Ltd. as the certificate holder. Ciyaogou Coal Industry has committed that this vehicle is owned by it, with no ownership disputes.

5. The appraised entity's wholly owned subsidiary, Xinzhou Sales, has declared 1 vehicle within the appraisal scope, with the registration certificate listing Shanxi Xinzhou Local Railway Co., Ltd. as the certificate holder. Xinzhou Sales has committed that this vehicle is owned by it, with no ownership disputes.

6. The appraised entity's wholly owned subsidiary, Shaping Coal Industry, has declared 46 buildings within the scope of this appraisal, none of which have property ownership certificates, with a total area of 35,568.22 square metres. Of these, 4 buildings occupy land that is temporarily leased. Shaping Coal Industry has committed that these buildings are owned by it, with no ownership disputes. One vehicle does not have a vehicle registration certificate, and for 4 vehicles, the registration certificates list Shanxi Jinshen Hequ Coal Development Co., Ltd. as the certificate holder. Shaping Coal Industry has committed that these vehicles are owned by it, with no ownership disputes. Shaping Coal Industry has also declared 4 pieces of allocated land use rights, for which the state-owned land use certificates have been issued, with the certificates listing Huoshan Coal Mine (one of the coal mines before the integration of Shaping Coal Mine) as the certificate holder. Shaping Coal Industry has committed that these land use rights are owned by it, with no ownership disputes. One land use right cannot provide state-owned land use certificate. The certificate number for this land was listed in the proof of allocated land use issued by the Hequ County Planning and Natural Resources Bureau regarding the land used by Shaping Coal Industry. Shaping Coal Industry has committed that these land use rights are owned by it, with no ownership disputes. One piece of land use rights has a registered area of 5,213.25 square metres, of which 4,178.25 square metres have not yet paid the land transfer fee. In this appraisal, the land value for the unpaid portion of the land transfer fee is not considered in the Asset-Based Approach - Intangible Assets - Land Use Rights section but is considered in the Asset-Based Approach - Intangible Assets - Mining Rights and the Overall Income Approach, with the assumption that the unpaid land transfer fee will be settled. The registered

holder of the four patents is Shanxi Jinshen Energy Co., Ltd. Shaping Coal Washery (a coal preparation plant under the appraised entity). Shaping Coal Industry has committed that the aforementioned patents belong to it, and there are no property rights disputes. The land for Shaping Coal Industry's new ventilation well does not have a land use certificate. Shaping Coal Industry has committed that the new ventilation well assets are owned by it, with no ownership disputes.

7. The appraised entity's wholly owned subsidiary, Xinzhou Railway, has declared 7 buildings within the appraisal scope, none of which have property ownership certificates, with a total area of 1,177.37 square metres. Xinzhou Railway has committed that these buildings are owned by it, with no ownership disputes. Forty buildings have property ownership certificates or state-owned property certificates, with the certificates listing Xinzhou Local Railway Bureau or Shanxi Xinzhou Local Railway Bureau (the former name or abbreviation of Xinzhou Railway) as the certificate holder. The total area of these buildings is 6,042.05 square metres, and Xinzhou Railway has committed that these buildings are owned by it, with no ownership disputes. 10 investment properties do not have property ownership certificates, with a total area of 2,117.55 square metres. Xinzhou Railway has committed that these investment properties are owned by it, with no ownership disputes. One investment property has a property ownership certificate, with the certificate listing Shanxi Xinzhou Local Railway Bureau (the former name of Xinzhou Railway) as the certificate holder. Xinzhou Railway has committed that this investment property is owned by it, with no ownership disputes. Five land use rights have state-owned land use certificates, with the certificates listing Shanxi Xinzhou Local Railway Bureau or Xinzhou Local Railway Bureau Yinta Coal Platform or Xinzhou Local Railway Bureau Huoshan Coal Platform (the former or previous name of Xinzhou Railway along with the coal platform name). Xinzhou Railway has committed that these land use rights are owned by it, with no ownership disputes.

vi. Explanation regarding assets in an abnormal use state

1. The assets awaiting scrapping and without physical presence declared by the appraised entity include: 50 items of raw materials, with a book value of RMB124,700; 9 items of inventory goods, with a book value of RMB67,500; 2 items of buildings, with a book value of RMB167,500; 62 items of machinery and equipment, with a book value of RMB721,200; 1 vehicle, with a book value of RMB7,000; 226 items of electronic equipment, with a book value of RMB130,800. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For assets without physical presence, the value is zero.

2. The assets awaiting scrapping and without physical presence declared by the appraised entity's controlling subsidiary, Hequ Development, include:6 items of inventory goods, with a book value of RMB52,000; 12 items of structures, with a book value of RMB4,432,500; 6 items of machinery and equipment, with a book value of RMB744,200; 6 items of electronic equipment, with a book value of RMB18,100; 1 item of long-term prepaid expenses, with a book value of RMB421,000. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For assets without physical presence, the value is zero.

3. The assets awaiting scrapping and without physical presence declared by the appraised entity's controlling subsidiary, Jinshen Railway, include: 5 items of raw materials, with a book value of RMB3,813,900; 10 items of buildings, with a book value of RMB1,171,200;4 items of structures, with a book value of RMB387,200; 36

items of machinery and equipment, with a book value of RMB608,800; 4 vehicles, with a book value of RMB13,400; 78 items of electronic equipment, with a book value of RMB30,300. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For assets without physical presence, the value is zero.

4. The assets awaiting scrapping and without physical presence declared by the appraised entity's controlling subsidiary, Ciyaogou Coal Industry, include: 38 items of structures, with a book value of RMB4,716,800; 63 items of shaft and tunnel engineering, with a book value of RMB27,335,500; 1,867 items of machinery and equipment, with a book value of RMB7,361,400; 4 vehicles, with a book value of RMB53,800; 265 items of electronic equipment, with a book value of RMB95,300. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For assets without physical presence, the value is zero.

5. The assets awaiting scrapping and without physical presence declared by the appraised entity's wholly owned subsidiary, Xinzhou Sales, include:1 item of structure, with a book value of RMB500; 1 item of machinery and equipment, with a book value of RMB400; 3 vehicles, with a book value of RMB23,300; 8 items of electronic equipment, with a book value of RMB15,300. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For assets without physical presence, the value is zero.

6. The assets awaiting scrapping and without physical presence declared by the appraised entity's wholly owned subsidiary, Shaping Coal Industry, include: 4 buildings, with a book value of RMB112,800; 33 items of structures, with a book value of RMB5,835,400; 55 items of shaft and tunnel engineering, with a book value of RMB19,542,100; 3,092 items of machinery and equipment, with a book value of RMB56,047,800; 3 vehicles, with a book value of RMB26,100; 549 items of electronic equipment, with a book value of RMB677,200. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For assets without physical presence, the value is zero.

7. The assets awaiting scrapping and without physical presence declared by the appraised entity's wholly owned subsidiary, Xinzhou Railway, include: 1 item of inventory goods, with a book value of RMB0.00; 2 items of investment property, with a book value of RMB49,700; 1 item of structure, with a book value of RMB18,100; 5 items of machinery and equipment, with a book value of RMB194,500; 47 items of electronic equipment, with a book value of RMB6,000; 1 item of software, with a book value of RMB0.00. For the aforementioned assets awaiting scrapping, the appraisal was based on their recoverable value. For assets without physical presence, the value is zero.

Users of the asset appraisal report should pay attention to the impact of the above special matters on the appraisal conclusion.

XII. Statement of the Limitations on the Use of the Asset Appraisal Report

i. Scope of use of the asset appraisal report

1.The users of the asset appraisal report are the client and those specified by national laws and administrative regulations.

2.The appraisal conclusion in the asset appraisal report is only valid for the economic activities related to this project.

3.The validity period of the conclusion in the asset appraisal report is one year from the

valuation benchmark date. The client or other users of the asset appraisal report should use the report within the stated validity period of the appraisal conclusions.

4.Without the written consent of the client, the asset appraisal agency and its professionals shall not provide or disclose the contents of the asset appraisal report to any third parties, except as required by laws or administrative regulations.

5.Without the consent of the asset appraisal agency, the contents of the asset appraisal report shall not be copied, quoted, or disclosed in public media, except as required by laws, administrative regulations, or as agreed by the relevant parties.

ii. If the client or other users of the asset appraisal report do not use the asset appraisal report in accordance with the laws, administrative regulations, and the use scope outlined in the asset appraisal report, the asset appraisal agency and its professionals shall not bear any responsibility.

iii. Except for the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and those specified by laws or administrative regulations, no other institution or individual may become a user of the asset appraisal report. This asset appraisal report contains several appendices and appraisal detail forms, all of which are an integral part of this report. However, they are only valid when used together with the main body of the report.

iv. The asset appraisal agency and asset appraisers shall not bear any obligations or responsibilities to users of this report who are not authorised, such as those who obtain the report through presentation or other means, outside the scope of its intended use. They will not provide further consultancy based on this report, nor will they provide testimony or attend hearings in court or other legal proceedings, and they reserve the right to hold non-authorised users liable for any losses incurred as a result.

v. Users of the asset appraisal report shall correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

vi. An asset appraisal report refers to a professional report issued by the asset appraisal agency, based on the law, administrative regulations, and asset appraisal standard requirements, after carrying out the necessary appraisal procedures as entrusted. It reflects the value of the subject asset for a specific purpose on the valuation benchmark date. This report must be signed by the appraisers responsible for the appraisal and stamped with the asset appraisal agency's official seal. It can only be formally used after being filed with the state-owned asset supervision and management authority or the enterprise that provided funding.

This report is prepared in accordance with the Chinese Asset Appraisal Standards

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of CHN Energy Baotou Mining Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

ZH.Q.H.P.B.Z.(2025) No.6671

(Volume 1 of 1)

China Enterprise Appraisals Co., Ltd.

16 December 2025

DECLARATION

I. This asset appraisal report is prepared based on the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

II. The asset appraisal agency and its professional appraisers comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and fairness, and bear legal responsibility for the asset appraisal report they issue.

III. The client or other users of the asset appraisal report shall use the report in accordance with the laws, administrative regulations, and the scope of use stated in the asset appraisal report. If the client or other users of the report misuse the report in violation of the foregoing regulations, the asset appraisal agency and its appraisers shall not bear any responsibility.

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by laws or administrative regulations. Other institutions or individuals shall not use this asset appraisal report.

The asset appraisal agency and the appraisers remind the users of the asset appraisal report to correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

IV. The asset and liability lists related to the subject asset are provided by the client and the appraised entity, and confirmed by their signatures, seals, or other legally permitted means. The client and other relevant parties are responsible for the authenticity, completeness, and legality of the information provided.

V. The asset appraisers have conducted on-site investigations of the subject asset and the assets involved. They have paid necessary attention to the legal ownership status of the subject asset and its assets, verified the ownership documents, disclosed any discovered issues truthfully, and urged the client and other relevant parties to rectify any property right issues to meet the requirements for issuing the asset appraisal report.

VI. The asset appraisal agency and its appraisers have no current or anticipated interests in the subject asset, nor any current or anticipated interests with the relevant parties, and are unbiased towards the relevant parties.

VII. The analysis, judgment, and results in the asset appraisal report issued by the asset appraisal agency are subject to the assumptions and limitations specified in the report. Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

VIII. The asset appraisers' inspection of physical assets such as equipment is typically limited to observation of use and maintenance conditions. Internal, hidden, or difficult-to-access parts are not inspected. We do not possess the professional capability nor have we been engagement to conduct technical inspections or appraisals of the internal quality of these assets. Our appraisal is based on information provided by the client and other relevant parties. If there are defects in the internal quality of these subject assets, the appraisal conclusion may be affected to varying degrees.

Summary of the Asset Appraisal Report

Important Notice

This summary is extracted from the main text of the asset appraisal report. To understand the details of the appraisal project and properly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read carefully.

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness. The market value of the entire shareholders' equity held by CHN Energy Baotou Mining Co., Ltd. on the valuation benchmark datehas been appraised according to the necessary appraisal procedures. The summary of the asset appraisal report is hereby presented as follows:

Appraisal purpose: China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Baotou Mining Co., Ltd. on the valuation benchmark dateis appraised, providing a value reference for the above economic activities.

Subject asset: The value of the entire shareholders' equity of CHN Energy Baotou Mining Co., Ltd.

Appraisal scope: All assets and liabilities of CHN Energy Baotou Mining Co., Ltd. As of the valuation benchmark date, the assets within the appraisal scope include current assets, long-term equity investments, fixed assets, intangible assets, deferred tax assets, and other non-current assets. The parent company's total book value of assets was RMB4,574,770,400; liabilities include current liabilities and non-current liabilities, with a total book value of RMB187,154,700; the book value of net assets was 4,387,615,700.

As of the valuation benchmark date, on a consolidated basis, the total book value of assets was RMB4,575,190,300, the total book value of liabilities was RMB170,389,900, and the book value of owner's equity was RMB4,404,800,400, of which the owner's equity attributable to the parent company was RMB4,404,800,400.

valuation benchmark date: 31 July 2025

Value type: Market value

Appraisal method: income approach, asset-based approach

Appraisal conclusion: This asset appraisal report uses the results of the income approach as the appraisal conclusion. The specific appraisal conclusion is as follows:

As of the valuation benchmark date, the total book value of the parent company's assets for CHN Energy Baotou Mining Co., Ltd. was RMB4,574,770,400; the total book value of liabilities was RMB187,154,700; and the book value of net assets was RMB4,387,615,700. After applying the income approach, the appraised value of the entire shareholders' equity was RMB4,542,612,800, with an increase of RMB154,997,100, representing an appreciation rate of 3.53%.

As of the valuation benchmark date, on a consolidated basis, the total book value of assets for CHN Energy Baotou Mining Co., Ltd. was RMB4,575,190,300; the total book value of liabilities was RMB170,389,900; the book value of owner's equity was RMB4,404,800,400, of which the owner's equity attributable to the parent company was RMB4,404,800,400. After applying the income approach, the appraised value of the entire shareholders' equity was RMB4,542,612,800, with an increase of RMB137,812,400, representing an appreciation rate of 3.13%.

Unless otherwise stated, all amounts in this report are expressed in Renminbi (RMB).

This asset appraisal report is solely for providing value reference for the economic activities described in the report. The validity period of the appraisal conclusion is one year from the valuation benchmark date.

Users of the asset appraisal report shall fully consider the assumptions, limitations, special notes, and their impact on the appraisal conclusion.

The content above is extracted from the main text of the asset appraisal report. To understand the details of the appraisal business and correctly interpret and use the appraisal conclusion, the full text of the asset appraisal report shall be read.

Asset Appraisal Report on the Appraisal of the Entire Shareholders' Equity of CHN Energy Baotou Mining Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. for the Asset Acquisition Project of China Shenhua Energy Company Limited by Issuing Shares and Paying Cash

China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited:

China Enterprise Appraisals Co., Ltd. accepts your engagement and, in accordance with laws, administrative regulations, and asset appraisal standards, adheres to the principles of independence, objectivity, and fairness, using the income approach and asset-based approach, and follows the necessary appraisal procedures to evaluate the market value of the entire shareholder equity of CHN Energy Baotou Mining Co., Ltd. held by China Energy Investment Corporation Co., Ltd. for China Shenhua Energy Company Limited's proposed issuance of shares and cash payment for asset acquisition as of 31 July 2025. The asset appraisal information is hereby reported as follows:

I. Client, Appraised Entity, and Other Users of the Asset Appraisal Report as Defined in the Asset Appraisal Engagement Contract

The clients of the appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited, and the appraised entity is CHN Energy Baotou Mining Co., Ltd. Other users of the asset appraisal report are not specified in the asset appraisal engagement contract.

i. Profile of Client 1

Name: China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "CHN Energy")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB132,094,661,150

Type: Limited liability company (state-owned)

Business scope: Management of state-owned assets within the scope authorised by the State Council; investment and management in industries such as coal and other resource-based products, coal-to-liquid, coal chemical, electricity, heat, ports, various transport industries, finance, domestic and foreign trade, logistics, real estate, high technology, and information consultancy; planning, organising, coordinating, and managing the production and operation activities of group companies in the above industries; sales of chemical materials and products (excluding hazardous chemicals), textiles, building materials, machinery, electric equipment, and office equipment. (Market entities have the right to select the business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; business activities are subject to the prohibition and restriction of the city's industrial policies.)

Unified social credit code: 91110000100018267J

Date of incorporation: 23 October 1995

Business term: From 23 October 1995 to indefinite period

ii. Profile of Client 2

Name: China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua")

Domicile: 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lyu Zhiren

Registered capital: RMB19,868,519,955

Type: Other limited company (listed)

Business scope: Coal mining (validity period based on the expiration of relevant coal mine licences); wholesale of coal; project investment; coal washing and processing; development and operation of mining products; internal transportation of proprietary railway; power generation; services supporting coal, railway, and power operations; ship repairs; development and use of energy and environmental protection technologies, technology transfer, consulting, and services; import and export; sales of chemical products, chemical materials, building materials, machinery equipment (excluding hazardous chemicals); property management. (Market entities have the right to select the business activities in accordance with laws and regulations; business activities that require approval in accordance with law shall be subject to approval by relevant authorities for an approved scope; business activities are subject to the prohibition and restriction of the city's industrial policies.)

Unified social credit code: 91110000710933024J

Date of incorporation: 8 November 2004

Business term: From 8 November 2004 to indefinite period

Stock code: 601088.SH, 01088.HK

iii. Profile of the appraised entity

1. Company overview

Name: CHN Energy Baotou Mining Co., Ltd. (hereinafter referred to as "Baotou Mining")

Domicile: Rooms 201-203, Digital Garden Community, Xiguaitu New District, Shiguai District, Baotou City, Inner Mongolia Autonomous Region

Legal representative: Li Haichao

Registered capital: RMB2,378.3 million

Type: Limited liability company (wholly owned by a legal person, not invested in or controlled by natural persons)

Business scope: Licenced items: Coal mining; mineral resource exploration; road freight transport (excluding hazardous materials); construction engineering; highway management and maintenance; power generation, transmission, and supply (distribution) services; installation, maintenance, and testing of power transmission, supply, and reception facilities. (Projects requiring approval must be carried out after obtaining approval from relevant authorities, with specific business activities based on approval documents or permits issued by the authorities.) General items: Coal washing and selection; coal-based activated carbon and other coal processing; coal and coal product sales; mining machinery manufacturing; mining machinery sales; general

equipment repair; special equipment repair; general goods warehousing services (excluding items requiring permits for hazardous chemicals, etc.); loading and unloading services; machinery and equipment leasing; non-residential real estate leasing; residential property leasing; leasing services (excluding licenced leasing services); labour protection products sales; mechanical parts and components sales; building materials sales; office supplies sales; coking; foundry machinery manufacturing; processing of stones for buildings; household glassware manufacturing; atmospheric pollution governance; solid wastes governance; water environment pollution control services; natural ecosystem protection and management; electric vehicle charging infrastructure operation; centralised fast charging stations; wind power generation technology services; solar power generation technology services; energy storage technology services; emerging energy technology R&D; environmental protection consulting services. (Unless otherwise required by law to obtain approval, operating activities are conducted independently with the business licence in accordance with the law.)

Unified social credit code: 9115020511452024XD

Date of incorporation: 4 September 1980

Business term: From 4 September 1980 to 31 December 2099

2. History

(1) Company establishment

On 4 September 1980, after approval from the Coal Industry Management Bureau of the Inner Mongolia Autonomous Region Revolutionary Committee, the predecessor of Baotou Mining, the Baotou Mining Bureau of Inner Mongolia Autonomous Region, completed the establishment registration with the Baotou Administration for Industry and Commerce. The enterprise type was public ownership.

(2) Transformation into a limited liability company

On 25 February 1999, the State Coal Industry Bureau issued the *Notice on Issuing the Memorandum of Understanding on Transferring Five Coal Enterprises in Inner Mongolia to Shenhua Group for Operation and Management* (M.B.Z. [1999] No. 40), confirming the transfer of Baotou Mining Bureau and other enterprises in Inner Mongolia to the former Shenhua Group for operation and management.

On 18 January 2001, the former Shenhua Group issued the *Approval on the Restructuring of Baotou Mining Bureau into Shenhua Group Baotou Mining Co., Ltd.* (SH.H.Y.Z. [2001] No. 034), approving the transformation of Baotou Mining Bureau into Shenhua Group Baotou Mining Co., Ltd., and required the company to revise its articles of association as per the audit opinion and submit it to the industry and commerce administration department.

On 9 October 2001, Baotou Administration for Industry and Commerce issued the *Notice on Pre-approval of Enterprise Name* (Y.H.Z. [2001] No. 1608), approving the name "Shenhua Group Baotou Mining Co., Ltd." On 10 April 2004, it consented to extend the name reservation period until the end of June 2004.

On 1 March 2004, Beijing Bokun Certified Public Accountants issued an *Audit Report* (B.K.C.SH.B. [2004] No. 015), stating that as of 31 December 2003, the net assets of Baotou Mining Bureau amounted to RMB66,731,948.48.

On 29 March 2004, Baotou Zhenghua Certified Public Accountants issued a *Capital Verification Report*, stating that as of 31 December 2003, Baotou Mining had received capital of RMB66,731,948 from the net assets of Baotou Mining Bureau as of 31 December 2003.

On 20 April 2004, Baotou Mining completed the registration as a limited liability company, with a registered capital of RMB66.73 million, 100% owned by the former Shenhua Group.

3. Shareholders, their shareholding ratios and equity change

(1) First increase in registered capital to RM167.32 million

On 30 July 2007, Baotou Mining issued an amendment to its articles of association, changing the registered capital to RMB167,328,370.75. On 7 May 2008, Baotou Jinlian Certified Public Accountants issued a *Capital Verification Report* (B.J.L.S.Y.Z. [2008] No. 128), stating that as of 27 December 2007, Baotou Mining had received an additional registered capital of RMB100,598,370.75 in cash from its shareholder, the former Shenhua Group. The paid-in amount of the revised cumulative registered capital was RMB167,328,370.75. On 28 May 2008, Baotou Mining obtained a new *Business Licence of Legal Entity* with registration number 150205000001071 from the Shiguai District Branch of the Baotou Administration for Industry and Commerce.

After the increase in registered capital, Baotou Mining is still 100% owned by the former Shenhua Group, with both the registered capital and paid-in capital amounting to RMB167.32 million.

(2) Second increase in registered capital to RM415.32 million

On 25 May 2009, Baotou Mining issued an amendment to its articles of association, changing the registered capital to RMB415,328,370.75. On 26 May 2009, Baotou Jinlian Certified Public Accountants issued a *Capital Verification Report* (B.J.L.S.Y.Z. [2009] No. 189), stating that as of 26 May 2009, Baotou Mining had received an additional registered capital of RMB248 million in cash from its shareholder, the former Shenhua Group. The paid-in amount of the revised cumulative registered capital was RMB415.32 million. On 10 June 2009, Baotou Mining completed the industrial and commercial registration change for the increase in registered capital.

After the increase in registered capital, Baotou Mining is still 100% owned by the former Shenhua Group, with both the registered capital and paid-in capital amounting to RMB415.32 million.

(3) Third increase in registered capital to RMB1,236.6 million

On 15 September 2010, Baotou Mining issued an amendment to its articles of association, changing the registered capital to RMB1,236.6 million. On 30 September 2010, Inner Mongolia Zhongzheng United Certified Public Accountants issued a *Capital Verification Report* (N.ZH.ZH.Y.Z. [2010] No. 069), stating that as of 28 September 2010, Baotou Mining had received an additional registered capital of RMB821.28 million in cash from its shareholder, the former Shenhua Group. The paid-in amount of the revised cumulative registered capital was RMB1,236.6 million. On 16 December 2010, Baotou Mining obtained a new *Business Licence of Legal Entity* with registration number 150205000001071 from the Shiguai District Branch of the Baotou Administration for Industry and Commerce.

After the increase in registered capital, Baotou Mining is still 100% owned by the former Shenhua Group, with both the registered capital and paid-in capital amounting to RMB1,236.6 million.

(4) Fourth increase in registered capital to RMB2,196.6 million

On 24 February 2011, Baotou Mining issued an amendment to its articles of association, changing the registered capital to RMB2,196.6 million. On 17 June 2011, Inner Mongolia Zhongzheng United Certified Public Accountants issued a *Capital Verification Report* (N.ZH.ZH.Y.Z. [2011] No. 031), stating that as of 7 January 2011, Baotou Mining had received an additional registered capital of RMB960 million in cash from its shareholder, the former Shenhua Group. The paid-in amount of the revised cumulative registered capital was RMB2,196.6 million. On 28 June 2011, Baotou Mining obtained a new *Business Licence of Legal Entity* with registration number 150205000001071 from the Shiguai District Branch of the Baotou Administration for Industry and Commerce.

After the increase in registered capital, Baotou Mining is still 100% owned by the former Shenhua Group, with both the registered capital and paid-in capital amounting to RMB2,196.6 million.

(5) Fifth increase in registered capital to RMB2,378.3 million

On 24 April 2013, Baotou Mining issued an amendment to its articles of association, changing the registered capital to RMB2,378.3 million. On 25 April 2013, Baotou Dayang Certified Public Accountants issued a *Capital Verification Report* (B.D.Y.S.Y.Z. [2013] No. 053), stating that as of 12 June 2012, Baotou Mining had received an additional registered capital of RMB181.7 million in cash from its shareholder, the former Shenhua Group. The paid-in amount of the revised cumulative registered capital was RMB2,378.3 million. On 20 May 2013, Baotou Mining obtained a new *Business Licence of Legal Entity* with registration number 150205000001071 from the Shiguai District Branch of the Baotou Administration for Industry and Commerce.

After the increase in registered capital, Baotou Mining is still 100% owned by the former Shenhua Group, with both the registered capital and paid-in capital amounting to RMB2,378.3 million.

(6) Company name change

In November 2017, Shenhua Group Corporation Limited and China Guodian Corporation merged and were restructured. After the restructuring, the company name was changed to China Energy Investment Corporation Co., Ltd.

In November 2020, the name of Shenhua Group Baotou Mining Co., Ltd. was changed to CHN Energy Baotou Mining Co., Ltd.

As of the valuation benchmark date, the equity structure of CHN Energy Baotou Mining Co., Ltd. is as follows:

No.	Name of shareholder	Registered capital (RMB'0,000)	Ownership percentage (%)	Paid-in capital (RMB'0,000)	Paid-in ratio (%)
1	China Energy Investment Corporation Co., Ltd.	237,830.00	100	237,830.00	100
Total		**237,830.00**	**100**	**237,830.00**	**100**

4. Ownership and management structure of the company

The predecessor of Baotou Mining was the Baotou Mining Bureau of Inner Mongolia Autonomous Region, which was established in 1958 as one of the 156 key construction projects under the national "First Five-Year Plan". In August 1998, it was transferred to the former Shenhua Group for management and later restructured into Shenhua Group Baotou Mining Co., Ltd. In 2011, part of the assets were listed, and CHN Energy Baotou Energy Co., Ltd. was established, with the remaining assets continuing as Baotou Mining. On 16 November 2020, Baotou Mining was renamed CHN Energy Baotou Mining Co., Ltd., forming a management structure where CHN Energy Baotou Energy Co., Ltd. manages Baotou Mining under the model of "one leadership team, two brands".

Baotou Mining has two branches, namely CHN Energy Baotou Mining Co., Ltd. Highway Branch and CHN Energy Baotou Mining Co., Ltd. Container Station, and two wholly-owned subsidiaries, namely Baotou Mining Bureau Construction and Installation Co., Ltd. and Baotou Shiguai Shantytown Relocation Construction Co., Ltd.

5. Main products or services of the appraised entity

As of the valuation benchmark date, the main business of the appraised entity, Baotou Mining, comes from its two branches: CHN Energy Baotou Mining Co., Ltd. Highway Branch and CHN Energy Baotou Mining Co., Ltd. Container Station. The main business of Highway Branch is highway operation, with its main income derived from tolls. Container Station, after years of operation, has ceased production for its self-operated section, and in recent years, its main business has been external leasing.

6. Key financial data for the last two years and the current period

The financial status of the appraised entity for the last two years and the current period is as follows (consolidated basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	545,143.72	497,931.73	457,519.03
Total liabilities	406,764.92	41,926.95	17,038.99
Owner's equity	138,378.80	456,004.78	440,480.04
Owner's equity attributable to the parent company	134,947.18	441,546.90	440,480.04

The financial status of the appraised entity for the last two years and the current period is as follows (parent company basis):

Unit: RMB'0,000

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	153,892.47	421,709.66	457,477.04
Total liabilities	18,378.03	18,096.83	18,715.47
Owner's equity	135,514.44	403,612.83	438,761.57

The operational status of the appraised entity for the last two years and the current period is as follows (consolidated basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	16,772.20	13,249.64	9,252.12
Total profits	5,180.79	501,604.59	10,618.13

Net profit	5,124.04	374,662.27	-1,066.27
Owner's net profit attributable to the parent company	5,509.10	302,181.78	-1,066.85

The operational status of the appraised entity for the last two years and the current period as follows (parent company basis):

Unit: RMB'0,000

Item	2023	2024	January-July 2025
Operating income	14,653.89	13,046.47	9,252.12
Total profits	7,130.45	271,919.94	46,831.03
Net profit	7,130.45	263,770.01	35,148.74

The financial statements of the appraised entity as of the valuation benchmark dateand for the years 2024 and 2023 have been audited by Ernst & Young Hua Ming LLP , which expressed unqualified audit opinions.

7. Relationship between the client and the appraised entity

The clients for this appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited. The appraised entity, CHN Energy Baotou Mining Co., Ltd., is a wholly-owned subsidiary of one of the clients, China Energy Investment Corporation Co., Ltd. The other client is the prospective buyer of the appraised entity.

iv. Other users of the asset appraisal report as stipulated in the asset appraisal engagement contract

This asset appraisal report is only for use by the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and users defined by national laws and regulations. It shall not be used or relied upon by any third party.

II. Appraisal Purpose

China Shenhua Energy Company Limited intends to issue shares and pay cash to acquire assets related to coal, pithead coal power, and other assets held by China Energy Investment Corporation Co., Ltd. To this end, the market value of the entire shareholders' equity held by China Energy Investment Corporation Co., Ltd. in CHN Energy Baotou Mining Co., Ltd. on the valuation benchmark dateis appraised, providing a value reference for the above economic activities.

On 1 August 2025, the China Energy Investment Corporation Co., Ltd. convened its 18th Chairman's Special Meeting of 2025. The meeting reviewed and approved the aforementioned matters, mandated the initiation of the appraisal, and produced the "Minutes of the Chairman's Special Meeting".

III. Subject Asset and Appraisal Scope

i. Subject asset

The subject asset is the entire shareholders' equity of CHN Energy Baotou Mining Co., Ltd.

ii. Appraisal scope

The appraisal scope includes all assets and liabilities of CHN Energy Baotou Mining Co., Ltd.

As of the valuation benchmark date, the assets within the appraisal scope include current assets, long-term equity investments, fixed assets, intangible assets, deferred tax assets, and other non-current assets. The parent company's total book value of assets was RMB4,574,770,400; liabilities include current liabilities and non-current liabilities, with a total book value of RMB187,154,700; the book value of net assets was RMB4,387,615,700. As of the valuation benchmark date, the appraisal scope is as follows:

Unit: RMB'0,000

Item		Book value
Current assets	1	157,790.64
Non-current assets	2	299,686.40
Of which: Long-term equity investments	3	2,500.00
Investment properties	4	0.00
Fixed assets	5	5,430.19
Construction in progress	6	0.00
Oil and gas assets	7	0.00
Intangible assets	8	42,782.46
Of which: Land use right	9	4,195.30
Other non-current assets	10	248,973.75
Total assets	**11**	**457,477.04**
Current liabilities	12	10,769.45
Non-current liabilities	13	7,946.02
Total liabilities	**14**	**18,715.47**
Net assets	**15**	**438,761.57**

As of the valuation benchmark date, on a consolidated basis, the total book value of assets was RMB4,575,190,300, the total book value of liabilities was RMB170,389,900, and the book value of owner's equity was RMB4,404,800,400, of which the owner's equity attributable to the parent company was RMB4,404,800,400.

The subject and scope of the engaged appraisal align with the subject asset and scope involved in the economic activities. As of the valuation benchmark date, the book values of assets and liabilities within the appraisal scope have been audited by Ernst & Young Hua Ming LLP , which expressed a standard unqualified opinion.

The main assets within the appraisal scope are as follows:

The main assets declared by the enterprise to be included in this appraisal include buildings and structures, equipment, long-term equity investments, etc. The types and characteristics of the main assets are as follows:

1. Buildings and structures

There are 18 buildings and structures in total, mainly including rest rooms, generator rooms, workwear rooms, weighbridge rooms with toilets, large garages, small garages, restaurants, activity centres, boiler and bathhouses, signal towers, integrated service office buildings for the container station, integrated service dormitory buildings for the container station, entrance room projects, garage coloured steel room projects, large garage projects, rest rooms, Tuke office buildings, office building gatehouses, generator rooms, equipment rooms, and weighbridge rooms. The primary uses are for production, living, or office purposes. The main structures include frame structures, brick-concrete, or colour steel. The buildings were mainly self-built, and the structures were constructed between 2009 and 2014. They are distributed in Salaqi Town of Tumed Right Banner and Uxin Banner. The total building area is 15,709.25 square metres. As of the valuation benchmark date, the garage coloured steel room project has no physical presence, while the other assets are in normal use, with daily management and use in

good condition. The Tuke office building, office building gatehouse, generator room, and equipment room have obtained property ownership certificates, with the registered owner being CHN Energy Baotou Mining Co., Ltd. Highway Branch. The remaining properties have not yet obtained property ownership certificates.

There are 81 structures in total, mainly including coal storage sheds, truck scale foundations, cargo platform walls, cargo platform surfaces, stacking area surfaces, concrete pavements, single-track turnouts, special turnouts, external network projects, embankments, box-type bridge embankments, reinforced concrete ties, hard landscaping projects for office and living areas, landscaping projects for station areas, windproof and dust suppression wall projects, drainage ditches, mixing station foundations, water supply and drainage pipelines, etc. The main structures are made of concrete, gravel, reinforced concrete, etc. The structures were primarily self-built between 2009 and 2018. As of the valuation benchmark date, two structures, the septic tanks (filled) and the truck scale renovation project, no longer have physical assets. The remaining structures are in normal use, with daily management and use in good condition.

2. Equipment assets

(1) Machinery and equipment

There are 185 items of machinery and equipment, including 10kV cables and prefabricated substations, inter-plant electrical equipment stations, spare cable stations, pole-mounted substations, low-voltage cable lines, solar boilers, signal equipment - interlocking devices, signal equipment - plant signals, signal equipment - video surveillance, conduction equipment - contact networks, high-voltage station lines, self-service toll machines for toll lanes, and the Tuke service area boiler-to-solar conversion project, which were purchased between 2008 and 2023. As of the valuation benchmark date, the assets are in normal use, with daily management and use in good condition.

(2) Vehicles

There are 25 vehicles, mainly including Nissan pickup trucks, box transport vehicles, sprinkler trucks, and heavy-duty flatbed trucks, which were purchased in 2009 and 2022. As of the valuation benchmark date, the vehicles are in normal use, with daily management and use in good condition.

(3) Electric equipment

There are 129 items of electric equipment, mainly including computers, air conditioners, office furniture, printers, and other office equipment, which were purchased between 2013 and 2025. As of the valuation benchmark date, the equipment is in normal use, with daily management and use in good condition.

3. Long-term equity investments

As of the valuation benchmark date, there are two long-term equity investments, both in wholly-owned subsidiaries. The details of the long-term equity investments are shown in the table below:

Unit: RMB'0,000

No.	Name of investee	Shareholding percentage (%)	Book value	Provision for impairment	Status
1	Baotou Mining Bureau Construction and Installation Co., Ltd.	100.00	2,500.00	0.00	In operation

2	Baotou Shiguai Shantytown Relocation Construction Co., Ltd.	100.00	0.00	0.00	In operation
Total long-term equity investments		/	**2,500.00**	**0.00**	/

The subscribed capital and paid-in capital of long-term equity investments are shown in the table below:

Unit: RMB'0,000

No.	Investee	Equity ratio	subscribed capital	Paid-in capital
1	Baotou Mining Bureau Construction and Installation Co., Ltd.	100.00%	2,500.00	2,500.00
2	Baotou Shiguai Shantytown Relocation Construction Co., Ltd.	100.00%	1000.00	0.00

iii. Intangible assets declared by the enterprise

The intangible assets included in the appraisal scope are: intangible assets - land use right, intangible assets - others and intangible assets - mining right. The types and characteristics of the intangible assets are as follows:

1. Intangible assets - land use right

The appraisal covers five land use rights, of which three have obtained a state-owned land use right certificate or a property ownership certificate. The details are as follows:

No.	Certificate holder	Land title certificate No.	Parcel name	Land use	Land purpose	Area (m^2)
1	Shenhua Group Baotou Mining Co., Ltd.	T.G.Y. (2013) Z. No. 039	Container station living area land	Transferred	Industrial land	95,990.00
2	Shenhua Group Baotou Mining Co., Ltd.	T.G.Y. (2010) Z. No. 017	Container station production area land	Transferred	Industrial land	331,823.00
3	CHN Energy Baotou Mining Co., Ltd., Highway Branch	M. 2023 W.SH.Q.B.D.CH.Q. No. 0010072	Tuke office building land	Transferred	Other commercial service land	10,210.00
4	None	None	Tuke service area land	Transferred	Other commercial service land	42,579.00
5	None	None	Over-limit monitoring station land	Transferred	Other commercial service land	26,628.00

As of the valuation benchmark date, the container station living area land, container station production area land, and Tuke office building land have obtained a state-owned land use right certificate or a property ownership certificate. The Tuke service area land and over-limit monitoring station land have not yet obtained a property ownership certificate but have signed land transfer contracts and paid the land transfer fees. For the land use rights that have not been certified, the appraised entity has issued a statement of ownership, confirming that the land use rights within the appraisal scope are owned by it, and there are no property disputes.

2. Intangible assets - others

The intangible assets - others declared by the company and included in the appraisal scope are highway toll rights and related assets.

The G338 Expressway from Lanjialiang to Galutu Town starts at the Lanjialiang exit of the Baotou - Maoming Expressway and ends at Nanmuluoliang in Uxin Banner. The expressway was constructed using the BOT model, with construction starting in July 2009 and completed in June 2012. In December 2015, the project passed the completion

inspection by the Ordos Municipal Transportation Bureau and was put into formal operation. The main line of the Lanjialiang - Galutu Expressway is 124.45 kilometres long, with two toll stations, one service area, and one overload control station. There are three connecting lines, totalling 17.65 kilometres. According to the *Reply of the People's Government of Inner Mongolia Autonomous Region on Approving the Establishment of Toll Stations on Provincial Expressway 313 from Lanjialiang to Galutu Town* (N.ZH.Z. [2012] No. 120), the establishment of toll stations at Taige Toll Station and Galutu Town Toll Station was approved. Tolls started after the project passed its completion inspection, and the toll period is 28 years.

3. Intangible assets - mining rights

The intangible assets - mining rights declared by the company include three exploration rights, which were acquired through transfer without consideration and are currently in the exploration and development stage. As of the valuation benchmark date, the exploration rights are held by Hulunbuir Dayan Surveying, Planning and Design Co., Ltd. and Inner Mongolia Dayan Mining Group Co., Ltd., and have not yet undergone ownership transfer registration.

iv. Off-balance-sheet assets declared by the enterprise

The company has no declared off-balance-sheet assets.

v. Relevant assets referenced from reports of other institutions

This asset appraisal report does not reference reports of other institutions.

IV. Value Type

Based on the appraisal purpose, market conditions, and the specific conditions of the subject asset, the value type of the subject asset is determined to be market value.

Market value refers to the estimated value of the subject asset in normal and fair transactions as of the valuation benchmark date, between a willing buyer and a willing seller, each acting rationally and without coercion.

V. valuation benchmark date

The valuation benchmark datefor this report is 31 July 2025.

The valuation benchmark dateis determined by the client. The selection of the valuation benchmark datemainly considers the realisation of economic activities and end-of-accounting-period factors. Asset appraisal provides a value reference for assets at a specific point in time. By choosing the end of the accounting period as the valuation benchmark date, it can comprehensively reflect the overall status of the subject assets. At the same time, adhering to the principles of ensuring the appraisal results effectively serve the appraisal purpose, accurately delineating the appraisal scope, conducting precise and efficient verification of assets, and rationally selecting the basis for appraisal, this date was selected as the valuation benchmark date.

VI. Appraisal Basis

i. Basis for economic activities

Minutes of the 18th Chairman's Special Meeting of the China Energy Investment Corporation Co., Ltd. in 2025 (1 August 2025).

ii. Legal and regulatory basis

1. *Asset Appraisal Law of the People's Republic of China* (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. *Company Law of the People's Republic of China* (second amendment at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. *Civil Code of the People's Republic of China* (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020);

4. *Securities Law of the People's Republic of China* (second amendment at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019);

5. *Law of the People's Republic of China on the State-Owned Assets of Enterprises* (adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on 28 October 2008, effective from 1 May 2009);

6. *Law of the People's Republic of China on Enterprise Income Tax* (second amendment at the 7th Session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

7. *Law of the People's Republic of China on the Administration of Urban Real Estate* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

8. *Land Administration Law of the People's Republic of China* (third amendment at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

9. *Resource Tax Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 13th National People's Congress on 26 August 2019);

10. *Energy Law of the People's Republic of China* (adopted at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024, effective from 1 January 2025);

11. *Mineral Resources Law of the People's Republic of China* (amended at the 12th Session of the Standing Committee of the 14th National People's Congress on 8 November 2024);

12. *Implementation Regulations of the Law of the People's Republic of China on Enterprise Income Tax* (amended by State Council Order No. 714 on 23 April 2019);

13. *Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises* (amended by State Council Orders Nos. 378 and 709);

14. *Interim Regulations of the People's Republic of China on City and Town Land Use Tax* (fourth amendment by State Council Order No. 17 on 2 March 2019);

15. *Interim Regulations on Value-Added Tax of the People's Republic of China* (second amendment by State Council Order No. 134 on 19 November 2017);

16. *Regulations on the Assets Appraisal and Management of State-owned Assets* (amended by State Council Order No. 91 on 29 November 2020);

17. *Interim Measures for the Assessment and Management of Enterprises* (Order No. 12 of the SASAC of the State Council);

18. *Measures for Supervision and Administration of State-owned Assets of Enterprises* (No. 32 of the SASAC of the State Council and the Ministry of Finance);

19. *Notice on Strengthening the Matters Related to the Appraisal Management of the State-owned Assets* (G.Z.W.CH.Q. [2006] No. 274);

20. *Notice on Matters Related to the Review of Appraisal Report of State-owned Assets of Enterprises* (G.Z.CH.Q. [2009] No. 941);

21. *Guidelines for the Approval of Asset Appraisal Projects in Central Enterprises* (G.Z.F.CH.Q. [2010] No. 71);

22. *Guideline for the Filing for the Appraisal Project of State-owned Assets of Enterprises* (G.Z.F.CH.Q. [2013] No. 64);

23. *Notice on Optimising the Management of Asset Appraisal of State-Owned Enterprises* (G.Z.F.CH.Q.G. [2024] No. 8);

24. *Notice on Issuing the Rules for the Implementation of Regulations on the Assets Appraisal and Management of State-owned Assets* (G.Z.B.F. [1992] No. 36);

25. *Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Regarding the National Implementation of VAT Reform* (C.SH. [2008] No. 170);

26. *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner* (C.SH. [2016] No. 36);

27. *Notice of the Ministry of Finance and the State Taxation Administration on Adjusting the VAT Rate of the State Taxation Administration and the Ministry of Finance* (C.SH. [2018] No. 32);

28. *Implementation Rules for the Interim Regulations on Value-Added Tax of the People's Republic of China* (Order No. 65 of the Ministry of Finance and the State Taxation Administration);

29. *Announcement on Policies Relevant to Deepening VAT Reform* (Announcement No. 39 in 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs);

30. *Financial Supervision and Management Measures for the Asset Appraisal Industry* (issued by MOF Order No. 86, amended by MOF Order No. 97);

31. *Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 33), *Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises - Basic Standards* (MOF Order No. 76);

32. *Notice on Further Standardising Bank Letters and Reply Letters* (C.K. [2020] No. 12);

33. Other relevant laws, regulations, and notices.

iii. Basis of appraisal standards

1. *Basic Rules for Asset Appraisal* (C.Z. [2017] No. 43);

2. *Code of Professional Ethics for Asset Appraisal* (ZH.P.X. [2017] No. 30);

3. *Asset Appraisal Practice Standards – Appraisal Report* (ZH.P.X. [2018] No. 35);

4. *Asset Appraisal Practice Standards – Appraisal Procedures* (ZH.P.X. [2018] No. 36);

5. *Asset Appraisal Practice Standards – Appraisal Methods* (ZH.P.X. [2019] No. 35);

6. *Asset Appraisal Practice Standards – Engagement Contract* (ZH.P.X. [2017] No. 33);

7. *Asset Appraisal Practice Standards – Appraisal Archives* (ZH.P.X. [2018] No. 37);

8. *Asset Appraisal Practice Standards – Utilisation of Expert Work and Relevant Reports* (ZH.P.X. [2017] No. 35);

9. *Asset Appraisal Practice Standards – Enterprise Value* (ZH.P.X. [2018] No. 38);

10. *Asset Appraisal Practice Standards – Intangible Assets* (ZH.P.X. [2017] No. 37);

11. *Asset Appraisal Practice Standards – Real Estate* (ZH.P.X. [2017] No. 38);

12. *Asset Appraisal Practice Standards – Machinery and Equipment* (ZH.P.X. [2017] No. 39);

13. *Guidelines for Appraisal Reports of State-owned Enterprise Assets* (ZH.P.X. [2017] No. 42);

14. *Guidelines for Quality Control of Asset Appraisal Institutions* (ZH.P.X. [2017] No. 46);

15. *Guidance on Types of Asset Appraisal Value* (ZH.P.X. [2017] No. 47);

16. *Guidance on Legal Ownership of Subject Asset* (ZH.P.X. [2017] No. 48).

iv. Basis of ownership

1. State-owned asset property registration certificate;

2. Property ownership certificate, state-owned land use right certificate;

3. Exploration right certificate;

4. Vehicle registration certificate;

5. Other relevant ownership certificates.

v. Basis for price determination

1. *Notice of the Development and Reform Commission, the Department of Finance and the Department of Transportation of Inner Mongolia Autonomous Region on Reassessing the Vehicle Toll Standards in the Region* (N.F.G.F.Z. [2017] No. 816);

2. *Reply of the People's Government of Inner Mongolia Autonomous Region on Approving the Establishment of Toll Stations on Provincial Expressway 313 from Lanjialiang to Galutu Town* (N.ZH.Z. [2012] No. 120);

3. *Notice from the Ordos Municipal Transportation Bureau on Issuing the Completion and Acceptance Report for Provincial Expressway 313 from Lanjialiang to Galutu Town* (E.J.F. [2015] No. 1522);

4. Historical annual traffic data of the appraised entity;

5. LPR (loan prime rate) on the valuation benchmark date;

6. Historical annual financial statements and audit reports provided by the enterprise;

7. Future business plans provided by relevant departments of the appraised entity;

8. Market forecast data for future years provided by relevant departments of the enterprise;

9. National macro, industry, regional market, and enterprise statistical analysis data;

10. WIND financial terminal;

11. iFinD financial terminal;

12. Records of on-site inspection by the appraisers and other relevant appraisal information collected;

13. Other materials related to the asset appraisal.

vi. Other reference sources

1. *Terminology of the Rules for Asset Appraisal 2020* (ZH.P.X. [2020] No. 31);

2. *Expert Guidance No. 8 – Verification in Asset Appraisal* (ZH.P.X. [2019] No. 39);

3. *Expert Guidance No. 12 - Measurement of Rate of Discount for the Enterprise Value by the Income Approach* (ZH.P.X. [2020] No. 38);

4. *Common Parametres Manual for Asset Appraisal*;

5. Asset list and asset appraisal declaration form provided by the appraised entity;

6. Audit Report issued by Ernst & Young Hua Ming LLP ;

7. Information database of China Enterprise Appraisals Co., Ltd.

VII. Appraisal Method

Income approach refers to various appraisal methods that capitalise or discount the expected income of the subject asset to determine its value. This appraisal for enterprise overall value adopts the discounted cash flow method under the income approach to indirectly determine the entire shareholders' equity value.

Market approach refers to various appraisal methods that compare the subject asset with comparable references, using the market price of the comparable references as a basis to determine the value of the subject asset. The two specific methods commonly used under the market approach are the listed company comparison method and the transaction case comparison method.

Asset-based approach refers to an appraisal method where the value of the subject asset is determined based on the balance sheet of the appraised entity or business on the valuation benchmark date, assessing the value of identifiable on-balance-sheet and off-balance-sheet assets and liabilities.

The methods selected for this appraisal are income approach and asset-based approach.

i. Reasons for Selecting Appraisal Methods

Reason for selecting the asset-based approach: As of the valuation benchmark date, the book value of the assets and liabilities within the appraisal scope has already been audited. Each asset and liability of the appraised entity can be identified. The identifiable assets and liabilities can each be individually assessed using an appropriate appraisal method, thus meeting the conditions for applying the asset-based approach.

Reason for selecting the income approach: The appraised entity has the foundation and conditions for ongoing operations, with standardised accounting practices, clear management, stable and defined business sources. The management has detailed plans

for the current operations and future development of the company. The future expected income and operational risks can be reasonably predicted, meeting the conditions for using the income approach for appraisal.

Reason for not selecting the market approach: The market approach relies on the existence of an active public market with sufficient market data and comparable transaction cases. The appraised entity is a non-listed company. Listed companies in the same industry differ significantly from the valued enterprise in terms of business structure, corporate scale, asset allocation and utilisation, operational stage, growth potential, operational risks, financial risks, and others. Furthermore, as of the valuation benchmark date, there were few transactions involving comparable companies in the same industry in China. Reliable operational and financial data from comparable transactions are difficult to obtain, making it impossible to calculate appropriate value ratios. Therefore, the market approach was not adopted for this appraisal.

Therefore, the income approach and the asset-based approach are used for the appraisal.

ii. Introduction to the Appraisal Methods

1. Income approach

The income approach used in this appraisal is the discounted cash flow (DCF) method to indirectly determine the entire shareholders' equity by evaluating the overall value of the enterprise. The overall value of the enterprise consists of the value of operating assets generated from normal business activities and the value of non-operational assets unrelated to normal business activities. For the determination of the value of operational assets, the free cash flow discount model is employed, which uses the future free cash flows of the enterprise for several years as a basis, discounted at an appropriate discount rate and then summed up. The calculation model is as follows:

Entire shareholders' equity value = Enterprise overall value - Interest-bearing debt value

(1) Enterprise Overall Value

The enterprise overall value refers to the sum of the entire shareholders' equity and the interest-bearing debt value. According to the asset allocation and usage situation of the appraised entity, the formula for calculating the enterprise overall value is as follows:

Enterprise overall value = Operating asset value + Surplus asset value + Non-operating asset value - Non-operating liability value + Long-term equity investment value

a) Operating asset value

Operational assets are those related to the appraised entity's production and business operations, which are involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The calculation formula for operating asset value is as follows:

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

Wherein: P: The value of the enterprise's operating assets as of the valuation benchmark date;

F_i: The expected free cash flow of the enterprise in the i-th year after the valuation benchmark date;

F_n: Forecasted enterprise free cash flow for the end of the forecast period;

r: Discount rate (weighted average cost of capital, WACC);

n: Forecast period;

i: Year i during the forecast period;

g: Perpetuity growth rate.

Of which, the free cash flow of the enterprise is calculated as follows:

Enterprise free cash flow = Earnings before interest and taxes (EBIT) - Depreciation and amortisation - Capital expenditures - Increase in working capital

Of which, the discount rate (WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{E + D} + K_d \times (1 - t) \times \frac{D}{E + D}$$

Wherein: K_e: Cost of equity capital;

K_d: Cost of debt capital;

E: Market value of equity;

D: Market value of interest-bearing debt;

t: Income tax rate.

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The calculation formula is as follows:

$$K_e = r_f + MRP \times \beta + r_c$$

Wherein: rf: Risk-free rate;

MRP: Market risk premium;

β: Systematic risk coefficient for equity;

rc: Company-specific risk adjustment coefficient.

b) Surplus asset value

Surplus assets are those that exceed the enterprise's operational needs as of the valuation benchmark date, and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The surplus assets of the appraised entity are entirely cash. The cost approach is used for the appraisal of surplus assets.

c) Non-operating asset and non-operating liability value

Non-operational assets and liabilities are those that are unrelated to the appraised entity's business operations and are not involved in the forecast of the enterprise free cash flow after the valuation benchmark date. The non-operating assets of the appraised entity include other receivables, intangible assets, and deferred tax assets. Non-operating liabilities include accounts payable, other payables, provisions for liabilities, long-term payables, etc. The cost approach is used for the appraisal of non-operating assets and liabilities.

d) Long-term equity investment value

Long-term equity investments refer to the external equity investments made by the enterprise as of the valuation benchmark date. The entire shareholders' equity of the

invested entity, as confirmed using an appropriate appraisal method, is multiplied by the equity holding percentage to determine the long-term equity investment value.

(2) Interest-Bearing Debt Value

Interest-bearing debt refers to liabilities that the appraised entity must pay interest on as of the valuation benchmark date. As of the valuation benchmark date, the appraised entity has no interest-bearing debt.

2. Asset-based approach

(1) Current assets

a) Cash, which consists of bank deposits, is verified through bank statements, bank confirmations, etc., with the appraised value determined using the verified amounts.

b) Accounts receivable, other receivables: The assessors investigated the sales credit policy, customer composition, creditworthiness, and historical accounts receivable recovery of the appraised entity. Following the principle of materiality, the appraisers conducted confirmations for some of the accounts receivable and reviewed relevant contracts. Based on the verification of accounts receivable, the evaluators determined the appraised value based on the amount that is likely to be collected for each item. For amounts believed to be fully recoverable, the total receivables are used to calculate the appraised value. For amounts that are likely to be unrecoverable, the evaluators estimated the amount based on historical data and on-site investigations, considering factors such as the amount, overdue time, reasons for non-payment, the debtor's financial status, creditworthiness, and operational management. The appraised value is then calculated after deducting the estimated risk loss. Simultaneously, the "Provision for Bad Debts" item on the balance sheet is considered as zero.

c) Prepayments, the appraisers conducted inquiries with the relevant personnel of the appraised entity to understand the reasons for the formation of the prepayments and the creditworthiness of the counterparties. Following the principle of materiality, the appraisers conducted confirmations for some of the prepayments and reviewed relevant contracts. Based on the verification of prepayments, the appraisers determined the value based on the goods or relevant rights that are likely to be collected for each item. If there is sufficient reason to believe that all corresponding goods or related rights can be recovered, the full amount of the prepayment is used to calculate the value. If it is likely that some goods or rights cannot be recovered, and when the amount that cannot be recovered is difficult to determine, the appraisers estimate this portion of the goods or rights that may not be recovered, based on historical data and on-site investigations, and adjust the value by deducting the risk of loss.

d) Other current assets: The assessors investigated the reasons for the formation of other current assets for the appraised entity and reviewed the relevant documentation, contracts, and account books. After verification, the book values of other current assets are used as the appraised values.

(2) Long-term equity investments

An overall appraisal was conducted for long-term equity investments in wholly-owned and controlling subsidiaries. The appraisers first appraise the entire shareholders' equity value of the investee, then multiply it by the shareholding percentage to determine the value of the part of the shareholder's equity. For long-term equity investments in wholly-owned and controlling subsidiaries, the appraisal methods used and the reasons for selecting such methods are as follows:

Jian'an Company's main business is contracting internal projects for Baotou Energy. Since August 2020, no new construction projects have been undertaken, and the income after 2020 mainly comes from the settlement of previous years' projects. The main task of the Shantytown Company is to undertake the relocation and renovation project of the Shiguai Shantytown in Baotou, which is a welfare project not aimed at profit, intended to house residents of the Shiguai Shantytown.

Based on the analysis of the operational situation of the investees, since the asset-based approach can reflect the replacement cost of the appraised enterprise as of the valuation benchmark date, and the relevant data for the assets and liabilities of the investees are easily obtainable, the conditions for applying the asset-based approach are met.

Since Jian'an Company has suspended operations and has not undertaken new projects for many years, it is impossible to predict its future income, costs, and other operating data, making the income approach unsuitable for its appraisal. Since the main business of Shantytown Company is a welfare project not aimed at profit, the income approach is not suitable for its appraisal.

Due to the difficulty in finding comparable listed companies or merger cases for the investees, the market approach is not suitable for the appraisal of the investees.

Therefore, the asset-based approach is used to evaluate the investees.

(3) Fixed assets and intangible assets - land use rights

The fixed assets and intangible assets - land use rights of the appraised entity, Baotou Mining, come from its two branches: CHN Energy Baotou Mining Co., Ltd. Highway Branch and CHN Energy Baotou Mining Co., Ltd. Container Station. Highway Branch's main business is highway operation, and its main income is from tolls, with a toll period of 28 years. Container Station has mainly been in an external leasing status in recent years, with no plans for self-use. The assets within the appraisal scope mainly consist of container station assets and highway assets.

Since the future income from the container station asset group and highway asset group can be reasonably predicted, and the discount rate corresponding to the income risk level can also be reasonably estimated. The income approach is used for the appraisal based on the object, appraisal purpose, and collected data.

◆ Income approach

The income approach is a method for assessing asset value by estimating the present value of expected future income from the appraised asset.

For the appraisal of the container station and road asset groups, the pre-tax cash flow discount model is used for the appraisal, and the specific formula is as follows:

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

Wherein: P: Present value of cash flow from the operating asset group;

F_i: Expected pre-tax cash flow for the year i after the valuation benchmark date;

r: Discount rate (here it is the WACCBT);

n: Duration of existing asset income;

The pre-tax cash flow for the asset group is calculated as follows:

Pre-tax cash flow = EBITDA - Capital expenditure - Increase in working capital + Asset recovery value

This appraisal uses a univariate solution to determine the pre-tax discount rate (WACCBT). The calculation formula is as follows:

$$\sum_{i=1}^{n}\frac{R_i}{(1+r)^i}+\frac{R_{n+1}}{r(1+r)^n}=\sum_{i=1}^{n}\frac{Ra_i}{(1+r_a)^i}+\frac{Ra_{n+1}}{r_a(1+r_a)^n}$$

Wherein: R_i: Expected income (pre-tax cash flow) for year i in the future;

Ra_i: Expected income (post-tax cash flow) for year i in the future;

n: Forecasted period for future income;

r: Pre-tax discount rate;

r_a: Post-tax discount rate.

(4) Intangible assets - others

Other intangible asset included in the appraisal scope is the highway toll rights. The highway toll rights are valued using the income approach. The income approach is a method for assessing asset value by estimating the present value of expected future income from the appraised asset. As a franchise right, the future income from the highway toll rights can be reasonably predicted, and the discount rate corresponding to the income risk level can also be reasonably estimated. The income approach is used for the appraisal based on the object, appraisal purpose, and collected data.

For the appraisal of the highway toll rights-related asset group, the pre-tax cash flow discount model is used for the appraisal, and the specific formula is as follows:

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

Wherein: P: Present value of cash flow from the operating asset group;

F_i: Expected pre-tax cash flow for the year i after the valuation benchmark date;

r: Discount rate (here it is the WACCBT);

n: Duration of existing asset income;

The pre-tax cash flow for the asset group is calculated as follows:

Pre-tax cash flow = EBITDA - Capital expenditure - Increase in working capital + Asset recovery value

This appraisal uses a univariate solution to determine the pre-tax discount rate (WACCBT). The calculation formula is as follows:

$$\sum_{i=1}^{n}\frac{R_i}{(1+r)^i}+\frac{R_{n+1}}{r(1+r)^n}=\sum_{i=1}^{n}\frac{Ra_i}{(1+r_a)^i}+\frac{Ra_{n+1}}{r_a(1+r_a)^n}$$

Wherein: R_i: Expected income (pre-tax cash flow) for year i in the future;

Ra_i: Expected income (post-tax cash flow) for year i in the future;

n: Forecasted period for future income;

r: Pre-tax discount rate;

r_a: Post-tax discount rate.

(5) Intangible assets – mining rights

For exploration rights, due to the inability to obtain the necessary geological survey, preliminary design, mine area general plan, formal feasibility report, and other documents required for mining rights appraisal, it is not possible to model and calculate the market value of the exploration rights as of the valuation benchmark dateaccording to mining rights appraisal standards and theories. Therefore, the related costs for exploration rights are retained based on the audited book value.

(6) Deferred tax assets

Deferred tax assets represent income tax assets arising from deductible temporary differences recognised by the appraised entity. The assessors investigated the reasons for the deferred tax asset, reviewed the relevant accounting regulations for recognising deferred tax assets, and verified the accounting vouchers for the deferred tax assets recognised as of the valuation benchmark date. Deferred tax assets are valued at the verified book value.

(7) Other non-current assets

The appraisers investigated the reasons for the occurrence of other non-current assets and reviewed relevant materials. Other non-current assets are valued at the verified book value.

(8) Liabilities

As of the valuation benchmark date, liabilities include accounts payable, employee compensation payable, taxes payable, other payables, and non-current liabilities. The appraisers first checked the consistency between the subsidiary accounts and the general ledger, and examined the detailed items. They also sampled relevant accounting vouchers and documents to confirm the accuracy of the debt book values. For current and non-current liabilities, the appraised values are determined based on the actual liabilities borne by the company as verified.

VIII. Implementation Process and Information of the Appraisal Procedure

The appraisers carried out the appraisal of the assets involved in the subject asset from 9 August 2025 to 16 December 2025. The main appraisal procedures and process are as follows:

i. Acceptance of engagement

On 9 August 2025, the client and us reached an agreement on the basic matters of the appraisal, including the appraisal purpose, the subject asset, the appraisal scope, the valuation benchmark date, and the rights and obligations of each party. We then negotiated with the client and developed the corresponding appraisal plan.

ii. Preliminary preparation

After accepting the engagement, the project team, based on the appraisal purpose, the characteristics of the subject asset, and the time plan, formulated a specific appraisal work plan and formed the appraisal team. Simultaneously, the team drafted a list of required materials and appraisal forms based on the actual needs of the project.

iii. On-site investigation

The appraisers conducted the necessary asset and liability verification of the subject asset from 9 August 2025, to 10 September 2025, and conducted the necessary investigation into the operating and management conditions of the appraised entity.

1. Asset Verification

(1) Guiding the appraised entity to complete forms and prepare materials to be provided to the appraisal institution

The appraisers guided the financial and asset management personnel of the appraised entity to carefully and accurately complete the asset information based on the "Assets Appraisal Detail Sheet" and its requirements, the material checklist, etc., after their own inventory. They also collected and prepared property ownership certificates and documents reflecting performance, condition, economic, and technical indicators of the assets.

(2) Preliminary review and improvement of the Assets Appraisal Detail Sheet

The evaluators reviewed the relevant documents, understood the detailed status of the assets included in the appraisal scope, and then carefully reviewed the "Assets Appraisal Detail Sheet" to check for incomplete or incorrect entries, unclear asset items, and other issues. Based on experience and the gathered information, the evaluators ensured the accuracy of the sheet and provided feedback to the appraised entity to improve them.

(3) On-site inspection

Based on the types, quantities, and distribution of assets included in the appraisal scope, the appraisers, with the cooperation of relevant personnel from the appraised entity, verified the physical assets within the appraisal scope, and understood the status and use of the company's physical assets.

(4) Supplementing, modifying, and improving the Assets Appraisal Detail Sheet

Based on the results of the on-site inspection and after thorough communication with the relevant personnel of the appraised entity, the evaluators further refined the "Assets Appraisal Detail Sheet" to ensure consistency between the accounts, sheet, and actual assets.

(5) Verification of ownership certificate documents

The appraisers reviewed the property ownership certificates for assets included in the appraisal scope, and in cases where the ownership information was incomplete or unclear, they requested the company to verify or provide relevant ownership statements.

2. Due Diligence

To fully understand the operational and management status of the appraised entity and the risks it faces, the appraisers conducted necessary due diligence. The main contents of the due diligence were as follows:

(1) The history of the appraised entity, its major shareholders and their shareholding ratios, and the necessary ownership and management structure;

(2) The asset, financial, and operational management status of the appraised entity;

(3) The operating plans, development strategies, and financial projections of the appraised entity;

(4) Previous appraisals and transaction records of the subject asset and the appraised entity;

(5) Macro and regional economic factors affecting the production and operation of the appraised entity;

(6) The development status and prospects of the industry in which the appraised entity operates;

(7) Other relevant information.

iv. Data collection

The appraisers collected appraisal materials according to the specifics of the appraisal project, including data independently obtained from markets and other channels, data acquired from the client and other relevant parties, and data from government departments, professional institutions, and other relevant bodies. They then analysed, summarised, and organised the collected materials to form the basis for estimation.

v. Preliminary estimation

Based on the specific conditions of the various assets, the evaluators selected the appropriate formulas and parametres according to the chosen appraisal methods, performing analysis, calculations, and judgments to form preliminary appraisal conclusions. The project leader summarised the preliminary conclusions for each asset appraisal and drafted the preliminary asset appraisal report.

vi. Internal review

According to our appraisal business process management regulations, the project leader submitted the preliminary asset appraisal report for internal review after completion. After the internal review, the evaluators communicated with the client or other relevant parties, as agreed, on the contents of the asset appraisal report, ensuring that the independence of the appraisal conclusions was maintained. After completing the above appraisal procedures, the formal asset appraisal report was issued and submitted.

IX. Appraisal Assumptions

The assumptions for the analysis and estimates in this asset appraisal report are as follows:

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

ii. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;

iii. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner;

iv. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;

v. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations;

vi. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the valuation benchmark date;

vii. It is assumed that the management of the appraised entity after the valuation benchmark datewill remain responsible and stable, with the ability to perform their duties;

viii. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;

ix. It is assumed that after the valuation benchmark date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

x. It is assumed that after the valuation benchmark date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

xi. It is assumed that after the valuation benchmark date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;

xii. It is assumed that after the valuation benchmark date, the appraised entity's cash inflows and cash outflows will be at an average rate;

xiii. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;

xiv. It is assumed that the highway toll collection model during the forecast period will remain unchanged.

The conclusions of this asset appraisal report are valid under the above assumptions as of the valuation benchmark date. If there are significant changes in these assumptions, the signing asset appraisers and this appraisal agency will not bear responsibility for deriving different appraisal conclusions due to changes in assumptions.

X. Appraisal Conclusion

i. Income Approach Appraisal Results

As of the valuation benchmark date, the total book value of the parent company's assets for CHN Energy Baotou Mining Co., Ltd. was RMB4,574,770,400; the total book value of liabilities was RMB187,154,700; and the book value of net assets was RMB4,387,615,700. After applying the income approach, the appraised value of the entire shareholders' equity was RMB4,542,612,800, with an increase of RMB154,997,100, representing an appreciation rate of 3.53%.

As of the valuation benchmark date, on a consolidated basis, the total book value of assets for CHN Energy Baotou Mining Co., Ltd. was RMB4,575,190,300; the total book value of liabilities was RMB170,389,900; the book value of owner's equity was RMB4,404,800,400, of which the owner's equity attributable to the parent company was RMB4,404,800,400. After applying the income approach, the appraised value of the entire shareholders' equity was RMB4,542,612,800, with an increase of RMB137,812,400, representing an appreciation rate of 3.13%.

ii. Asset-based Approach Appraisal Results

As of the valuation benchmark date, the total book value of CHN Energy Baotou Mining Co., Ltd. on the parent company basis was RMB4,574,770,400, with an appraised value of RMB4,707,831,900, an increase of RMB133,061,500, representing an appreciation rate of 2.91%. The total book value of liabilities was RMB187,154,700, with an appraised value of RMB171,519,700, a decrease of RMB15,635,000, representing a depreciation rate of 8.35%. The book value of net assets was RMB4,387,615,700, with an appraised value of RMB4,536,312,200, an increase of RMB148,696,500, representing an appreciation rate of 3.39%.

The detailed results of the asset-based approach are shown in the following summary table:

Summary of Appraisal Results from Asset-based Approach

valuation benchmark date: 31 July 2025 Currency Unit: RMB'0,000

Item		Book value	Appraised value	Increase or decrease	Appreciation rate %
		A	B	C = B - A	D = C/A × 100%
Current assets	1	157,790.64	157,790.64	0.00	0.00
Non-current assets	2	299,686.40	312,992.55	13,306.15	4.44
Of which: Long-term equity investments	3	2,500.00	4,217.63	1,717.63	68.71
Investment properties	4	0.00	0.00	0.00	/
Fixed assets	5	5,430.19	6,573.19	1,143.00	21.05
Construction in progress	6	0.00	0.00	0.00	/
Oil and gas assets	7	0.00	0.00	0.00	/
Intangible assets	8	42,782.46	53,227.98	10,445.52	24.42
Including: Land use right	9	4,195.30	0.00	-4,195.30	-100.00
Other non-current assets	10	248,973.75	248,973.75	0.00	0.00
Total assets	**11**	**457,477.04**	**470,783.19**	**13,306.15**	**2.91**
Current liabilities	12	10,769.45	9,771.95	-997.50	-9.26
Non-current liabilities	13	7,946.02	7,380.02	-566.00	-7.12
Total liabilities	**14**	**18,715.47**	**17,151.97**	**-1,563.50**	**-8.35**
Net assets	**15**	**438,761.57**	**453,631.22**	**14,869.65**	**3.39**

As of the valuation benchmark date, on a consolidated basis, the total book value of assets for CHN Energy Baotou Mining Co., Ltd. was RMB4,575,190,300; the total book value of liabilities was RMB170,389,900; the book value of owner's equity was RMB4,404,800,400, of which the owner's equity attributable to the parent company was RMB4,404,800,400. After applying the asset-based approach, the value of the entire shareholders' equity was RMB4,536,312,200, with an increase of RMB131,511,800, representing an appreciation rate of 2.99%.

iii. Appraisal Conclusion

The value of the entire shareholders' equity based on the income approach is RMB4,542,612,800, while the value based on the asset-based approach is RMB4,536,312,200. The difference between the two methods is RMB6,300,600, representing a variance of 0.14%.

There is a certain discrepancy between the appraisal results of the income approach and the asset-based approach. The main reason for the discrepancy is the different perspectives considered by the two methods. The asset-based approach appraises the value of the appraised entity from the perspective of asset replacement as of the valuation benchmark date, with core assets appraised using the income approach. The

income approach capitalises or discounts the expected income of the appraised enterprise to determine the value of the subject asset. In this appraisal, since the core assets under the asset-based approach are also appraised using the income approach, the final results of the income approach and the asset-based approach differ slightly. Considering that the income approach appraises the value of the company based on its future profitability, it more intuitively reflects the company's value. Therefore, the appraisal result based on the income approach is adopted.

Based on the above analysis, the appraisal conclusion in this asset appraisal report adopts the result of the income approach, i.e., the value of the entire shareholders' equity in CHN Energy Baotou Mining Co., Ltd. is RMB4,542,612,800.

Due to objective limitations, this asset appraisal report does not take into account any premium or discount that may arise due to control or lack of control, nor does it consider the impact of liquidity on the value of the subject asset.

XI. Special Notes

The following matters were identified during the appraisal process that may affect the appraisal conclusion but cannot be assessed or estimated by the professional expertise and ability of the evaluators:

i. In this asset appraisal report, if there is a discrepancy between the total values and the sum of the individual items in any tables or written statements (expressed in RMB10,000), it is due to rounding.

ii. This appraisal refers to the Audit Report numbered Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028111_A01 issued by Ernst & Young Hua Ming LLP on 16 December 2025. We obtained the audit report through legal channels, and after analysing and reviewing the contents of the audit report in accordance with the relevant asset appraisal standards, we have prudently used the relevant contents of the audit report. The audited financial data in the audit report forms the basis for the asset appraisal. If this financial data changes, the conclusions of this appraisal may become invalid. According to Article 12 of the *Asset Appraisal Practice Standards – Enterprise Value*: Asset appraisers analyse and assess the use of financial statements based on the chosen appraisal methods. However, it is not the responsibility of the asset appraisers to offer professional opinions on whether the financial statements fairly reflect the financial status, operating results, or cash flow of the appraised entity as of the valuation benchmark date. We only bear responsibility for improper referencing that may arise in the use of the audit report during the appraisal process.

iii. According to the *Asset Appraisal Law* and the *Guidance on Legal Ownership of Subject Asset*, the client and relevant parties commissioning the asset appraisal are responsible for the authenticity, completeness, and legality of the ownership certificates, financial accounting information, and other materials they provide. The purpose of conducting asset appraisal is to estimate the value of the subject asset and provide professional opinions. Confirming the legal ownership or providing opinions on the legal status of the assets goes beyond the scope of professional asset appraisal. Asset appraisers do not provide guarantees on the legal ownership of the subject asset.

iv. Explanation regarding ownership defects

1. A total of 18 buildings and structures are included in the appraisal scope. As of the valuation benchmark date, the Tuke office building, office gatehouse, generator room, and equipment room have obtained property ownership certificates, while the

remaining properties have not yet obtained ownership certificates. The total area of the properties without certificates was 12,509.56 square metres. The company confirms that the above properties are actually owned by it, with no ownership disputes.

2. A total of 25 vehicles declared by the company are included in the appraisal scope. Except for six vehicles used within the factory that do not require vehicle registration certificates, the remaining vehicles have obtained vehicle registration certificates as of the valuation benchmark date. The registered right holder for the Hongqi Sedan, Plate No. Meng B930BD does not match the company name, and the name change procedure has not yet been completed. The company confirms that the above vehicles are actually owned by it, with no ownership disputes.

3. A total of five land use rights are included in the appraisal scope. As of the valuation benchmark date, the Tuke service area land and over-limit monitoring station land have not yet obtained property ownership certificates, but the company has signed land transfer contracts and paid the land transfer fees. The company confirms that the above land is actually owned by it, with no ownership disputes.

4. In November 2020, the name of Shenhua Group Baotou Mining Co., Ltd. was changed to CHN Energy Baotou Mining Co., Ltd. As of the valuation benchmark date, the state-owned land use right certificates for the container station residential area and container station production area are still under the name of Shenhua Group Baotou Mining Co., Ltd., and the name change of the registered owner has not yet been completed. The company confirms that the above land is actually owned by it, with no ownership disputes.

5. The intangible assets - mining rights declared by the company consists of three exploration rights. As of the valuation benchmark date, the registered right holders of the exploration rights are Hulunbuir Dayan Surveying, Planning and Design Co., Ltd. and Inner Mongolia Dayan Mining Group Co., Ltd., and the name change procedure for the registered right holders has not yet been completed. The company confirms that the above exploration rights are actually owned by it, with no ownership disputes.

This appraisal did not consider the impact of the aforementioned matters on the appraised value.

v. Explanation regarding assets in an abnormal use state

Some assets declared within the appraisal scope are in a non-physical or pending scrap state, as detailed below:

The appraised entity, Baotou Mining, has declared one non-physical building with a book value of RMB800, and two intangible structures with a book value of RMB28,800. For these non-physical assets, the appraisal value is 0.

Baotou Mining’s subsidiary, Shantytown Company, declared two pieces of electric equipment pending disposal with a book value of RMB0. As these assets no longer have any use value as of the valuation benchmark date, the appraisal value is RMB0.

vi. Baotou Mining's subsidiary, Baotou Shiguai Shantytown Relocation Construction Co., Ltd., has a registered capital of RMB10 million. As of the valuation benchmark date, no capital has been paid in. This appraisal is based on the audited net asset value and does not consider the impact of the aforementioned matters on the appraised value.

vii. As of the valuation benchmark date, the appraised entity has the following legal and economic unresolved matters:

No.	Plaintiff/ Petitioner	Defendant/ Respondent	Accepting court/ Arbitration body	Case cause	Summary of claims	Current legal/arbitration outcome	Current legal stage
1	CHN Energy Baotou Mining Co., Ltd.	Uxin Banner State-owned Asset Investment and Management Co., Ltd.	People's Court of Dongcheng District, Beijing	Loan dispute lawsuit	Request the court to order the defendant to repay the loan principal and interest	The first-instance court ruled that the defendant should pay overdue interest of RMB1,675,917.8 to the plaintiff and rejected other claims. The second-instance court ruled to dismiss the appeal and upheld the original judgment.	Second instance

This appraisal does not consider the impact of the above matters on the appraisal.

viii. In the event of significant matters after the valuation benchmark date, such as exchange rate fluctuations, major national policy adjustments, or substantial changes in the entity's asset ownership, quantity, or value, the report users shall not directly rely on the appraisal conclusion and shall check whether reasonable adjustments have been made to the valuation benchmark dateor the appraisal results.

Users of the asset appraisal report should pay attention to the impact of the above special matters on the appraisal conclusion.

XII. Statement of the Limitations on the Use of the Asset Appraisal Report

i. Scope of use of the asset appraisal report

1. The users of the asset appraisal report are the client and those specified by national laws and administrative regulations.

2. The appraisal conclusion in the asset appraisal report is only valid for the economic activities related to this project.

3. The validity period of the conclusion in the asset appraisal report is one year from the valuation benchmark date. The client or other users of the asset appraisal report should use the report within the stated validity period of the appraisal conclusions.

4. Without the written consent of the client, the asset appraisal agency and its professionals shall not provide or disclose the contents of the asset appraisal report to any third parties, except as required by laws or administrative regulations.

5. Without the consent of the asset appraisal agency, the contents of the asset appraisal report shall not be copied, quoted, or disclosed in public media, except as required by laws, administrative regulations, or as agreed by the relevant parties.

ii. If the client or other users of the asset appraisal report do not use the asset appraisal report in accordance with the laws, administrative regulations, and the use scope outlined in the asset appraisal report, the asset appraisal agency and its professionals shall not bear any responsibility.

iii. Except for the client, other users of the asset appraisal report as specified in the asset appraisal engagement contract, and those specified by laws or administrative regulations, no other institution or individual may become a user of the asset appraisal report. This asset appraisal report contains several appendices and appraisal detail forms,

all of which are an integral part of this report. However, they are only valid when used together with the main body of the report.

iv. The asset appraisal agency and asset appraisers shall not bear any obligations or responsibilities to users of this report who are not authorised, such as those who obtain the report through presentation or other means, outside the scope of its intended use. They will not provide further consultancy based on this report, nor will they provide testimony or attend hearings in court or other legal proceedings, and they reserve the right to hold non-authorised users liable for any losses incurred as a result.

v. Users of the asset appraisal report shall correctly understand and use the appraisal conclusion. The appraisal conclusion is not equivalent to the realisable price of the subject asset and shall not be considered a guarantee of the realisable price.

vi. An asset appraisal report refers to a professional report issued by the asset appraisal agency, based on the law, administrative regulations, and asset appraisal standard requirements, after carrying out the necessary appraisal procedures as entrusted. It reflects the value of the subject asset for a specific purpose on the valuation benchmark date. This report must be signed by the appraisers responsible for the appraisal and stamped with the asset appraisal agency's official seal. It can only be formally used after being filed with the state-owned asset supervision and management authority or the enterprise that provided funding.

This Report is prepared in accordance with China's Asset Appraisal Standards

CHN Energy Shipping Company

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Shipping Company Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5358

China United Assets Appraisal Group Co., Ltd.
December 16, 2025

STATEMENT

I. This Asset Appraisal Report is prepared in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance of the People's Republic of China, and the Practice Standards and Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

II. The Clients or other users of the Asset Appraisal Report shall use the Report in accordance with applicable laws and regulations, and within the scope of use specified herein. Should the Client or other users of the Asset Appraisal Report fails to do so, the Asset Appraisal Institution and its professional asset appraisers shall not be liable for any consequences arising therefrom.

The Asset Appraisal Report is exclusively used by the Client, other designated users as stipulated in the asset appraisal engagement contract, and users mandated by applicable laws and regulations. In addition, no other institution or individual is authorized to be a user of the Asset Appraisal Report.

The Asset Appraisal Institution and its asset appraisers advise users of this Asset Appraisal Report to accurately comprehend and use the appraisal conclusion. The appraisal conclusion should not be deemed as the realizable price of the appraisal object, nor should it be interpreted as a guarantee of the appraisal object's realizable price.

III. The truthfulness, legality, and completeness of the information provided by the Clients and other relevant parties are prerequisites for the appraisal conclusion to be valid. The list of assets and liabilities included in the appraisal scope, as well as the prospective financial information, ownership certificates, and other data required for the appraisal, have been declared and confirmed by the Clients and the Appraised Entity through official seals or other means.

IV. The Asset Appraisal Institution and its asset appraisers have no existing or prospective interests in the Appraisal Object presented in the Asset Appraisal Report; and have no existing or prospective interests in the related parties, and are not biased towards them.

V. The asset appraisers have conducted field surveys of the Appraisal Object and the assets involved in the Asset Appraisal Report; has given due attention to the legal ownership status of the Appraisal Object and its related assets, inspected the legal ownership documentation for the Appraisal Object and its related assets, truthfully disclosed any issues identified, and requested the Clients and other relevant parties to optimize the property rights to satisfy the requirements for issuing the Asset Appraisal Report.

VI. The analyses, judgments, and results presented in the Asset Appraisal Report issued by the Asset Appraisal Institution are subject to the assumptions and limiting conditions stipulated therein. Users of the Asset Appraisal Report should thoroughly consider the assumptions, limiting conditions, instructions on special matters, and their impacts on the appraisal conclusion as specified within the Report.

VII. The Asset Appraisal Institution and its asset appraisers comply with applicable laws, regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and impartiality, and are legally responsible for the Asset Appraisal Report issued.

CHN Energy Shipping Company

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Shipping Company Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5358

ABSTRACT

China United Assets Appraisal Group Co., Ltd. was engaged by China Shenhua Energy Company Limited and China Energy Investment Corporation Co., Ltd. to assess the market value of the total Shareholders' Equity of CHN Energy Shipping Company as of the Appraisal Reference Date. This appraisal pertains to the economic activity involving China Shenhua Energy Company Limited's proposed acquisition of 100% equity in CHN Energy Shipping Company held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash.

The Appraisal Object is the total Shareholders' Equity of CHN Energy Shipping Company. The appraisal scope encompasses all assets and related liabilities of CHN Energy Shipping Company, including current assets, non-current assets, and their corresponding liabilities.

The Appraisal Reference Date is July 31, 2025.

The value type for this appraisal is market value.

This appraisal is performed based on the assumptions of continued use and an open market. Considering the specific circumstances of the Appraisal Object and various influencing factors, both the asset-based approach and income approach were employed for the overall appraisal of CHN Energy Shipping Company, followed by verification and comparison. Taking into account the applicability conditions of the appraisal methods and the achievement of the appraisal goals, the appraisal result derived from the asset-based approach was chosen as the final Appraisal Conclusion.

Based on the judgments on future development trends and business plans by the Clients and the management, and following appraisal procedures including inventory verification, field survey, market research and inquiry, and assessment and estimation, the Appraisal Conclusion for the total Shareholders' Equity of CHN Energy Shipping Company as of the Appraisal Reference Date of July 31, 2025, is described below:

The total Shareholders' Equity had a book value of RMB179,621.84 ten thousand, an appraised value of RMB214,179.65 ten thousand, an appraisal appreciation of RMB34,557.81 ten thousand, and an appreciation rate of 19.24%.

When utilizing this Appraisal Conclusion, report users are specifically reminded to pay attention to the special matters and significant subsequent events stipulated within the report.

According to applicable laws and regulations on asset appraisal, the Asset Appraisal Report involving statutory appraisal business should be used by the Clients after fulfilling relevant asset appraisal supervision and administration procedures. The Appraisal Conclusion is valid for one year, specifically from July 31, 2025 to July 30, 2026.

The above contents are extracted from the main body of the Asset Appraisal Report. To obtain more details of this appraisal engagement

and correctly comprehend the Appraisal Conclusion, please carefully read the main body of the Asset Appraisal Report.

CHN Energy Shipping Company Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Shipping Company Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5358

Esteemed China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited,

Upon the acceptance of your commission, by adhering to applicable laws, regulations, and asset appraisal standards, and upholding the principles of independence, objectivity, and impartiality, China United Assets Appraisal Group Co., Ltd. utilized both the income approach and market approach to appraise the market value of the total Shareholders' Equity of CHN Energy Shipping Company as of the Appraisal Reference Date of July 31, 2025 in accordance with the requisite appraisal procedures. This appraisal pertains to the economic activity involving China Shenhua Energy Company Limited's proposed acquisition of 100% equity in CHN Energy Shipping Company held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash. The Asset Appraisal Report is hereby presented as follows:

I. Clients, Appraised Entity, and Other Users of the Asset Appraisal

Report

The Clients for this asset appraisal are China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "CHN Energy") and China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua"); and the Appraised Entity is CHN Energy Shipping Company (hereinafter referred to as "CHN Energy Shipping").

A. Overview of Client 1

Enterprise Name: China Energy Investment Corporation Co., Ltd. (CHN Energy)

Enterprise Nature: Limited liability company (state-owned sole proprietorship)

Registered Address: No. 22 West Binhe Road, Andingmen, Dongcheng District, Beijing

Legal Representative: Zou Lei

Registered Capital: RMB13,209,466.11498 ten thousand

Date of Establishment: October 23, 1995

Business Term: From October 23, 1995 to indefinite term

Unified Social Credit Code: 91110000100018267J

Business Scope: Operate state-owned assets within the scope authorized by the State Council; Engage in investment and management across industries including coal and other resource products, coal-to-oil, coal chemicals, electricity, heating, ports, transportation, finance, domestic and foreign trade and logistics, real estate, high-tech, and information consulting; Plan, organize, coordinate, and manage the production and operating activities of enterprises affiliated with the Group in the aforementioned industry sectors; Sell chemical materials and chemical products (excluding dangerous chemicals), textiles, building materials, machinery, electronic equipment, and

office equipment. (Market entities shall independently select business projects and conduct operating activities in accordance with the law; For projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval from the relevant authorities; Engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

B. Overview of Client 2

Enterprise Name: China Shenhua Energy Company Limited

Enterprise Nature: Other joint-stock limited company (listed)

Registered Address: No. 22 West Binhe Road, Andingmen, Dongcheng District, Beijing

Legal Representative: Lv Zhiren

Registered Capital: RMB1,986,851.9955 ten thousand

Date of Establishment: November 8, 2004

Business Term: From November 8, 2004 to indefinite term

Unified Social Credit Code: 91110000710933024J

Business Scope: Coal mining (validity period is subject to relevant permits for each coal mine); wholesale operations of coal; project investment; coal washing and processing; development and operation of mineral products; internal transportation by proprietary railways; power generation; provision of supporting services for coal, railway, and power operations; vessel repair; energy and environmental technology development and utilization, technology transfer, technical consultation, technical services; import and export business; sales of chemical products, chemical materials, building materials, and mechanical equipment (excluding dangerous chemicals); property management. (Market entities shall independently select business projects and conduct operating activities in accordance with the law; For projects subject to approval in accordance with the law, operating activities

shall be carried out according to the approved scope after obtaining approval from the relevant authorities; Engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

C. Overview of the Appraised Entity

1. Basic Enterprise Information

Enterprise Name: CHN Energy Shipping Company.

Enterprise Nature: Limited liability company (sole proprietorship of legal person)

Registered Address: Fl.9, No. 6 Caihefang Road, Haidian District, Beijing City

Legal Representative: Zhang Zhiwen

Registered Capital: RMB100,000 ten thousand

Date of Establishment: March 22, 2023

Operating Period: From March 22, 2023 to indefinite term

Unified Social Credit Code: 91110000MACCJ2DF4A

Business Scope: Licensed projects: Waterway general cargo transport; Inter-provincial general cargo vessel transport, intra-provincial vessel transport; Ship repair. (For projects requiring approval by law, operating activities start only after obtaining such approval from relevant authorities. Specific business projects shall be subject to the approval documents or licenses issued by the relevant departments.) General projects: Engaging in international container vessel and general cargo vessel transport; Domestic shipping agency; International shipping agency; Domestic cargo transportation agency; International cargo transportation agency; Vessel sales; Vessel leasing; Information consulting services (excluding licensed information consulting services); Sales of petroleum products (excluding hazardous chemicals). (Business activities are conducted independently in accordance with the law, based on the business license, except for projects

requiring approval by law.) (Operating activities are prohibited for projects restricted or forbidden by national and local industrial policies.)

2. History and Shareholder Structure

China Energy Shipping Company was established on March 22, 2023, with full capital contribution from China Energy Investment Corporation Co., Ltd. Its registered capital is RMB100,000 ten thousand, which was fully paid in on April 27, 2023.

As of the Appraisal Reference Date, the paid-in capital of China Energy Shipping Company reaches RMB1,524,144,400 ten thousand, which is inconsistent with the registered capital of RMB100,000 ten thousand stated in the Articles of Association. The main reasons include:

First, CHN Energy made a cash capital injection of RMB500,000,000.00 into CHN Energy Shipping Company on March 24, 2025, for the initial operations of a newly established subsidiary. Second, pursuant to the CHN Energy Shipping Company's third board of directors' resolution in 2024 and approved by CHN Energy, it was agreed that CHN Energy Shipping Company would convert RMB2,414.44 ten thousand of its 2023 distributable profits into capital. Regarding the aforementioned matters, CHN Energy Shipping Company's Business Compliance Department is currently submitting an application to CHN Energy for changes to its Articles of Association.

Furthermore, with CHN Energy's approval, it has been agreed that CHN Energy Shipping Company would convert RMB13,416.26 ten thousand of its 2024 distributable profits into capital. Currently, CHN Energy Shipping Company is awaiting the completion of board deliberation procedures before proceeding with relevant accounting treatments.

As of the Appraisal Reference Date, the shareholder names, capital contribution amounts, and capital contribution ratios are described as follows:

Table 1 Capital Contribution Amount and Capital Contribution Ratio

Shareholder Name	Subscribed Capital Contribution Amount (RMBin ten thousand)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (RMB in ten thousand)	Paid-in Shareholding Ratio (%)
China Energy Investment Corporation Co., Ltd.	100,000	100	100,000	100
Total	100,000	100	100,000	100

3. Assets, Financial Status, and Operating Status

(1) Consolidated Financial Statement Status

As of the Appraisal Reference Date of July 31, 2025, the consolidated financial statements reported total assets of RMB533,926.10 ten thousand, liabilities of RMB306,166.48 ten thousand, owners' equity of RMB227,759.62 ten thousand, and owners' equity attributable to the parent company of RMB181,882.58 ten thousand. For the period January-July 2025, the consolidated financial statements reported operating revenue of RMB285,754.77 ten thousand, net profit of RMB18,178.45 ten thousand, and net profit attributable to the parent company of RMB18,219.92 ten thousand.

(2) Financial Position from Parent Company Statements

As of the Appraisal Reference Date of July 31, 2025, the parent company statements reported total assets of RMB335,174.26 ten thousand, total liabilities of RMB155,552.42 ten thousand, and net assets of RMB179,621.84 ten thousand. For the period January-July 2025, the parent company statements reported operating revenue of RMB120,956.03 ten thousand, and net profit of RMB10,940.03 ten thousand.

The assets and financial position for recent years are presented in the following tables:

Table 2 Assets, Liabilities, and Financial Position Reflected in the Consolidated Financial Statements

Unit: RMB in ten thousand

CHN Energy Shipping Company Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Shipping Company Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	244,793.11	392,642.47	533,926.10
Liabilities	105,573.76	231,555.07	306,166.48
Net Assets	139,219.35	161,087.41	227,759.62
Item	**2023**	**2024**	**January-July 2025**
Operating Revenue	246,614.05	416,012.65	285,754.77
Total Profit	-7,328.98	26,612.80	24,409.66
Net Profit	-7,557.31	21,944.64	18,178.45
Net Cash Flow from Operating Activities	12,315.80	63,094.38	44,922.80
Net Cash Flow from Investment Activities	1,819.25	-19,751.99	-1,102.33
Net Cash Flow from Financing Activities	-3,165.82	-41,625.90	27,525.74
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01		
Audit Opinion	Standard Unqualified Opinion		
Auditing Firm	Ernst & Young Hua Ming LLP		

Table 3 Assets, Liabilities, and Financial Position Reflected in the Parent Company Statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	120,754.43	296,760.90	335,174.26
Liabilities	18,071.72	178,114.30	155,552.42
Net Assets	102,682.71	118,646.60	179,621.84
Item	**2023**	**2024**	**January-July 2025**
Operating Revenue	383.64	178,418.91	120,956.03
Total Profit	2,484.45	18,133.73	13,813.29
Net Profit	2,682.71	15,963.89	10,940.03
Net Cash Flow from Operating Activities	-7,905.47	29,602.25	14,973.22
Net Cash Flow from Investment Activities	11,290.53	-26,444.78	-32,801.17
Net Cash Flow from Financing Activities	8,761.43	-2,146.07	45,549.38
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01		
Audit Opinion	Standard Unqualified Opinion		
Auditing Firm	Ernst & Young Hua Ming LLP		

4. Core Business Overview

China Energy Shipping Company is a shipping asset management and

operation platform established by CHN Energy following the optimization of its shipping industry management and control at the end of 2022. Established on March 22, 2023, with a registered capital of RMB1,000,000,000.00, it holds qualifications for domestic waterway transport, waterway transport agency, and international non-vessel operating common carrier transport. Its primary business encompasses coastal and along-river shipping, concurrently engaging in international ocean shipping. China Energy Shipping Company mainly provides guaranteed transportation services for the CHN Energy's internal power plants and coal operating branches in coastal areas and the middle and lower reaches of the Yangtze River, while also offering maritime and Yangtze River middle and lower reach transportation services to external Shenhua coal users.

5. Major Accounting Policies Implemented by CHN Energy Shipping Company

The Enterprise Accounting Standards - Basic Standards (CZBL No. 33, revised in July 2014) promulgated by the Ministry of Finance of the People's Republic of China on February 15, 2006, and 41 specific standards, including Enterprise Accounting Standards No. 1 - Inventory.

D. Overview of Long-term Equity Investments

A total of 4 long-term equity investments are included in this appraisal. As of the Appraisal Reference Date, their original book Value reached RMB1,367,955,927.90, with no impairment provision made. Companies within the consolidation scope include wholly-owned subsidiaries and controlled subsidiaries; associate companies are not within the consolidation scope. Specific details are presented below:

Table 4 Detailed List of Long-term Equity Investments

Unit: RMB

CHN Energy Shipping Company Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Shipping Company Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

No.	Name of Investee Enterprise	Shareholding Ratio	Registered Capital	Book Value
1	Tianjin Guoneng Shipping Co., Ltd.	60.00%	1,000,000,000.00	776,466,827.48
2	Guoneng (Wuhan) Shipping Co., Ltd.	100.00%	100,000,000.00	121,780,130.42
3	Guoneng (Tianjin) Shipping Co., Ltd.	100.00%	200,000,000.00	462,908,970.00
4	CHN Energy Ocean Shipping (HK) Co., Ltd.	100.00%	20,000,000.00	6,800,000.00
Total				1,367,955,927.90

1. Tianjin Guoneng Shipping Co., Ltd. (hereinafter referred to as "Tianjin Shipping")

Enterprise Name: Tianjin Guoneng Shipping Co., Ltd.

Enterprise Nature: Limited liability company

Registered Address: Fl. 20, Block A, Ruihai Building, Intersection of Jianguo Dao and Shengli Road, Guangfu Dao Street, Hebei District, Tianjin City

Legal Representative: Le Zailong

Registered Capital: RMB100,000 ten thousand

Date of Establishment: May 30, 2008

Operating Period: From May 30, 2008 to May 29, 2038

Unified Social Credit Code: 91120116675952413W

Business Scope: International maritime transport agency services; domestic freight forwarding services; domestic coastal and Yangtze River mid-lower reaches general cargo transportation; goods import and export, technology import and export (excluding state-restricted projects); international maritime cargo transportation; coal wholesale. (For projects requiring approval by law, operating activities can start only after getting approval from relevant authorities.)

As of the Appraisal Reference Date, the shareholder name, capital contribution amount, and capital contribution ratio are listed below:

Table 5 Shareholder Name and Capital Contribution Ratio

CHN Energy Shipping Company Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Shipping Company Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

Shareholder Name	Subscribed Capital Contribution Amount (RMB in ten thousand)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (RMB in ten thousand)	Paid-in Shareholding Ratio (%)
CHN Energy Shipping Company	60,000	60.00	60,000	60.00
Green Energy (Shanghai) Shipping Co., Ltd.	40,000	40.00	40,000	40.00

The financial position of the Company for recent years are presented in the following tables:

Table 6 Financial Position Statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	187,867.12	156,751.15	139,795.48
Liabilities	74,928.76	39,673.67	24,146.59
Net Assets	112,938.36	117,077.48	115,485.59
Item	**2023**	**2024**	**January-July 2025**
Operating Revenue	144,784.73	142,308.10	43,617.41
Total Profit	322.92	5,812.26	3,291.12
Net Profit	201.80	4,320.74	2,296.77
Item	**2023**	**2024**	**January-July 2025**
Net Cash Flow from Operating Activities	18,587.40	27,072.63	8,891.17
Net Cash Flow from Investment Activities	2,409.03	8,918.43	-29.67
Net Cash Flow from Financing Activities	-21,932.20	-39,362.23	-18,187.49
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01
Audit Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
Auditing Firm	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

2. Guoneng (Wuhan) Shipping Co., Ltd. (hereinafter referred to as "Wuhan Shipping")

Enterprise Name: Guoneng (Wuhan) Shipping Co., Ltd.

Enterprise Nature: Limited liability company (Wholly State-Owned Legal Entity, not invested in or controlled by natural persons)

Registered Address: No. 18 (11), Jinyinhu Road, Dongxihu District, Wuhan City

Legal Representative: Xu Meng

Registered Capital: RMB10,000 ten thousand

Date of Establishment: March 28, 2012

Business Term: Indefinite term

Unified Social Credit Code: 91420112591086626R

Business Scope: Port loading and unloading, warehousing services, freight solicitation, ship chartering, international freight forwarding business via sea, air, and land, coastal transportation (in preparation), sales of production materials (excluding seeds and pesticides); inter-provincial general cargo vessel transport on the Yangtze River main line and its tributaries. (For projects requiring approval by the law, operating activities may commence only after obtaining approval from the relevant authorities.)

As of the Appraisal Reference Date, the shareholder name, capital contribution amount, and capital contribution ratio are presented below:

Table 7 Shareholder Name and Capital Contribution Ratio

Shareholder Name	Subscribed Capital Contribution Amount (RMB in ten thousand)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (RMB in ten thousand)	Paid-in Shareholding Ratio (%)
CHN Energy Shipping Company	10,000	100	10,000	100
Total	10,000	100	10,000	100

The financial position of the Company for recent years are presented in the following tables:

Table 8 Financial Position Statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	20,940.80	26,300.25	23,792.93

Item	December 31, 2023	December 31, 2024	July 31, 2025
Liabilities	8,557.48	12,719.68	8,044.68
Net Assets	12,383.32	13,580.56	15,748.25
Item	**2023**	**2024**	**January-July 2025**
Operating Revenue	99,954.71	98,725.94	45,381.13
Total Profit	1,868.05	3,400.16	2,817.65
Net Profit	1,493.70	2,582.63	2,152.17
Auditing Firm	Ernst & Young Hua Ming LLP		
Audit Opinion	Standard Unqualified Opinion		
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01		
Issue Date of Audit Report	December 8, 2025		

3. Guoneng (Tianjin) Shipping Co., Ltd. (hereinafter referred to as "Tianjin Shipping")

Enterprise Name: Guoneng (Tianjin) Shipping Co., Ltd.

Enterprise Nature: Limited liability company (sole proprietorship of legal person)

Registered Address: Block A, 302, Building 1, Wanghai International Plaza Office Building, Intersection of Haihe East Road and Shizilin Street, Guangfu Dao Street, Hebei District, Tianjin City

Legal Representative: Duan Pengfei

Registered Capital: RMB462,908,970.00

Date of Establishment: September 20, 2024

Operating Period: From September 20, 2024 to indefinite term

Unified Social Credit Code: 91120105MAE16W003E

Business Scope: Licensed projects: Waterway general cargo transport; Inter-provincial general cargo vessel transport, Intra-provincial vessel transport; Waterway transport of dangerous goods. (Projects subject to legal approval may only commence operations after obtaining approval from the relevant authorities. Specific business projects are determined by the approval documents or licenses issued by the relevant authorities.) General projects:

International general cargo vessel transport; Domestic shipping agency; International shipping agency; Domestic cargo transportation agency; International cargo transportation agency; Ship Sales; Ship Leasing; Sales of petroleum products (excluding hazardous chemicals); Information consulting services (excluding licensed information consulting services). (Operating activities are carried out independently in accordance with the business license, except for projects requiring approval by law)

As of the Appraisal Reference Date, the shareholder name, capital contribution amount, and capital contribution ratio are listed below:

Table 9 Shareholder Name and Capital Contribution Ratio

Shareholder Name	Subscribed Capital Contribution Amount (RMB in ten thousand)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (RMB in ten thousand)	Paid-in Shareholding Ratio (%)
CHN Energy Shipping Company	46,290.897	100.00	46,290.897	100.00

The financial position of the Company for recent years are presented in the following tables:

Table 10 Financial Position Statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	————	————	197,493.76
Liabilities	————	————	144,498.25
Net Assets	————	————	52,995.50
Item	**2023**	**2024**	**January-July 2025**
Operating Revenue	————	————	77,500.33
Total Profit	————	————	8,939.47
Net Profit	————	————	6,704.61
Item	**2023**	**2024**	**January-July 2025**
Net Cash Flow from Operating Activities	————	————	19,440.53
Net Cash Flow from Investment Activities	————	————	-472.28
Net Cash Flow from Financing Activities	————	————	32,088.05
Audit Report No.	————	————	Ernst & Young Hua

Item	December 31, 2023	December 31, 2024	July 31, 2025
			Ming (2025) Zhuan Zi No. 80028128_A01
Audit Opinion	————	————	Unqualified Opinion
Auditing Firm	————	————	Ernst & Young Hua Ming LLP

4. CHN Energy Ocean Shipping (HK) Co., Ltd. (hereinafter referred to as "HK Shipping")

Enterprise Name: CHN Energy Ocean Shipping (HK) Co., Ltd.

Enterprise Nature: Private company limited by shares

Office Address: Room B, Fl.54, Bank of China Tower, One Garden Road, Central, Hong Kong

Date of Establishment: November 28, 2024

Business Registration Number: 77390763

As of the Appraisal Reference Date, the shareholder name, capital contribution amount, and capital contribution ratio are presented below:

Table 11 Shareholder Name and Capital Contribution Ratio

Shareholder Name	Subscribed Capital Contribution Amount (USD)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (USD)	Paid-in Shareholding Ratio (%)
CHN Energy Shipping Company	20,000,000	100	0	100
Total	20,000,000	100	0	100

As of the Appraisal Reference Date of July 31, 2025, the statements reported total assets of RMB683.77 ten thousand, total liabilities of RMB0.00 ten thousand, and net assets of RMB683.77 ten thousand. For the period January-July 2025, the statements reported operating revenue of RMB895.27 ten thousand, and net profit of RMB5.27 ten thousand.

E. Relationship between the Clients and the Appraised Entity

The Clients for this asset appraisal are China Energy Investment

Corporation Co., Ltd. and China Shenhua Energy Company Limited, with China Energy Investment Corporation Co., Ltd. being the controlling shareholder of China Shenhua Energy Company Limited. The Client, China Energy Investment Corporation Co., Ltd., is the shareholder of the Appraised Entity, CHN Energy Shipping Company, holding a 100% shareholding ratio. The Client, China Shenhua Energy Company Limited, intends to acquire 100% equity in CHN Energy Shipping Company held by China Energy Investment Corporation Co., Ltd.

F. Other Users of the Asset Appraisal Report

The Asset Appraisal Engagement Contract does not stipulate other report users.

Except as otherwise provided by applicable laws and regulations, no institution or individual shall become a user of the Asset Appraisal Report by virtue of obtaining it prior to the confirmation of the Appraisal Institution and the Clients.

II. Purpose of Appraisal

According to the 18th Chairman's Special Meeting Minutes of 2025 (August 8, 2025) of China Energy Investment Corporation Co., Ltd., China Shenhua Energy Company Limited intends to acquire coal, pit-mouth coal-fired power generation, and other related assets held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash.

The purpose of this asset appraisal is to reflect the market value of the total Shareholders' Equity of CHN Energy Shipping Company as of the Appraisal Reference Date, thereby providing a value reference for the aforementioned economic activity.

III. Appraisal Object and Appraisal Scope

The Appraisal Object is the value of the total Shareholders' Equity of CHN Energy Shipping Company. The Appraisal Scope includes all assets and related Liabilities of CHN Energy Shipping Company. As of the Appraisal Reference Date, the audited consolidated financial statements reported total assets of RMB533,926.10 ten thousand, liabilities of RMB306,166.48 ten thousand, owners' equity of RMB227,759.62 ten thousand, and owners' equity attributable to the parent company of RMB181,882.58 ten thousand. The audited parent company statements reported total assets of RMB335,174.26 ten thousand, liabilities of RMB155,552.42 ten thousand, and net assets of RMB179,621.84 ten thousand. Specifically, current assets totaled RMB85,751.91 ten thousand, and non-current assets amounted to RMB249,422.35 ten thousand; Current liabilities reached RMB48,195.42 ten thousand, and non-current liabilities totaled RMB107,357.00 ten thousand.

The aforementioned data on assets and liabilities are extracted from the Balance Sheet of CHN Energy Shipping Company as of July 31, 2025, audited by Ernst & Young Hua Ming LLP. The appraisal is performed based on the audited financial data of Shenhua Coal Sales Co., Ltd.

Appraisal object and appraisal scope as commissioned are consistent with those involved in the economic activity.

A. Overview of Principal Assets

As of the Appraisal Reference Date, the book value of physical assets belonging to the parent company of CHN Energy Shipping Company reached RMB97,867.41 ten thousand, representing 29.20% of total assets. These physical assets primarily comprise inventories, vessels, and electronic devices.

5. Inventories

Inventories primarily include fuel oil and diesel, which are currently in normal operation.

6. Vessels

The vessels, primarily comprising 6 bulk carriers such as CHN Energy 603, were acquired in 2024. As of the Appraisal Reference Date, these vessels are in normal use.

7. Electronic Devices

A total of 116 electronic devices, primarily computers and printers, were purchased between 2023 and 2024. These devices are mainly located within CHN Energy Shipping's office areas. As of the Appraisal Reference Date, these electronic devices are in good physical condition and in normal use.

B. Intangible Assets Whether Recorded or Unrecorded in the Books, as Declared by the Appraised Entity

As of the Appraisal Reference Date, the intangible assets recorded in the books and declared by the entity being appraised primarily comprise 3 customized software. The unrecorded intangible assets consist of 7 patents. Details are provided below.

Table 12 Intangible Assets - Other Bookkeeping Status

No.	Content or Name	Date of Acquisition	Original Book Value	Book Value	Usage Status
1	Intelligent Prediction and Vessel Operation Command System for Power Plant Inventory	December 10, 2024	4,398,000.00	4,104,800.00	In normal use
2	Shipping Company Business Plan and Financial Synergy Digital Intelligent Control System Construction Project	December 5, 2024	4,545,280.00	4,242,261.36	In normal use
3	Supporting Software System for Vessel-mounted CCTV Monitoring System	July 31, 2025	401,435.97	398,090.67	In normal use

Table 13 Overview of Patent Rights

No.	Applicant	Patent Category	Patent Name	Patent No./ Application No.	Patent Application Date
1	CHN Energy Shipping Company	Invention Publication	A Method, Device, Equipment, Medium, and Program Product for Determining Ship Inclination	CN202511033697.7	2025/7/25
2	CHN Energy Shipping Company	Invention Publication	Onboard Tugboat Status Monitoring System, Method, Device, Equipment, Medium, and Product	CN202411891325.3	2024/12/20
3	CHN Energy Shipping Company	Invention Publication	A Method and Device for Sea State Recognition	CN202411762473.5	2024/12/3
4	CHN Energy Shipping Company	Invention Publication	A Method and Device for Measuring Shore-Based Ship Attitude	CN202411762472.0	2024/12/3
5	CHN Energy Shipping Company	Invention Publication	A Method and Device for Ship Collision Early Warning	CN202411762065.X	2024/12/3
6	CHN Energy Shipping Company	Invention Publication	A Method and Device for Evaluating the Performance Capability of Ship Smoke Alarms	CN202311746268.5	2023/12/18
7	CHN Energy Shipping Company	Invention Publication	Ship Facility Operation and Maintenance Method, Device, Equipment, and Storage Medium	CN202311678892.6	2023/12/8

C. Types and Quantities of Off-balance Sheet Assets Declared by the Appraised Entity

As of the Appraisal Reference Date, there were no off-balance sheet assets within the scope declared for appraisal by the Appraised Entity.

D. Types, Quantities, and Book Values of Assets Involved in Conclusions from Reports Issued by Other Institutions

The book values of assets and liabilities on the Appraisal Reference Date in this Asset Appraisal Report are determined based on the audit results from the standard unqualified Audit Report of CHN Energy Shipping Company (Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01) issued by Ernst & Young Hua Ming LLP on December 16, 2025. This appraisal is performed based on the Appraised Entity's audited financial statements.

No other institutional report contents were cited apart from this.

IV. Value Type

In accordance with the purpose of this appraisal, the value type for this

appraisal is determined to be market value.

Market value refers to the estimated value of the Appraisal Object in a normal, arm's-length transaction on the Appraisal Reference Date, assuming buyers and sellers acting rationally and voluntarily and without any compulsion.

V. Appraisal Reference Date

The Appraisal Reference Date for this asset appraisal is July 31, 2025.

The Appraisal Reference Date is determined by the Clients after a comprehensive consideration of factors such as the Appraised Entity's asset scale, workload, estimated time required, and compliance requirements.

VI. Appraisal Basis

The appraisal basis followed for this asset appraisal primarily includes the economic activity basis, legal and regulatory basis, appraisal standards basis, asset ownership basis, as well as pricing basis and other references used during assessment and estimation, specifically as follows:

A. Economic Activity Basis

The 18th Chairman's Special Meeting Minutes of 2025 (August 8, 2025) of China Energy Investment Corporation Co., Ltd.

B. Legal and Regulatory Basis

1. Asset Appraisal Law of the People's Republic of China (Promulgated at the Twenty-first Session of the Standing Committee of the Twelfth National People's Congress on July 2, 2016);

2. Company Law of the People's Republic of China (Second Revision, adopted at the Seventh Session of the Standing Committee of the Fourteenth National People's Congress on December 29, 2023);

3. Civil Code of the People's Republic of China (Adopted at the Third

Session of the Standing Committee of the Thirteenth National People's Congress on May 28, 2020);

4. Enterprise Income Tax Law of the People's Republic of China (Amended and adopted at the Seventh Session of the Standing Committee of the Thirteenth National People's Congress on December 29, 2018);

5. Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (First revision of the Decision of the State Council on Amending Certain Administrative Regulations promulgated by Decree of the State Council No. 714 of the People's Republic of China on April 23, 2019);

6. Provisional Regulations of the People's Republic of China on Value-added Tax (Decree of the State Council No. 691);

7. Implementation Rules for the Provisional Regulations of the People's Republic of China on Value-added Tax (Decree of the Ministry of Finance and the State Taxation Administration No. 50);

8. Stamp Tax Law of the People's Republic of China (Adopted at the Third Session of the Standing Committee of the Fourteenth National People's Congress on June 29, 2023);

9. Opinions of the Ministry of Finance of the People's Republic of China on Reforming the Administrative Management Method of State-owned Asset Appraisal and Strengthening the Supervision and Administration of Asset Appraisal (GBF [2001] No. 102);

10. Notice on Issues Concerning Strengthening the Administration of State-owned Enterprise Asset Appraisal (GZWCQ [2006] No. 274);

11. Notice on Matters Concerning the Review and Approval of State-owned Enterprise Asset Appraisal Reports (GZCQ [2009] No. 941);

12. Administrative Measures for State-owned Asset Appraisal (Decree of the State Council No. 91);

13. Implementation Rules for the Administrative Measures for State-owned Asset Appraisal (GZBF [1992] No. 36);

14. Provisional Regulations on the Supervision and Administration of State-owned Enterprise Assets (Decree of the State Council No. 378, revised by Decree of the State Council No. 588);

15. Administrative Measures for the Supervision and Administration of State-owned Enterprise Property Rights Transactions (Decree of the State-owned Assets Supervision and Administration Commission No. 32);

16. Provisional Measures for the Administration of State-owned Enterprise Asset Appraisal (Decree of the State-owned Assets Supervision and Administration Commission of the State Council No. 12);

17. Guiding Opinions on the Filing Work for State-owned Enterprise Asset Appraisal Projects (GZFCQ [2013] No. 64);

18. Law of the People's Republic of China on State-owned Enterprise Assets (Adopted at the Fifth Session of the Standing Committee of the Eleventh National People's Congress on October 28, 2008);

19. Administrative Measures for the Financial Supervision and Administration of the Asset Appraisal Industry (Decree of the Ministry of Finance of the People's Republic of China No. 86);

20. Notice on Matters Concerning the Agreement Transfer of State-owned Property Rights of Central Enterprises (GZFCQ [2010] No. 11);

21. Notice on Optimizing the Asset Appraisal Management of Central Enterprises (GZFCQG [2024] No. 8);

22. Administrative Measures for the Major Asset Reorganization of Listed Companies (CSRC Order No. 166, revised on March 20, 2020);

23. Implementation Rules for Non-public Issuance of Shares by Listed Companies (CSRC Order No. 73, revised on February 14, 2020);

24. Operational Rules for Transactions of State-owned Enterprise Assets

(GZFCQG [2025] No. 17);

25. Other laws, regulations, and rules related to the appraisal work.

C. Basis of Appraisal Standards

1. Asset Appraisal Standards - Basic Standards (CQ [2017] No. 43);

2. Professional Ethics Standards for Asset Appraisal (CAS [2017] No. 30);

3. Professional Standards for Asset Appraisal - Asset Appraisal Procedures (CAS [2018] No. 36);

4. Professional Standards for Asset Appraisal - Asset Appraisal Report (CAS [2018] No. 35);

5. Professional Standards for Asset Appraisal - Asset Appraisal Engagement Contract (CAS [2017] No. 33);

6. Professional Standards for Asset Appraisal - Asset Appraisal Files (CAS [2018] No. 37);

7. Professional Standards for Asset Appraisal - Utilizing Expert Work and Related Reports (CAS [2017] No. 35);

8. Professional Standards for Asset Appraisal - Enterprise Value (CAS [2018] No. 38);

9. Professional Standards for Asset Appraisal - Appraisal Methods (CAS [2019] No. 35);

10. Guidelines for Business Quality Control of Asset Appraisal Institution (CAS [2017] No. 46);

11. Guiding Opinions on Asset Appraisal Value Types (CAS [2017] No. 47);

12. Guiding Opinions on Legal Ownership of Asset Appraisal Object (CAS [2017] No. 48);

13. Guidelines for State-owned Enterprise Asset Appraisal Reports (CAS [2017] No. 42).

D. Basis for Asset Ownership

1. Vessel Ownership Registration Certificate and related property right declarations;

2. Contracts or vouchers for the acquisition of significant assets;

3. Other reference documents.

E. Pricing Basis

1. Notice of the Ministry of Finance and the State Taxation Administration on Comprehensively Launching the Pilot Program for Replacing Business Tax with Value-added Tax (CS [2016] No. 36);

2. Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Policies Regarding Deepening Value-added Tax Reform (Ministry of Finance, State Taxation Administration, General Administration of Customs Announcement 2019 No. 39);

3. Announcement on the Loan Prime Rate (LPR) Appraisal Reference Date Authorized by the National Interbank Funding Center;

4. 2025 Mechanical and Electrical Products Price Information Inquiry System;

5. Price information database of China United Assets Appraisal Group Co., Ltd.;

6. Future earnings forecast data provided by the Clients and other relevant parties in accordance with the law;

7. Other reference documents.

F. Other Reference Documents

1. Audit Report of CHN Energy Shipping Company (Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028128_A01) issued by Ernst & Young Hua Ming LLP;

2. Enterprise Accounting Standards - Basic Standards (Ministry of Finance Order No. 33);

3. Enterprise Accounting Standards - Application Guide (CK [2006] No.18);

4. Enterprise Accounting Standard No. 1 - Inventories and 40 other specific standards (CK [2006] No. 3);

5. Handbook of Common Methods and Parameters for Asset Appraisal (China Machine Press 2011 Edition);

6. iFind Information Financial Terminal;

7. Investment Appraisal (written by Damodaran [US], translated by Lin Qian [Canada], Tsinghua University Press);

8. Appraisal: Measuring and Managing the Value of Companies (4th Edition) (written by Tim. Koller et al. [US], translated by Wei Ping and Zhu Xiaolong, Electronics Industry Press);

9. Asset Appraisal Standards - Terminology 2020;

10. Expert Guidance for Asset Appraisal No. 8 - Verification and Validation in Asset Appraisal (CAS [2019] No. 39);

11. Expert Guidance for Asset Appraisal No. 12 - Measurement of Discount Rate in Enterprise Value Assessment Using the Income Approach (CAS [2020] No. 38);

12. Relevant information on property rights transactions from the official websites of the China Securities Regulatory Commission, Shanghai Stock Exchange, Shenzhen Stock Exchange, and other related bodies;

13. Other reference documents.

VII. Appraisal Methodology

A. Introduction to Appraisal Methods

In accordance with the Professional Standards for Asset Appraisal -

Enterprise Value (CAS [2018] No. 38) and Professional Standards for Asset Appraisal - Asset Appraisal Methods (CAS [2019] No. 35), when engaging in enterprise value appraisal, the applicability of three basic methods, namely, income approach, market approach, and asset-based approach, shall be analyzed, and the appropriate appraisal method is selected based on factors such as the purpose of appraisal, appraisal object, value type, conditions for the application of appraisal methods, and the quality and quantity of data underlying the application of appraisal methods.

The income approach in enterprise value appraisal involves determining the value of the appraisal object by capitalizing or discounting expected returns. Asset appraisal professionals should appropriately assess the applicability of the income approach by considering the enterprise nature, asset scale, historical operating performance, predictability of future earnings, and the sufficiency of the appraisal data obtained.

The market approach in enterprise value appraisal involves determining the value of the appraisal object by comparing it with comparable listed companies or comparable transaction cases. Asset appraisal professionals should consider the applicability of the market approach based on the sufficiency and reliability of the comparable enterprises' operating and financial data obtained, and the number of comparable enterprises available for collection.

The asset-based approach in enterprise value appraisal involves determining the value of the appraisal object by appraising the value of identifiable on-balance sheet and off-balance sheet assets and liabilities, based on the Balance Sheet of the Appraised Entity on the Appraisal Reference Date.

B. Selection of Appraisal Method

The Purpose of Appraisal can be described as China Shenhua Energy Company Limited's proposed acquisition of 100% equity in CHN Energy

Shipping Company held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash.

The asset-based approach reflects the enterprise value from a construction perspective, providing a basis for enterprise operation, management, and assessment after the economic activity is realized. Therefore, the asset-based approach is selected for this appraisal.

The Appraised Entity possesses the foundation and conditions for going concern, and its future earnings and risks can be predicted and quantified. Therefore, the income approach can be adopted for this appraisal.

Before and after the Appraisal Reference Date, as recent transaction cases involving enterprises of comparable scale are unavailable, and there are few comparable listed companies with similar scale and business structure in the market, the market approach was not selected for this appraisal.

In summary, it is determined to adopt the asset-based approach and income approach for this appraisal.

C. Asset-based Approach

The asset-based approach involves determining the value of the appraisal object by appraising the value of identifiable assets and liabilities, both on and off the Balance Sheet of the Appraised Entity or operating unit as of the Appraisal Reference Date. Specifically, it involves calculating the enterprise value by summing the appraised value of various constituent assets and subtracting the appraised value of the liabilities.

The appraisal methods for assets and liabilities are presented below:

1. Current Assets

(1) Monetary assets

Monetary assets primarily consist of bank deposits.

Confirmation letters were sent for bank deposit accounts to verify the actual existence of bank deposits, and to check for any unrecorded bank

deposits, examining the authenticity of outstanding items in the Bank Reconciliation Statement, and reviewing inflows after the Appraisal Reference Date. For monetary assets denominated in RMB, the Appraised Value is determined based on the verified book value. For foreign currency-based monetary assets, the Appraised Value is determined by multiplying the verified original currency amount by the exchange rate on the Appraisal Reference Date.

(2) Accounts Receivable

For the appraisal of accounts receivable, the appraisers should verify the bookkeeping records, and sample a portion of original vouchers, and other relevant documents. They should confirm the authenticity of transactions, the age of accounts, business contents and business amounts, and performed confirmations to ensure consistent verification results across the ledger, statements, and detailed list. Based on the verification of accounts receivable, the appraisers should engage in specific analyses on the amount, duration, and reasons for outstanding debts, collection status, debtor's funds, creditworthiness, and operational management status by leveraging historical data and current investigative findings. The appraisal risk loss is then estimated based on the specific circumstances of the Appraised Entity.

For receivables and other amounts from/to related parties where there is sufficient reason to believe they are fully recoverable, the probability of appraisal risk loss is determined to be 0%;

For individually significant accounts receivable where the Appraised Entity and the debtor have agreed upon a repayment plan, the appraisal risk loss is determined by the difference when the present value of future estimated cash flows is lower than the book value. For individually non-significant accounts receivable where the Appraised Entity and the debtor have not determined a repayment plan, the appraisal risk loss is estimated by

referencing the method used in corporate accounting for calculating provision for bad debts.

The Appraised Value of accounts receivable is determined by deducting the appraisal risk loss from the verified book value of accounts receivable.

(3) Prepayments

For the appraisal of prepayments, the appraisers should verify bookkeeping records, examine original vouchers and relevant contracts, confirm the authenticity of transactions, the age of accounts, business contents, and business amounts. Confirmations should be obtained to prove that there is no anomaly. Based on the accurate verification of prepayments, and utilizing historical data and insights gathered from field surveys, the appraisers should specifically analyze the amounts, outstanding periods and reasons, collection status of payments, and the financial, credit, and operational management status of the debtors.

Upon verification, the amounts in the prepayment accounts, statements, and invoices are consistent. No instances were found where suppliers were bankrupt, dissolved, or unable to provide goods on time as per contract. Based on the accurate verification of prepayments, the appraisers determined the Appraised Value using the verified book value.

(4) Inventories

Inventories include solely raw materials. No provision for inventory impairment has been made. The specific appraisal methods and procedures for inventories are described below:

1) Raw materials

Raw materials primarily consist of fuel oil, diesel, and other supplies necessary for vessels. An on-site investigation revealed that the enterprise utilizes actual cost accounting for its raw materials. Based on the foregoing, an analysis of the book value was performed. For certain raw materials

purchased close to the Appraisal Reference Date, which are in normal circulation and show no signs of backlog or damage, this appraisal included a sample review of their purchase contracts, invoices, and other supporting documents. A comparative analysis with their book value revealed no significant discrepancies, indicating that the book value largely reflects the current market value of these raw materials. Consequently, for this portion of raw materials, the appraised value was determined based on the verified book value. The appraisal value of No. 0 diesel shall be determined based on the prevailing market price on the Appraisal Reference Date.

(5) Contract Assets

For the appraisal of contract assets, the appraisers verified bookkeeping records, inspected original vouchers and relevant contracts, and confirmed the authenticity of transaction details, aging of accounts, scope of business, and amounts. No anomalies were found. Based on the verified accuracy of advance payments, and utilizing historical data and current investigative findings, the appraisers specifically analyzed the amounts, debt period and reasons, collection status of payments, and the debtor's capital, credit, and business management status. The appraised value was determined based on the verified book value.

(6) Other current assets

For the appraisal of other current assets, the asset appraisers verified the consistency of the subsidiary ledger with the general ledger and balance sheet balances, checked for consistency with the detailed list of assets to be appraised, reviewed accounting records including transaction amounts, occurrence dates, and business content, and spot-checked original booking vouchers, relevant payment vouchers, and contracts to ascertain the authenticity and completeness of their accounting content. The asset appraisers ascertained the types of taxes, tax rates, payment systems, and

other tax policies and expense conditions that the Appraised Entity was obligated to bear as of the Appraisal Reference Date. Based on verified accuracy, the Appraised Value was determined using the verified book value.

2. Long-term Equity Investments

For long-term equity investments, we first gathered evidence and verified the reasons for their formation, their book value, and actual status. We also reviewed investment agreements, resolutions of shareholders' meetings, articles of association, and relevant accounting records to ascertain the authenticity and completeness of these long-term investments.

For wholly-owned subsidiaries and controlled subsidiaries with a shareholding ratio of 50% or more, the overall assets of the invested entity at the Appraisal Reference Date were subjected to appraisal. The Appraised Value was then determined by multiplying the Appraised Value of the invested entity's net assets at the Appraisal Reference Date by the Appraised Entity's shareholding ratio:

Appraised Value of Long-term Equity Investments = Appraised Value of Net Assets after Overall Appraisal of the Invested Entity × Shareholding Ratio

Specifically, if there is a discrepancy between paid-in capital and subscribed capital, then:

Appraised Value of Long-term Equity Investments = (Appraised Value of Shareholders' Equity of the Invested Entity + Unpaid Subscribed Capital Contribution Amount) × Subscribed Capital Contribution Ratio of the Shareholder - Unpaid Subscribed Capital Contribution Amount of the Shareholder

For associate companies, a specific analysis of the invested enterprise is performed. As per the Articles of Association, the Appraised Entity being

appraised does not participate in the operational affairs of the associate companies. Therefore, the appraised value for this assessment is determined by multiplying the net assets, as presented in the accounting statements on the Appraisal Reference Date, by the equity ratio.

In determining the appraised value of long-term equity investments, the appraisers did not account for premiums or discounts resulting from factors such as controlling interest and minority equity, nor did they consider the impact of equity liquidity on the appraisal results.

3. Fixed Assets - Electronic Devices

Based on the purpose of this appraisal, and in accordance with the going concern principle and market prices, coupled with the characteristics of the assets under appraisal and the collected data, the market approach is adopted for vessels, while the cost approach is employed for electronic devices.

(1) Market Approach

For vessel assets, the market approach entails collecting transaction data from the second-hand vessel market. Several second-hand vessels are selected as comparative instances, matching the type, deadweight tonnage, service life, and transaction time of the vessels under appraisal. Through a comparative analysis between the vessels under appraisal and each comparative instance, adjustment or correction coefficients are determined for deadweight tonnage, service life, transaction time, transaction conditions, shipbuilding country, and other relevant factors. Subsequently, the corrected prices of these comparative instances are arithmetically averaged to ascertain the appraised value of the vessels under appraisal.

The calculation formula is expressed as follows:

$$P = \sum(Pi \times Ai \times Bi \times Ci \times Di \times Ei \times Fi) \ /n$$

P - Appraised value of the vessel under appraisal;

Pi - Transaction price of the i-th comparative instance;

Ai - Adjustment coefficient for the deadweight tonnage of the i-th comparative instance;

Bi - Adjustment coefficient for the transaction time of the i-th comparative instance;

Ci - Adjustment coefficient for the transaction conditions of the i-th comparative instance;

Di - Adjustment coefficient for the sale age of the i-th comparative instance;

Ei - Adjustment coefficient for the shipbuilding country of the i-th comparative instance;

Fi - Adjustment coefficient for other factors of the i-th comparative instance;

n - Number of Comparative Instances

Determination of comparative instances and prices for vessel market transactions:

Through market research, vessels identical or similar to the subject of appraisal are selected as comparative instances from the current trading market. When selecting comparative instances, primary consideration is given to fundamental performance elements such as the type and deadweight tonnage of the trading vessels. Concurrently, the vessel's build date, country of build, transaction date, and comparable vessels that have already been transacted are also considered.

Determination of adjustment coefficient:

Vessel Type: For the purpose of this appraisal, vessel type refers to the tonnage-based classification of bulk carriers, primarily including: Handymax, Supramax, Panamax, Kamsarmax, Capesize, etc. Comparative instances must be selected from cases of the same or similar type as the vessels under appraisal.

Deadweight tonnage adjustment coefficient: The deadweight tonnage adjustment coefficient indicates the influence of a vessel's cargo capacity on its transaction price. Based on statistical data concerning the price levels of used vessels in international and domestic shipping markets, the unit ton price for similar types of vessels within a specific deadweight tonnage range and comparable age is fundamentally consistent. For this appraisal, the deadweight tonnage adjustment coefficient is determined based on the deadweight tonnage ratio.

Transaction time adjustment coefficient: The transaction time adjustment coefficient is determined by the price index ratio. This appraisal determines the transaction time adjustment coefficient using the Shanghai Shipping Price Index (SPI).

Transaction condition adjustment coefficient: The transaction condition adjustment coefficient is determined by considering the impact of factors such as transaction volume, transaction motivation, delivery location, payment method, the presence of any additional transaction terms, and the vessel's actual condition at the time of transaction on the vessel's price.

Useful life adjustment coefficient: The scrapping period for Chinese bulk carriers is 33 years, and the useful life impacts vessel prices. For this appraisal, the adjustment coefficient for useful life is determined based on the ratio of the difference in useful life to the scrapping period.

Shipbuilding country adjustment coefficient: The varying technological advancement and construction costs across shipbuilding countries affect the useful life of vessels, consequently influencing the transaction price of used vessels. The shipbuilding country adjustment coefficient is determined through an analysis of international shipping market conditions and vessel prices in various countries.

Other factors adjustment coefficient: Other factors primarily include

differences in the vessel's navigable area, technical condition, and main equipment. The technical condition of the vessel includes whether it has sustained marine damage, its routine maintenance, and upkeep, among other factors.

Determination of the appraised value:

Each adjustment coefficient is determined based on the elements of the comparative instances, and the adjusted price is calculated. After analyzing and confirming the reasonableness of the adjusted price, the final appraised value is determined by its arithmetic mean.

(1) Replacement Cost Approach

1) Full replacement cost for electronic devices

Based on local market information and recent market price data from Zhongguancun Online and PConline, the price of electronic equipment on the valuation date is determined. Generally, manufacturers or agents provide complimentary transportation, installation, and debugging services, with the full replacement cost determined by its tax-exclusive purchase price:

Full Replacement Cost (Excluding Tax) = Purchase Price - Deductible Value-Added Tax

Deductible VAT Amount = Purchase Price / 1.13 × 13%

For electronic device purchased previously, for which comparable models are no longer available on the current market but which remains operational, its full replacement cost is determined by reference to the tax-inclusive price in the second-hand equipment market.

2) Newness Rate for Electronic Devices

Newness Rate = [Remaining Useful Life ÷ (Used Life + Remaining Useful Life)] × 100%

Note: For electronic equipment directly appraised at second-hand market prices, calculating the newness rate is not required.

3) Determination of Appraised Value

Appraised Value = Full Replacement Cost × Newness Rate

4. Right-of-Use Assets

The accounting scope of right-of-use assets primarily encompasses the right of the Appraised Entity to utilize relevant leased assets throughout the lease term. The book cost of right-of-use assets primarily comprises the initial measurement amount of lease liabilities and direct costs incurred at the inception of the lease, among other components.

Right-of-use assets are defined as the lessee's right to utilize leased assets throughout the lease term. Enterprises shall account for and recognize right-of-use assets and lease liabilities in accordance with the stipulations of Accounting Standard for Business Enterprises No. 21 - Leases (Revised).

The appraisers investigated and understood the relevant leased assets, reviewed the pertinent lease contracts, verified details such as the lease term, remaining lease period, rental rates, and outstanding lease payments, and ascertained the presence of purchase options, renewal options, and early termination rights. Upon verification, the initial cost measurement of the right-of-use assets is accurate, and the depreciation provision is reasonable. For this appraisal, the appraised value of the right-of-use assets is determined based on their verified book value.

5. Intangible Assets - Others

1) Appraisal of Purchased Software

For purchased software, the appraisers reviewed relevant supporting documentation to understand the composition of the original recorded value, the amortization method, and the amortization period. They also examined original contracts, invoices, and payment vouchers. Verification confirmed that the amounts in the accounts and financial statements are consistent. Based on the characteristics of other intangible assets, the value type, and the data

collected, the market approach is adopted for the appraisal. For customized software, the replacement cost determined by the price index adjustment method as of the valuation date is taken as the appraised value.

2) Patent Appraisal

(1) Selection of appraisal method

Common appraisal methods for technology-based intangible assets include the market approach, income approach, and cost approach.

Given that the market for technology-based intangible assets in China is still in its nascent stages, and it is relatively difficult to collect relevant fair transaction data, the market approach is not applicable for the appraisal of technology-based intangible assets in this appraisal.

As a shipping enterprise, the Appraised Entity's core earnings primarily depend on external macroeconomic factors such as freight index. The technology-based intangible assets included in this appraisal cannot establish a stable, identifiable cash flow correlation between specific patent assets and future earnings, nor have they formed a corresponding relationship with the Appraised Entity's earnings. Their revenue-sharing situation remains uncertain; thus, the income approach is not applicable to this appraisal of technology-based intangible assets.

Therefore, the cost approach is adopted to perform asset appraisal on technology-based intangible assets.

(2) Appraisal model

Appraised Value = Replacement Cost × (1 - Intangible Assets Depreciation Rate)

Replacement Cost = R&D Costs + Reasonable Profit + Application and Registration Fees

R&D Costs: Including design fees, material costs, labor costs, and management fees.

Reasonable Profit: Calculated based on R&D costs, in accordance with the return on invested capital in the same industry.

Application and Registration Fees: Including official fees for the registration application, registration agent fees, and official fees for the registration authorization.

Depreciation Rate: Calculated using the remaining economic life prediction method, which is a method by which the appraisers determine the newness rate through predicting and judging the remaining economic life of the intangible assets. The calculation formula is expressed as:

Depreciation Rate = Used Years / (Used Years + Remaining Economic Life) × 100%

6. Long-Term Deferred Expenses

The long-term deferred expenses pertain to the office renovation costs for the 10th-11th floors of the Shuohuang Development Building, utilized by the shipping company. During the inventory process, appraisers reconciled the subsidiary ledger with the general ledger and reported balance, verified consistency with the Appraisal Details Schedule, examined accounting records including the Amount of funds, date of occurrence, and business scope, and sampled original accounting vouchers and contracts to ascertain the authenticity and completeness of their accounting content. Upon verification, the original incurred amount of the long-term deferred expenses is confirmed as true and accurate, the amortized balance is correct, and these long-term deferred expenses continue to represent corresponding rights or assets throughout their future benefit period. The appraised value is thus determined based on the remaining balance to be amortized over the residual benefit period.

7. Deferred Income Tax Assets

Deferred income tax assets primarily comprise lease liabilities, publicity

expenses and staff education fund. During the inventory check, the appraisers cross-referenced the subsidiary ledger with the general ledger and balance sheet balances, verified consistency with the detailed list of assets, and reviewed accounting records, including transaction amounts, dates of occurrence, and business descriptions, to confirm the authenticity and completeness of the deferred income tax assets. Based on this verification, the confirmed book value was established as the Appraised Value.

8. Other Non-current Assets

Other non-current assets primarily consist of advance payments for significant engineering projects. During the inventory verification, the appraisers cross-referenced the subsidiary ledger with the general ledger and reported balances, and confirmed consistency with the Appraisal Details Schedule. They reviewed accounting records including the amount of funds, transaction dates, and business scope, and selectively examined original accounting vouchers, contracts, agreements, and other relevant documentation to substantiate the authenticity and completeness of other non-current assets. Upon confirming accuracy, the appraised value was established based on the verified book value.

9. Liabilities

The Appraised Value is determined by verifying and confirming the actual debtor and amount of each liability after the realization of the appraisal purpose, based on the liability items and amounts that the owner of the Property Rights is actually required to bear after the realization of the appraisal purpose.

D. Income Approach

1. Overview

According to the Professional Standards for Asset Appraisal - Enterprise Value, the income approach in enterprise value appraisal, also known as the

discounted cash flow method, involves forecasting the future cash flows and their associated risks for an enterprise or a revenue-generating unit, selecting a corresponding discount rate, and then discounting and summing these future cash flows. The fundamental principle of the income approach is to estimate the future anticipated net cash flow of the assets and convert them into present value using an appropriate discount rate to derive the Appraised Value. The fundamental conditions for applying the income approach are described below: the enterprise possesses the basis and conditions for going concern; there is a relatively stable correlation between its operations and earnings; its future earnings and risks can be predicted and quantified. The primary challenge in utilizing the discounted cash flow method lies in forecasting future expected cash flows, as well as ensuring the objectivity and reliability of data collection and processing. When the forecast of future expected cash flows is relatively objective and fair, and an appropriate discount rate is adopted, the appraisal result will demonstrate strong objectivity.

2. Appraisal Ideas

Based on the findings of this due diligence and the asset composition and principal business characteristics of the Appraised Entity, the equity capital value of the Appraised Entity is appraised using its parent company statements. The fundamental appraisal approach for this appraisal is described as follows:

(1)For assets and principal businesses within the scope of the report, expected returns (net cash flow) are projected based on historical operating trends and business types, then discounted to derive the value of the operating assets;

(2)Current assets (liabilities) such as monetary assets, and dividends receivable (payable) existing on the Appraisal Reference Date, which are within the scope of the report but not included in the expected returns (net

cash flow) forecast, as well as non-current assets (liabilities) like dormant or idle equipment, real estate, and construction in progress not recognized in profit and loss, are defined as redundant or non-operating assets (liabilities) existing on the Appraisal Reference Date, and their value is estimated separately;

(3)The value of long-term equity investments that are included within the scope of the financial statements but are not factored into the estimation of expected returns (net cash flow) are separately calculated;

(4)Summing the values of the aforementioned assets and liabilities yields the enterprise value of the Appraised Entity. After deducting the value of interest-bearing debt as of the Appraisal Reference Date, the equity capital (Shareholders' Equity) value of the Appraised Entity is obtained.

In determining the value of Shareholders' Equity, the appraisers have not considered premiums or discounts arising from factors such as controlling interest and minority equity, nor has the appraisers considered the impact of equity liquidity on the appraisal results.

3. Appraisal Model

(1) Basic model

The basic model for this appraisal is:

$$E = B - D \qquad (1)$$

wherein:

E: Shareholders' Equity (Net Assets) Value of the Appraised Entity;

B: Enterprise Value of the Appraised Entity;

D: Interest-Bearing Debt Value of the Appraised Entity;

$$B = P + I + \mathrm{C} \qquad (2)$$

wherein:

P: Operating Assets Value of the Appraised Entity;

I: Long-term Investment Value of the Appraised Entity on the Appraisal

Reference Date;

C: Value of Surplus or Non-Operating Assets (Liabilities) of the Appraised Entity on the Appraisal Reference Date;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

wherein:

R_i: Expected returns (Free Cash Flow) of the Appraised Entity in the i-th future year;

r: Discount rate;

n: The future operating period of the Appraised Entity;

$$C = C_1 + C_2 \quad (4)$$

C_1: The value of surplus or non-operating assets (liabilities) classified as current at the Appraisal Reference Date;

C_2: The value of surplus or non-operating assets (liabilities) classified as non-current at the Appraisal Reference Date.

(2) Income indicator

The enterprise's free cash flow is adopted as the income indicator for the Appraised Entity's operating assets, which is fundamentally defined as:

R= Net Profit + Depreciation and Amortization + After-tax Interest - Additional Capital (5)

Based on the Appraised Entity's operating history and future market development, its free cash flow for the future operating period is estimated. The value of the enterprise's operating assets is obtained by discounting and summing the free cash flow over the future operating period.

(3) Discount rate

This appraisal adopts the weighted average cost of capital (WACC) model to determine the discount rate r.

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

wherein:

W_d: The average debt ratio of the industry;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: The average equity ratio of the industry;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt;

r_e: cost of equity capital; this appraisal determines the cost of equity capital r_e according to the Capital Asset Pricing Model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

wherein:

r_f: Risk-free rate of return;

r_m: Market expected rate of return;

ε: The specific risk adjustment coefficient of the Appraised Entity;

β_e: The expected market risk coefficient for the equity capital of the Appraised Entity;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (10)$$

β_u: The expected unlevered market risk coefficient for comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stock (assets) of comparable companies;

$$\beta_t = 34\%K + 66\%\beta_x \quad (12)$$

wherein:

K: The average risk value of the stock market over a certain period, usually assumed K=1;

β_x: The historical average market risk coefficient for the stock (assets) of

comparable companies;

D_i and E_i: The interest-bearing debt and equity capital of comparable companies, respectively.

4. Earnings Period

According to the Appraised Entity's Articles of Association, the business term of the enterprise is long-term. As the Appraised Entity was operating normally on the Appraisal Reference Date, there are no restrictions on the useful life of core assets affecting the enterprise's continued operation, nor on the enterprise's production and operation term or the investors' ownership term. Alternatively, such restrictions can be lifted, and the enterprise can operate in perpetuity through extensions. Therefore, it is assumed that the Appraised Entity will operate as a going concern beyond the Appraisal Reference Date, with a corresponding indefinite earnings period.

VIII. Implementation Process and Status of Appraisal Procedures

The entire appraisal work is divided into four stages:

A. Appraisal Preparation Stage

The Appraisal Preparation Stage was in early September 2025, and the main tasks of this stage are described below:

1. Project Negotiation and Acceptance of Project Engagement

In this stage, we understand the basic information of the Appraised Entity and the Appraisal Object involved in the proposed engagement, and clarify the Purpose of Appraisal, Appraisal Object, Scope of Appraisal, and Appraisal Reference Date; Based on specific circumstances, including the purpose of appraisal and the transaction background, a comprehensive analysis and appraisal of professional competence, independence, and business risks are conducted, leading to the signing of an asset appraisal engagement contract.

2. Determination of the Appraisal Plan and Preparation of the Work

Schedule

After thorough communication with the Clients and all relevant intermediaries for the project, and further confirming the fundamental aspects of the asset appraisal, as well as the Appraised Entity's assets and operating status, basic policies, laws, and regulations pertinent to the Appraised Entity's industry are collected, along with market operating conditions. Building upon this, a preliminary work plan is drafted, and an appraisal plan is formulated.

3. Submittal of the Document Checklist and Interview Outline

Based on the characteristics of the assets to be appraised, a targeted due diligence document checklist is submitted, including sample forms for asset lists and profit forecasts, requiring the Appraised Entity to undertake appraisal preparation work.

4. Guidance on Form Completion and Appraisal Data Preparation

We liaise with relevant staff of the Appraised Entity to guide them in preparing the necessary data and completing the relevant forms in accordance with asset appraisal requirements.

B. On-site Appraisal Stage

The project team's on-site work period is scheduled for mid-September 2025, with the following main tasks during this stage:

1. Preliminary understanding of the overall situation

We receive briefings from the Clients and relevant personnel of the Appraised Entity regarding the Appraised Entity's overall situation and the history and current status of the assets to be valued. This includes understanding the Appraised Entity's historical evolution, financial system, operating status, and technical conditions of its fixed assets.

2. Reviewing and verifying materials

The declaration materials provided by the Appraised Entity are reviewed and authenticated. Property rights certificates for the assets to be valued are

thoroughly collected and verified, and cross-referenced with the enterprise's relevant financial records. Any discrepancies identified are addressed and adjusted in coordination with the enterprise.

3. Key inventory check

Based on the declared materials, comprehensive inventory check and verification are conducted for the primary assets and operational and office premises. For the reported bank deposits and intercompany balances, bank statements and various business contracts are verified to confirm their authenticity and analyze associated risks. A physical site inspection was conducted on the reported fixed assets, with electronic equipment and machinery being inventoried through sampling. For special-purpose equipment, technical documentation was reviewed. For leased premises, the lease agreements were examined.

4. Due diligence interview

Through due diligence and interviews with senior executives, we gain an understanding of the enterprise's cost and expense, and its future development trends are analyzed. For the profit forecast data declared by the enterprise, discussions are held with enterprise management personnel to reach a consensus on future development trends as much as possible. This is then verified and checked by inquiring about the principal business, gross profit situation, and other relevant aspects of enterprises in the same industry and field.

5. Determining appraisal methods

Based on the actual conditions and characteristics of the assets to be valued, the specific asset appraisal model and methods are determined.

6. Estimation and appraisal

Based on the agreed-upon understanding, the appraisal model is determined, the appraisal results are calculated, and relevant written

explanations are drafted.

C. Appraisal Summary Stage

We analyze and summarize the preliminary appraisal results for various assets and liabilities, and implement necessary adjustments, modifications, and improvements to the appraisal results.

D. Report Submission Stage

Based on the foregoing work, a preliminary asset appraisal report is drafted; following an initial review, opinions on the appraisal results are exchanged with the Clients. After an independent analysis of relevant opinions, revisions and adjustments are made in accordance with the Appraisal Institution's internal asset appraisal report review system and procedures, culminating in the issuance of the official asset appraisal report.

IX. Appraisal Assumptions

In this appraisal, the appraisers adhered to the following appraisal assumptions:

A. General Assumptions

1. Transaction Assumption

The transaction assumption posits that all assets to be valued are already in the process of transaction, and the appraiser performs appraisal based on simulated market conditions, including the transaction terms of the assets to be valued. The transaction assumption is one of the most fundamental prerequisite assumptions for asset appraisal.

2. Open Market Assumption

The open market assumption posits that for assets traded or intended to be traded in the market, both parties to the asset transaction are in equal positions and have the opportunity and time to obtain sufficient market

information to make rational judgments regarding the asset's function, intended use, and transaction price. The open market assumption is predicated on the basis that assets can be openly bought and sold in the market.

3. Going Concern Assumption of the Enterprise

The going concern assumption for an enterprise is an appraisal premise made by treating the enterprise's entire assets as the appraisal object. This implies that the enterprise, as an operating entity, will continue its operations within its external environment in accordance with its business objectives. Enterprise management is responsible for and capable of fulfilling its duties; The enterprise operates lawfully and is able to generate appropriate profits to sustain its ongoing operational capability. Regarding the various operating assets of the enterprise, they are assumed to continue to be used in their current purpose, manner, scale, frequency, and environment, or to be utilized following certain modifications.

B. Special Assumptions

1. There are no significant changes in the current relevant laws, regulations, and policies, nor in the national macroeconomic situation; there are no significant changes in the political, economic, and social environment of the regions where all parties to this transaction are located;

2. There are no significant changes in the socio-economic environment in which the enterprise operates, nor in relevant interest rates, exchange rates, tax bases and tax rates, or policy-related levies;

3. The enterprise's future operational management team performs its duties diligently and maintains its existing operational management model;

4. The appraisal is based solely on the existing operational capacity as of the Appraisal Reference Date. No consideration is given to potential future expansions in operational capacity resulting from changes in management, operational strategies, or additional investments, nor to subsequent changes

in production and operations that may occur;

5. All assets in this appraisal are predicated on their actual inventory as of the Appraisal Reference Date, with the current market prices of relevant assets based on prevailing domestic prices as of the Appraisal Reference Date;

6. This appraisal assumes that the fundamental and financial data provided by the Clients and the Appraised Entity are true, accurate, and complete;

7. The appraisal scope is strictly limited to the appraisal declaration forms furnished by the Clients and the Appraised Entity; it does not account for any potential contingent assets or contingent liabilities beyond the lists provided by the Clients and the Appraised Entity;

8. This appraisal assumes that, throughout the prospective forecast period, the categories and proportions of the Appraisal Object's various period expenses will not deviate significantly from their current structure but will maintain their recent trends, adjusting proportionally with shifts in operational scale;

9. Given the frequent and significant fluctuations in the enterprise's monetary assets, including bank deposits, during its operations, the appraisal of financial expenses in this report does not account for interest income from deposits or uncertain gains and losses such as exchange differences;

10. The parameter values used in this appraisal calculation do not take into account the impact of inflation;

11. There are no other force majeure or unforeseen factors that would have a significant adverse impact on the enterprise.

12. It is assumed that, subsequent to the appraisal Reference Date, the Appraised Entity's cash inflows and outflows occur at an average rate.

Should the aforementioned conditions change, the appraisal results would generally become invalid.

X. Appraisal Conclusion

Based on the assessment of future development trends and business plans by the Clients and the enterprise's management, and in accordance with relevant laws, regulations, and asset appraisal standards, the total shareholders' equity of CHN Energy Shipping Company was valued as of the Appraisal Reference Date of July 31, 2025, using both the asset-based approach and the income approach. This appraisal followed established procedures, including inventory checks, on-site inspections, market surveys and confirmations, and assessment and estimation.

A. Appraisal Conclusion from Asset-based Approach

By leveraging the asset-based approach, the Appraisal Conclusion for the Appraised Entity as of the Appraisal Reference Date of July 31, 2025, is described below:

Total Assets had a book value of RMB335,174.26 ten thousand and an appraised value of RMB369,732.07 ten thousand, representing an appraisal appreciation of RMB34,557.81 ten thousand, with an appreciation rate of 10.31%.

Liabilities had a book value of RMB155,552.42 ten thousand and an appraised value of RMB155,552.42 ten thousand, indicating no change in appraisal appreciation or depreciation.

Net Assets had a book value of RMB179,621.84 ten thousand and an appraised value of RMB214,179.65 ten thousand, representing an appraisal appreciation of RMB34,557.81 ten thousand, with an appreciation rate of 19.24%. For details, refer to the table below.

Table 14 Summary Table of Asset Appraisal Results

Appraisal Reference Date: July 31, 2025

Unit: RMB in ten thousand

CHN Energy Shipping Company Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in CHN Energy Shipping Company Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

Items		Book Value	Appraised Value	Appreciation or Depreciation	Appreciation Rate (%)
		A	B	C=B-A	D=C/A×100
1	Current Assets	85,751.91	85,780.07	28.16	0.03
2	Non-current Assets	249,422.35	283,952.00	34,529.65	13.84
3	Including: Long-term Equity Investments	136,795.59	154,773.55	17,977.96	13.14
4	Fixed Assets	97,760.51	114,221.13	16,460.62	16.84
5	Intangible Assets	874.52	965.59	91.07	10.41
6	Other Non-current Assets	13,991.73	13,991.73	-	-
7	**Total Assets**	**335,174.26**	**369,732.07**	**34,557.81**	**10.31**
8	Current Liabilities	48,195.42	48,195.42	-	-
9	Non-current Liabilities	107,357.00	107,357.00	-	-
10	**Total Liabilities**	**155,552.42**	**155,552.42**	**-**	**-**
11	**Net Assets (Shareholders' Equity)**	**179,621.84**	**214,179.65**	**34,557.81**	**19.24**

B. Appraisal Conclusion from Income Approach

By leveraging the income approach, the appraisal conclusion for the Appraised Entity as of the Appraisal Reference Date is presented as follows: The Shareholders' Equity had a book value of RMB179,621.84 ten thousand, an appraised value of RMB152,508.05 ten thousand, an appraisal depreciation of RMB27,113.79 ten thousand, and a depreciation rate of 15.09%.

C. Analysis of Differences in Appraisal Results

The total Shareholders' Equity value calculated in this appraisal using the income approach reaches RMB152,508.05 ten thousand, which is RMB61,671.60 ten thousand or 28.79% lower than the total Shareholders' Equity Value of RMB214,179.65 ten thousand calculated using the asset-based approach. The main reasons for the differences between the two appraisal methods are explained below:

1. The Asset-based Approach Appraisal uses the replacement cost of

assets as the value standard, reflecting the socially necessary labor consumed by asset investment (construction cost). This construction cost typically fluctuates with changes in the national economy;

2. The Income Approach Appraisal uses the expected returns of assets as the value standard, reflecting the operating capacity (profitability) of the assets. This profitability is typically influenced by various factors such as the macro economy, government control, and the effective utilization of assets.

In summary, this leads to a discrepancy between the two appraisal methods.

D. Selection of Appraisal Results

The Appraised Entity is a shipping asset management and operation platform established by the CHN Energy following its shipping industry control optimization at the end of 2022, which was incorporated on March 22, 2023. As a newly established management and operation platform, the key parameters of the income approach (primarily volume) are significantly influenced by its integrated operations, while freight rates are subject to substantial market price fluctuations. The asset-based approach reflects the fair market value of assets from a replacement cost perspective. Considering the specifics of this appraisal, the Appraised Entity provided comprehensive data on its assets and liabilities, and the appraisers also gathered the necessary external information for the asset-based approach. We performed a thorough inventory check and appraisal of the Appraised Entity's assets and liabilities. Consequently, the appraisal results derived from the asset-based approach are comparatively more reliable; therefore, this appraisal adopts the asset-based approach's appraisal results as the final Appraisal Conclusion.

Based on the above analysis, the value of the total Shareholders' Equity of CHN Energy Shipping Company as of the Appraisal Reference Date is determined to be RMB214,179.65 ten thousand.

XI. Instructions on Special Matters

A. Circumstances Involving Citation of Conclusions from Reports Issued by Other Institutions.

None.

B. Incomplete Property Rights Documentation or Property Rights Deficiencies

None.

C. Circumstances where appraisal procedures are restricted or appraisal data is incomplete

None.

D. Outstanding legal and economic matters existing on the Appraisal Reference Date

None.

E. Nature, amount, and relationship with the Appraisal Object regarding guarantees, leasing, contingent liabilities (contingent assets), and other related matters

As of the Appraisal Reference Date, the Appraised Entity currently occupies the premises under lease, and the right-of-use assets are as shown in the table below. For this appraisal, future lease payments required by the contract are projected, and it is assumed that the Appraised Entity will be able to continue leasing the premises at the current rent level after the contract expires, with no significant impact on future operations due to the inability to secure the premises.

Table 15 Right-of-Use Assets Table

No.	Asset Name	Formation Date	Expiration Date	Periodic Rent (RMB)
1	Shuohuang Development Building Office Space Lease - CHN Energy Shipping Company (Fl. 10 and Fl. 11)	March 22, 2023	April 17, 2026	20,392,695.27
2	Shuohuang Development Building Parking Space Lease - CHN Energy Shipping Company	March 22, 2023	April 17, 2026	358,800.00
3	Office Lease - CHN Energy Shipping Company Leases Room 108, Basement Floor, Shuohuang Development Building	August 1, 2024	April 17, 2026	445,082.02

F. Significant Subsequent Events

This appraisal concerns three vessels owned by Tianjin Guoneng Shipping Co., Ltd., which were listed for sale around the Reference Date. Among them, Guodian 8 was successfully auctioned shortly after the Appraisal Reference Date, and its appraised value was determined based on the transaction price. Guodian 10 and Guodian 26 were sold in November and December 2025, respectively, both at their starting bid prices. For this appraisal, the appraised values of Guodian 10 and Guodian 26 were determined based on their starting bid prices. This matter has no impact on the conclusions of this appraisal.

G. Defects in the economic activity corresponding to this appraisal that may significantly impact the Appraisal Conclusion

None.

H. Other Matters Requiring Explanation

1. The legal liability of the appraiser and Appraisal Institution is to render professional judgments on the asset Value for the Purpose of Appraisal as described in this report, and does not extend to the appraiser and Appraisal Institution making any judgments regarding the economic activity corresponding to this Purpose of Appraisal. The asset appraisal process is, to a significant extent, dependent on the relevant information provided by the Clients and the Appraised Entity. Therefore, the appraisal work is predicated on the authenticity and legality of the economic activity documents, asset ownership documents, certificates, accounting vouchers, and legal documents provided by the Clients and the Appraised Entity.

2. During the appraisal process, when inspecting the equipment, due to limitations in detection methods and the fact that some equipment was in operation, the appraisal primarily relied on the appraisers' visual observations, recent inspection reports provided by the Appraised Entity, and inquiries with relevant operating personnel to determine the equipment's condition.

3. The objective of the appraisers in performing asset appraisal services is to estimate the value of the Appraisal Object and render a professional opinion, without assuming responsibility for the decisions made by the relevant parties. The Appraisal Conclusion should not be considered a guarantee of the Realizable Price of the Appraisal Object.

4. The profit forecast of the Appraised Entity obtained by the Appraisal Institution forms the basis for the Income Approach Appraisal in this Appraisal Report. Regarding the profit forecast provided by the Appraised Entity, the appraisers conducted necessary investigations, demonstrations, analyses, and judgments, considering the outstanding orders as of the Appraisal Reference Date, as well as other supporting materials furnished by the Appraised Entity's business and financial departments. After multiple

discussions with the Appraised Entity's Management and its major shareholders, and subsequent revisions and refinements by the Valued Entity, the Appraisal Institution accepted the relevant data from the Appraised Entity's profit forecast. The Appraisal Institution's use of the Appraised Entity's profit forecast does not constitute a guarantee of the Appraised Entity's future profitability.

5. This Appraisal Conclusion represents the value of the total Shareholders' Equity of the Appraised Entity. The appraisers have not considered the impact of factors such as equity liquidity, controlling interest, and minority equity.

6. The Clients and the Appraised Entity are responsible for the authenticity and completeness of the data, statements, and relevant information provided by the Appraised Entity, which fall within the scope of this appraisal.

7. The certificates of ownership and related information referenced in the Appraisal Report are provided by the Appraised Entity. The Clients and the Appraised Entity shall bear legal liability for their authenticity and legality.

8. Should the number of assets and pricing standards change during the validity period after the Appraisal Reference Date, the following principles shall apply:

(1)When the number of assets changes, the amount of assets shall be adjusted accordingly based on the original appraisal methods;

(2)When asset pricing standards change and materially affect the asset appraisal results, the Clients shall promptly engage a qualified asset appraisal institution to re-determine the Appraised Value.

(3)After the Appraisal Reference Date, the Clients shall give full consideration to and make corresponding adjustments for changes in the number of assets and pricing standards when establishing the actual pricing

of the assets.

9. When the number of assets changes, the amount of assets shall be adjusted accordingly based on the original appraisal methods;

10. The Appraisal Scope is limited to the asset appraisal detailed schedule provided by the Clients and the Appraised Entity, and does not encompass potential contingent assets and contingent liabilities beyond the lists provided by the Clients and the Appraised Entity.

XII. Instructions on Usage Restrictions of the Appraisal Report

1. This Appraisal Report shall only be used for the specific purpose and uses stipulated within this report. Concurrently, the appraisal conclusion of this appraisal reflects the current fair market price, determined according to open market principles for the valued entity under the purpose of this appraisal. It does not account for the impact on the appraisal price from potential future mortgages, guarantees, or additional payments that may be made by specific transacting parties. Furthermore, this report does not consider the impact on asset prices resulting from changes in national macroeconomic policies, natural forces, or other force majeure events. The appraisal conclusion will generally become invalid if the aforementioned conditions, the going concern principle followed in the appraisal, or other circumstances change. The Appraisal Institution shall not bear relevant legal liability for any invalidation of the Appraisal Results caused by changes in these conditions.

2. The precondition for the validity of this Appraisal Report is that this economic activity complies with the relevant provisions of national laws and regulations and has obtained approval from the relevant departments.

3. This Appraisal Report may only be used by designated users specified therein. The right to use this Appraisal Report belongs to the Clients. Without

the Clients' permission, this Asset Appraisal Institution will not disclose it to others.

4. The Asset Appraisal Institution and its appraisers shall not be held liable if the Clients or other users of the Asset Appraisal Report fail to use it within the scope specified by laws, administrative regulations, and the Asset Appraisal Report itself.

5. No entities or individuals other than the Clients, the other users of the Asset Appraisal Report as stipulated in the Asset Appraisal Engagement Contract, and the users of the Asset Appraisal Report as prescribed by laws and administrative regulations, shall be permitted to use the Asset Appraisal Report.

6. Without the consent and review of this Appraisal Institution, no part or all of the Appraisal Report may be excerpted, cited, or disclosed in public media, except where otherwise stipulated by laws and regulations or agreed upon by the relevant parties.

7. Users of the Asset Appraisal Report shall correctly understand and utilize the Appraisal Conclusion. The Appraisal Conclusion is not equivalent to the realizable price of the Appraisal Object, and the Appraisal Conclusion shall not be construed as a guarantee of the realizable price of the Appraisal Object.

8. Validity Period of the Appraisal Conclusion: In accordance with relevant asset appraisal laws and regulations, for asset appraisal reports pertaining to statutory appraisal engagements, the Clients must utilize the report only after completing the asset appraisal supervision and administration procedures as mandated by laws and regulations. The appraisal results are valid for one year, calculated from the Appraisal Reference Date of July 31, 2025 until July 30, 2026. If this period is exceeded, a new asset appraisal will be required.

XIII. Date of the Appraisal Report

The Date of Appraisal Report is December 16, 2025.

This Report is prepared in accordance with China's Asset Appraisal Standards

Shenhua Coal Transport & Marketing Co., Ltd.

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in Shenhua Coal Transport & Marketing Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5359

China United Assets Appraisal Group Co., Ltd.
December 16, 2025

STATEMENT

I. This Asset Appraisal Report is prepared in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance of the People's Republic of China, and the Practice Standards and Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

II. The Clients or other users of the Asset Appraisal Report shall use the Report in accordance with applicable laws and regulations, and within the scope of use specified herein. Should the Client or other users of the Asset Appraisal Report fail to do so, the Asset Appraisal Institution and its professional asset appraisers shall not be liable for any consequences arising therefrom.

The Asset Appraisal Report is exclusively used by the Client, other designated users as stipulated in the asset appraisal engagement contract, and users mandated by applicable laws and regulations. In addition, no other institution or individual is authorized to be a user of the Asset Appraisal Report.

The Asset Appraisal Institution and its asset appraisers advise users of this Asset Appraisal Report to accurately comprehend and use the appraisal conclusion. The appraisal conclusion should not be deemed as the realizable price of the appraisal object, nor should it be interpreted as a guarantee of the appraisal object's realizable price.

III. The truthfulness, legality, and completeness of the information provided by the Clients and other relevant parties are prerequisites for the appraisal conclusion to be valid. The list of assets and liabilities included in the appraisal scope, as well as the prospective financial information, ownership certificates, and other data required for the appraisal, have been declared and confirmed by the Clients and the Appraised Entity through official seals or other means.

IV. The Asset Appraisal Institution and its asset appraisers have no existing or prospective interests in the Appraisal Object presented in the Asset Appraisal Report; and have no existing or prospective interests in the related parties, and are not biased towards them.

V. The asset appraisers have conducted field surveys of the Appraisal Object and the assets involved in the Asset Appraisal Report; has given due attention to the legal ownership status of the Appraisal Object and its related assets, inspected the legal ownership documentation for the Appraisal Object and its related assets, truthfully disclosed any issues identified, and requested the Clients and other relevant parties to optimize the property rights to satisfy the requirements for issuing the Asset Appraisal Report.

VI. The analyses, judgments, and results presented in the Asset Appraisal Report issued by the Asset Appraisal Institution are subject to the assumptions and limiting conditions stipulated therein. Users of the Asset Appraisal Report should thoroughly consider the assumptions, limiting conditions, instructions on special matters, and their impacts on the appraisal conclusion as specified within the Report.

VII. The Asset Appraisal Institution and its asset appraisers comply with applicable laws, regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and impartiality, and are legally responsible for the Asset Appraisal Report issued.

Shenhua Coal Transport & Marketing Co., Ltd.

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in Shenhua Coal Transport & Marketing Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5359

ABSTRACT

China United Assets Appraisal Group Co., Ltd. was engaged by China Shenhua Energy Company Limited and China Energy Investment Corporation Co., Ltd. to assess the market value of the total Shareholders' Equity of Shenhua Coal Transport & Marketing Co., Ltd. as of the Appraisal Reference Date. This appraisal pertains to the economic activity involving China Shenhua Energy Company Limited's proposed acquisition of 100% equity in Shenhua Coal Transport & Marketing Co., Ltd. held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash.

The Appraisal Object is the total Shareholders' Equity of Shenhua Coal Transport & Marketing Co., Ltd. The appraisal scope encompasses all assets

and related liabilities of Shenhua Coal Transport & Marketing Co., Ltd., including current assets, non-current assets, and their corresponding liabilities.

The Appraisal Reference Date is July 31, 2025.

The value type for this appraisal is market value.

This appraisal is performed based on the assumptions of continued use and an open market. Considering the specific circumstances of the Appraisal Object and various influencing factors, both the asset-based approach and income approach were employed for the overall appraisal of Shenhua Coal Transport & Marketing Co., Ltd., followed by verification and comparison. Taking into account the applicability conditions of the appraisal methods and the achievement of the appraisal goals, the appraisal result derived from the asset-based approach was chosen as the final Appraisal Conclusion.

Based on the judgments on future development trends and business plans by the Clients and the management, and following appraisal procedures including inventory verification, field survey, market research and inquiry, and assessment and estimation, the Appraisal Conclusion for the total Shareholders' Equity of Shenhua Coal Transport & Marketing Co., Ltd. as of the Appraisal Reference Date of July 31, 2025, is described below:

The total Shareholders' Equity had a book value of RMB71,527.01 ten thousand, an appraised value of RMB86,102.61 ten thousand, an appraisal appreciation of RMB14,575.60 ten thousand, and an appreciation rate of 20.38%.

When utilizing this Appraisal Conclusion, report users are specifically reminded to pay attention to the special matters and significant subsequent events stipulated within the report.

According to applicable laws and regulations on asset appraisal, the Asset Appraisal Report involving statutory appraisal business should be used by the Clients after fulfilling relevant asset appraisal supervision and administration procedures. The Appraisal Conclusion is valid for one year,

specifically from July 31, 2025 to July 30, 2026.

The above contents are extracted from the main body of the Asset Appraisal Report. To obtain more details of this appraisal engagement and correctly comprehend the Appraisal Conclusion, please carefully read the main body of the Asset Appraisal Report.

Shenhua Coal Transport & Marketing Co., Ltd.

Asset Appraisal Report

Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in Shenhua Coal Transport & Marketing Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

ZLPBZ [2025] No. 5359

Esteemed China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited,

Upon the acceptance of your commission, by adhering to applicable laws, regulations, and asset appraisal standards, and upholding the principles of independence, objectivity, and impartiality, China United Assets Appraisal Group Co., Ltd. utilized both the income approach and market approach to appraise the market value of the total Shareholders' Equity of Shenhua Coal Transport & Marketing Co., Ltd. as of the Appraisal Reference Date of July 31, 2025 in accordance with the requisite appraisal procedures. This appraisal pertains to the economic activity involving China Shenhua Energy Company Limited's proposed acquisition of 100% equity in Shenhua Coal Transport & Marketing Co., Ltd. held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash. The Asset Appraisal Report is hereby

presented as follows:

I. Clients, Appraised Entity, and Other Users of the Asset Appraisal Report

The Clients for this asset appraisal are China Energy Investment Corporation Co., Ltd. (hereinafter referred to as "CHN Energy") and China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua"); and the Appraised Entity is Shenhua Coal Transport & Marketing Co., Ltd.

A. Overview of Client 1

Enterprise Name: China Energy Investment Corporation Co., Ltd. (CHN Energy)

Enterprise Nature: Limited liability company (state-owned sole proprietorship)

Registered Address: No. 22, Andingmen West Binhe Road, Dongcheng District, Beijing City

Legal Representative: Zou Lei

Registered Capital: RMB13,209,466.11498 ten thousand

Date of Establishment: October 23, 1995

Business Term: From October 23, 1995 to indefinite term

Unified Social Credit Code: 91110000100018267J

Business Scope: Operate state-owned assets within the scope authorized by the State Council; Engage in investment and management across industries including coal and other resource products, coal-to-oil, coal chemicals, electricity, heating, ports, transportation, finance, domestic and foreign trade and logistics, real estate, high-tech, and information consulting; Plan, organize, coordinate, and manage the production and operating activities of enterprises affiliated with the Group in the aforementioned industry sectors;

Sell chemical materials and chemical products (excluding dangerous chemicals), textiles, building materials, machinery, electronic equipment, and office equipment. (Market entities shall independently select business projects and conduct operating activities in accordance with the law; For projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval from the relevant authorities; Engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

B. Overview of Client 2

Enterprise Name: China Shenhua Energy Company Limited

Enterprise Nature: Other joint-stock limited company (listed)

Registered Address: No. 22, Andingmen West Binhe Road, Dongcheng District, Beijing City

Legal Representative: Lv Zhiren

Registered Capital: RMB1,986,851.9955 ten thousand

Date of Establishment: November 8, 2004

Business Term: From November 8, 2004 to indefinite term

Unified Social Credit Code: 91110000710933024J

Business Scope: Coal mining (validity period is subject to relevant permits for each coal mine); wholesale operations of coal; project investment; coal washing and processing; development and operation of mineral products; internal transportation by proprietary railways; power generation; provision of supporting services for coal, railway, and power operations; vessel repair; energy and environmental technology development and utilization, technology transfer, technical consultation, technical services; import and export business; sales of chemical products, chemical materials, building materials, and mechanical equipment (excluding dangerous chemicals); property management. (Market entities shall independently select business

projects and conduct operating activities in accordance with the law; For projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval from the relevant authorities; Engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

C. Overview of the Appraised Entity

1. Basic Enterprise Information

Enterprise Name: Shenhua Coal Transport & Marketing Co., Ltd.

Enterprise Nature: Limited liability company (sole proprietorship of legal person)

Registered Address: No. 26 Beiwalu, Haidian District, Beijing City

Legal Representative: Liu Xiaoqi

Registered Capital: RMB32,251.97 ten thousand

Date of Establishment: April 8, 1985

Business Term: From April 8, 1985 to indefinite term

Unified Social Credit Code: 91110000100027841G

Business Scope: Sales of coal (excluding physical coal trading and storage activities in Beijing); Import and export business; Comprehensive utilization and deep processing of coal; Sales and leasing of electromechanical products and equipment; Sales of hardware, electrical appliances, and telecommunications equipment, chemical products (excluding dangerous chemicals), household appliances, cultural and office supplies, textiles, and building materials. (Market entities shall independently select business projects and conduct operating activities in accordance with the law; For projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval from the relevant authorities; Engagement in operating activities prohibited or restricted by national and municipal industrial policies is

banned.)

2. History and Shareholder Structure

Shenhua Coal Transport & Marketing Co., Ltd., established on April 8, 1985, is wholly funded by China Energy Investment Corporation Co., Ltd., with a registered capital of RMB32,251.97 ten thousand, which has been fully paid in.

As of the Appraisal Reference Date, the shareholder names, capital contribution amounts, and capital contribution ratios are described as follows:

Table 1 Capital Contribution Amount and Capital Contribution Ratio

Shareholder Name	Subscribed Capital Contribution Amount (RMB in ten thousand)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (RMB in ten thousand)	Paid-in Shareholding Ratio (%)
China Energy Investment Corporation Co., Ltd.	32,251.97	100	32,251.97	100
Total	32,251.97	100	32,251.97	100

3. Assets, Financial Status, and Operating Status

(1) Consolidated Financial Statement Status

(2)As of the Appraisal Reference Date of July 31, 2025, the consolidated financial statements reported total assets of RMB434,254.58 ten thousand, liabilities of RMB359,198.50 ten thousand, owners' equity of RMB75,056.08 ten thousand, and owners' equity attributable to the parent company of RMB75,056.08 ten thousand. For the period January-July 2025, the consolidated financial statements reported operating revenue of RMB243,229.80 ten thousand, net profit of RMB2,833.89 ten thousand, and net profit attributable to the parent company of RMB2,833.89 ten thousand. Financial Position from Parent Company Statements

As of the Appraisal Reference Date of July 31, 2025, the parent company statements reported total assets of RMB383,729.73 ten thousand, total

liabilities of RMB312,202.72 ten thousand, and net assets of RMB71,527.01 ten thousand. For the period January-July 2025, the parent company statements reported operating revenue of RMB168,954.69 ten thousand, and net profit of RMB1,279.15 ten thousand.

The assets and financial position for recent years are presented in the following tables:

Table 2 Assets, Liabilities, and Financial Position Reflected in the Consolidated Financial Statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	127,139.59	216,121.98	434,254.58
Liabilities	77,946.06	139,639.38	359,198.50
Net Assets	49,193.52	76,482.60	75,056.08
Item	**2023**	**2024**	**January - July 2025**
Operating Revenue	543,250.44	912,449.45	243,229.80
Total Profit	5,895.94	9,075.70	4,011.71
Net Profit	4,034.91	5,838.07	2,833.89
Net Cash Flow from Operating Activities	-21,044.25	-1,549.91	111,781.21
Net Cash Flow from Investment Activities	149.27	-5,427.36	206.41
Net Cash Flow from Financing Activities	36,072.55	49,815.37	-72,572.21
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028119_A01		
Audit Opinion	Standard Unqualified Opinion		
Auditing Firm	Ernst & Young Hua Ming LLP		

Table 3 Assets, Liabilities, and Financial Position Reflected in the Parent Company Statements

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	104,842.02	155,507.43	383,729.73
Liabilities	56,518.54	80,999.16	312,202.72
Net Assets	48,323.47	74,508.28	71,527.01
Item	**2023**	**2024**	**January - July 2025**
Operating Revenue	332,598.80	613,309.40	168,954.69
Total Profit	5,217.76	6,659.51	1,850.37
Net Profit	4,047.79	4,733.80	1,279.15

Shenhua Coal Transport & Marketing Co., Ltd. Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in Shenhua Coal Transport & Marketing Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

Item	December 31, 2023	December 31, 2024	July 31, 2025
Net Cash Flow from Operating Activities	-18,918.72	-23,410.50	116,132.87
Net Cash Flow from Investment Activities	225.91	-21,014.73	-
Net Cash Flow from Financing Activities	36,538.33	50,491.07	-72,359.35
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028119_A01		
Audit Opinion	Standard Unqualified Opinion		
Auditing Firm	Ernst & Young Hua Ming LLP		

4. Major Accounting Policies Implemented by Shenhua Coal Transport & Marketing Co., Ltd.

The Enterprise Accounting Standards - Basic Standards (CZBL No. 33, revised in July 2014) promulgated by the Ministry of Finance of the People's Republic of China on February 15, 2006, and 41 specific standards, including Enterprise Accounting Standards No. 1 - Inventory.

D. Overview of Long-term Equity Investments

A total of 3 long-term equity investments are included in this appraisal. As of the Appraisal Reference Date, their original book Value reached RMB388,997,979.19, with no impairment provision made. Specific details are presented below:

Table 4 Detailed List of Long-term Equity Investments

No.	Name of Investee Enterprise	Shareholding Ratio	Registered Capital	Book Value (RMB)
1	Guoneng Guoyuan Power Fuel Co., Ltd.	100.00%	50,000,000.00	188,997,979.19
2	Guoneng Coking Coal (Tianjin) Co., Ltd.	100.00%	1,000,000,000.00	150,000,000.00
3	Guoneng Sales (Hainan) Supply Chain Co., Ltd.	100.00%	500,000,000.00	50,000,000.00
Total				388,997,979.19

1. Guoneng Guoyuan Power Fuel Co., Ltd. (hereinafter referred to as "Power Fuel")

Enterprise Name: Guoneng Guoyuan Power Fuel Co., Ltd.

Enterprise Nature: Limited liability company (sole proprietorship of

legal person)

Registered Address: Room 315, Urban Oasis, No. 237 Dingsi Road, Future Science City, Changping District, Beijing City

Legal Representative: Yu Tiefeng

Registered Capital: RMB5,000 ten thousand

Date of Establishment: June 27, 2003

Business License Registration No.: 91110114752666569T

Business Scope: Production of power equipment and materials; Sales of coal (excluding physical coal trading and storage activities within Beijing); Sales of power equipment and materials, power technology development and consulting services; Fuel-related technical personnel training and consulting services; Warehousing (excluding dangerous chemicals); Port loading and unloading services; Sales of building materials, mechanical equipment, hardware, electrical appliances, telecommunications equipment, and auto parts; Agricultural development; Goods import and export, technology import and export, agent import and export; Power supply. (Market entities shall independently select business projects and conduct operating activities in accordance with the law; For projects subject to approval in accordance with the law, operating activities shall be carried out according to the approved scope after obtaining approval from the relevant authorities; Engagement in operating activities prohibited or restricted by national and municipal industrial policies is banned.)

As of the Appraisal Reference Date, the shareholder name, capital contribution amount, and capital contribution ratio are listed below:

Table 5 Shareholder Name and Capital Contribution Ratio

No.	Shareholder Name	Capital Contribution Amount (RMB in ten thousand)	Capital Contribution Ratio (%)
1	Shenhua Coal Transport & Marketing Co., Ltd.	5,000	100%

The company's financial situation in recent years is shown in the table below:

Table 6 Financial Status Overview

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets	43,004.68	47,946.17	34,934.01
Liabilities	23,863.06	28,217.94	15,213.66
Net Assets	19,141.61	19,728.24	19,720.35
Item	**2023**	**2024**	**January-July 2025**
Operating Revenue	210,644.65	295,843.73	63,859.92
Total Profit	932.88	1,720.85	291.05
Net Profit	241.82	586.62	7.88
Auditing Firm	**Ernst & Young Hua Ming LLP**	**Ernst & Young Hua Ming LLP**	**Ernst & Young Hua Ming LLP**

2. Guoneng Coking Coal (Tianjin) Co., Ltd. (hereinafter referred to as "Tianjin Coking Coal")

Enterprise Name: Guoneng Coking Coal (Tianjin) Co., Ltd.

Enterprise Nature: Limited liability company (sole proprietorship of legal person)

Registered Address: Unit 2401, Dongfang Mingdi, Tianjin Free Trade Zone (Central Business District)

Legal Representative: Yang Zekun

Registered Capital: RMB100,000 ten thousand

Date of Establishment: November 6, 2023

Business Term: From November 6, 2023 to indefinite term

Unified Social Credit Code: 91120118MA829E0352

Business Scope: General projects: Sales of coal and related products; Sales of metal ores; Sales of metal materials; Sales of chemical products (excluding licensed chemical products); Goods import and export; Technical services, technology development, technical consultation, technical exchange,

technology transfer, technology promotion; Domestic freight forwarding; Domestic containerized freight forwarding; Road freight station operation; Enterprise management consulting; Supply chain management services; Information consulting services (excluding licensed information consulting services). (Operating activities are performed independently in accordance with the business license, except for projects subject to approval by law)

As of the Appraisal Reference Date, the shareholder name, capital contribution amount, and capital contribution ratio are presented below:

Table 7 Shareholder Name and Capital Contribution Ratio

Shareholder Name	Subscribed Capital Contribution Amount (RMB in ten thousand)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (RMB in ten thousand)	Paid-in Shareholding Ratio (%)
Shenhua Coal Transport & Marketing Co., Ltd.	100,000	100.00	15,000	100.00

The company's financial situation in recent years is shown in the table below:

Table 8 Financial Status Overview

Unit: RMB in ten thousand

Item	December 31, 2023	December 31, 2024	July 31, 2025
Total Assets		45,836.94	66,436.04
Liabilities		25,844.48	44,740.76
Net Assets		19,992.45	21,695.28
Item	**2023**	**2024**	**January - July 2025**
Operating Revenue		276,737.20	12,868.05
Total Profit		466.34	1,075.00
Net Profit		349.75	790.55
Item	**2023**	**2024**	**January - July 2025**
Net Cash Flow from Operating Activities		12,137.88	6,394.25
Net Cash Flow from Investment Activities		-217.23	-
Net Cash Flow from Financing Activities		15,000.00	-15.47
Audit Report No.		Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028119_A01	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028119_A01
Audit Opinion		Unqualified opinion	Unqualified opinion

Item	December 31, 2023	December 31, 2024	July 31, 2025
Auditing Firm		Ernst & Young Hua Ming LLP	Ernst & Young Hua Ming LLP

3. Guoneng Sales (Hainan) Supply Chain Co., Ltd. (hereinafter referred to as "Hainan Supply Chain")

Enterprise Name: Guoneng Sales (Hainan) Supply Chain Co., Ltd. (hereinafter referred to as "Hainan Supply Chain")

Enterprise Nature: Limited liability company (State-controlled)

Registered Address: Floor 6, West Annex, Haikou Bay Performing Arts Center, No. 42 Binhai Avenue, Longhua District, Haikou City, Hainan Province

Legal Representative: Qu Weitong

Registered Capital: RMB50,000 ten thousand

Date of Establishment: December 29, 2023

Business Term: Indefinite

Unified Social Credit Code: 91460100MAD9Q8EE6B

Business Scope: Licensed projects: Goods import and export; Import and export agency (projects subject to approval by the law may only be carried out after approval by relevant authorities). General projects: Sales of coal and related products; Supply chain management services; Sales of chemical products (excluding licensed chemical products); Domestic trade agency; Internet sales (excluding products requiring licenses); Procurement agency services; International freight forwarding; vessel leasing; Domestic freight forwarding (excluding licensed businesses, projects not prohibited or restricted by laws and regulations may be independently operated in accordance with the law).

As of the Appraisal Reference Date, the shareholder name, capital contribution amount, and capital contribution ratio are listed below:

Table 9 Shareholder Name and Capital Contribution Ratio

Shareholder Name	Subscribed Capital Contribution Amount (RMB in ten thousand)	Subscribed Shareholding Ratio (%)	Paid-in Capital Contribution Amount (RMB in ten thousand)	Paid-in Shareholding Ratio (%)
Shenhua Coal Transport & Marketing Co., Ltd.	50,000.00	100	5,000.00	100
Total	**50,000.00**	**100**	**5,000.00**	**100**

The company's financial situation in recent years is shown in the table below:

Table 10 Financial Status Overview

Unit: RMB in ten thousand

Item	December 31, 2024	July 31, 2025
Total Assets	14,564.02	6,565.18
Liabilities	9,380.74	1,335.69
Net Assets	5,183.28	5,229.49
Item	2024	January-July 2025
Operating Revenue	496.38	295.52
Total Profit	244.37	69.43
Net Profit	183.28	46.21
Net Cash Flow from Operating Activities	1,273.75	(1,097.76)
Net Cash Flow from Investment Activities	(9.50)	
Net Cash Flow from Financing Activities	5,000.00	
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028119_A01	
Audit Opinion	Unqualified Opinion	
Auditing Firm	Ernst & Young Hua Ming LLP	

E. Relationship between the Clients and the Appraised Entity

The Clients for this asset appraisal are China Energy Investment Corporation Co., Ltd. and China Shenhua Energy Company Limited, with China Energy Investment Corporation Co., Ltd. being the controlling shareholder of China Shenhua Energy Company Limited. The Client, China Energy Investment Corporation Co., Ltd., is the shareholder of the Appraised

Entity, Shenhua Coal Transport & Marketing Co., Ltd., holding a 100% shareholding ratio. The Client, China Shenhua Energy Company Limited, intends to acquire 100% equity in Shenhua Coal Transport & Marketing Co., Ltd. held by China Energy Investment Corporation Co., Ltd.

F. Other Users of the Asset Appraisal Report

The Asset Appraisal Engagement Contract does not stipulate other report users.

Except as otherwise provided by applicable laws and regulations, no institution or individual shall become a user of the Asset Appraisal Report by virtue of obtaining it prior to the confirmation of the Appraisal Institution and the Clients.

II. Purpose of Appraisal

According to the 18th Minutes of the Chairman's Special Meeting of China Energy Investment Corporation Limited (August 8, 2025), China Shenhua Energy Company Limited plans to issue shares and pay cash to acquire coal, pitheads, coal power and other related assets held by China Energy Investment Corporation Limited.

The purpose of this asset appraisal is to reflect the market value of the total Shareholders' Equity of Shenhua Coal Transport & Marketing Co., Ltd. as of the Appraisal Reference Date, thereby providing a value reference for the aforementioned economic activity.

III. Appraisal Object and Appraisal Scope

The Appraisal Object is the value of the total Shareholders' Equity of Shenhua Coal Transport & Marketing Co., Ltd. The Appraisal Scope includes all assets and related Liabilities of Shenhua Coal Transport & Marketing Co., Ltd. As of the Appraisal Reference Date, the audited consolidated financial statements reported total assets of RMB434,254.58ten thousand, liabilities of

RMB359,198.50 ten thousand, owners' equity of RMB75,056.08 ten thousand, and owners' equity attributable to the parent company of RMB75,056.08 ten thousand. The audited parent company statements reported total assets of RMB383,729.73 ten thousand, total liabilities of RMB312,202.72 ten thousand, and net assets of RMB71,527.01 ten thousand. Specifically, current assets totaled RMB342,342.97 ten thousand, and non-current assets amounted to RMB41,386.76 ten thousand; Current liabilities reached RMB312,202.72 ten thousand, and non-current liabilities totaled RMB0.

The aforementioned data on assets and liabilities are extracted from the Balance Sheet of Shenhua Coal Transport & Marketing Co., Ltd. as of July 31, 2025, audited by Ernst & Young Hua Ming LLP. The appraisal is performed based on the audited financial data of Shenhua Coal Transport & Marketing Co., Ltd.

Appraisal object and appraisal scope as commissioned are consistent with those involved in the economic activity.

A. Overview of Principal Assets

As of the Appraisal Reference Date, the book value of physical assets belonging to the parent company of Shenhua Coal Transport & Marketing Co., Ltd. reached RMB2,857.08 ten thousand, representing 0.74% of total assets. These physical assets primarily comprise inventories, buildings and structures, and electronic devices.

1. Inventories

Inventories primarily consist of coal purchase costs (thermal coal) and transshipment costs. The thermal coal is available for normal sale.

2. Buildings and Structures

There are 50 buildings and structures, predominantly including frame structures, brick-concrete structures, and steel-concrete structures, located in

Beijing, Hebei, Guangdong, Shanxi, Shanghai, and other regions across China. They are primarily used for employee accommodation, rental, or are idle.

3. Electronic Devices

A total of 8 electronic devices, primarily laptop computers and printers, were purchased between 2006 and 2011. As of the Appraisal Reference Date, these devices no longer existed physically.

B. Intangible Assets Whether Recorded or Unrecorded in the Books, as Declared by the Appraised Entity

As of the Appraisal Reference Date, the Appraised Entity declared 6 invention patents that were not recorded in the books, as detailed below.

All patent rights included in this appraisal were jointly applied for by the Appraised Entity and other parties, with joint ownership. The parties have not established any agreements concerning these jointly owned patent rights. This appraisal considers only the contribution of the patent rights to the Appraised Entity itself, and does not factor in the impact of joint ownership on the appraised amount of the patent rights.

Table 11 Overview of Patent Rights

No.	Patentee	Patent Category	Patent Name	Patent No./ Application No.	Patent Application Date
1	China Shenhua Energy Company Limited; Shenhua Coal Transport & Marketing Co., Ltd.; Xi'an Thermal Power Research Institute Co., Ltd.	Invention Patent	A Method for Increasing Coal Ash Melting Temperature Using Limestone as an Additive	ZL201010242310.6	2010/7/30
2	China Shenhua Energy Company Limited; Shenhua Coal Transport & Marketing Co., Ltd.; Xi'an Thermal Power Research Institute Co., Ltd.	Invention Patent	A Method for Increasing Coal Ash Melting Temperature Using Aluminum Oxide as an Additive	ZL201010242321.4	2010/7/30
3	China Shenhua Energy Company Limited; Shenhua Coal Transport & Marketing Co., Ltd.; Chinese Institute of Coal Science	Invention Patent	A Method for Coking with a High Proportion of Blended Coal	ZL201010254856.3	2010/8/16
4	China Shenhua Energy Company Limited; Shenhua Coal Transport & Marketing Co., Ltd.	Invention Patent	A Method for Preventing Spontaneous Combustion of Stacked Coal by Covering Coal Piles with Oxygen-barrier Materials	ZL201010296066.1	2010/9/28
5	China Shenhua Energy Company Limited; Shenhua Coal Transport & Marketing Co., Ltd.	Invention Patent	A Polyvinyl Alcohol Foam Oxygen-barrier Material, its Preparation Method, and Uses	ZL201110182699.4	2011/6/30
6	China Shenhua Energy Company Limited; Shenhua Coal Transport & Marketing Co., Ltd.	Invention Patent	A Drill Bit and Sampler	ZL201110183741.4	2011/6/30

C. Types and Quantities of Off-balance Sheet Assets Declared by the Appraised Entity

As of the Appraisal Reference Date, there were no off-balance sheet assets within the scope declared for appraisal by the Appraised Entity.

D. Types, Quantities, and Book Values of Assets Involved in Conclusions from Reports Issued by Other Institutions

The book values of all assets and liabilities on the Appraisal Reference Date in this Asset Appraisal Report are determined based on the audit results of the Audit Report of Shenhua Coal Transportation and Marketing Co., Ltd. (Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028119_A01) issued by the Ernst & Young Hua Ming LLP on December 16, 2025, with a standard unqualified opinion. The valuation was conducted on the basis of the audit on the company.

No other institutional report contents were cited apart from this.

IV. Value Type

In accordance with the purpose of this appraisal, the value type for this appraisal is determined to be market value.

Market value refers to the estimated value of the Appraisal Object in a normal, arm's-length transaction on the Appraisal Reference Date, assuming buyers and sellers acting rationally and voluntarily and without any compulsion.

V. Appraisal Reference Date

The Appraisal Reference Date for this asset appraisal is July 31, 2025.

The Appraisal Reference Date is determined by the Clients after a comprehensive consideration of factors such as the Appraised Entity's asset scale, workload, estimated time required, and compliance requirements.

VI. Appraisal Basis

The appraisal basis followed for this asset appraisal primarily includes the economic activity basis, legal and regulatory basis, appraisal standards basis, asset ownership basis, as well as pricing basis and other references used during assessment and estimation, specifically as follows:

A. Economic Activity Basis

18th Minutes of the Chairman's Special Meeting of China Energy Investment Corporation Limited (August 8, 2025)

B. Legal and Regulatory Basis

1. Asset Appraisal Law of the People's Republic of China (Promulgated at the Twenty-first Session of the Standing Committee of the Twelfth National People's Congress on July 2, 2016);

2. Company Law of the People's Republic of China (Second Revision, adopted at the Seventh Session of the Standing Committee of the Fourteenth National People's Congress on December 29, 2023);

3. Civil Code of the People's Republic of China (Adopted at the Third Session of the Standing Committee of the Thirteenth National People's Congress on May 28, 2020);

4. Enterprise Income Tax Law of the People's Republic of China (Amended and adopted at the Seventh Session of the Standing Committee of the Thirteenth National People's Congress on December 29, 2018);

5. Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (First revision of the Decision of the State Council on Amending Certain Administrative Regulations promulgated by Decree of the State Council No. 714 of the People's Republic of China on April 23, 2019);

6. Provisional Regulations of the People's Republic of China on Value-

added Tax (Decree of the State Council No. 691);

7. Implementation Rules for the Provisional Regulations of the People's Republic of China on Value-added Tax (Decree of the Ministry of Finance and the State Taxation Administration No. 50);

8. Stamp Tax Law of the People's Republic of China (Adopted at the Third Session of the Standing Committee of the Fourteenth National People's Congress on June 29, 2023);

9. Urban Real Estate Administration Law of the People's Republic of China (Adopted at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on August 26, 2019);

10. Land Administration Law of the People's Republic of China (Adopted at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on August 26, 2019);

11. Provisional Regulations of the People's Republic of China on Urban Land Use Tax (December 31, 2006, Decree of the State Council No. 483);

12. Opinions of the Ministry of Finance of the People's Republic of China on Reforming the Administrative Management Method of State-owned Asset Appraisal and Strengthening the Supervision and Administration of Asset Appraisal (GBF [2001] No. 102);

13. Notice on Issues Concerning Strengthening the Administration of State-owned Enterprise Asset Appraisal (GZWCQ [2006] No. 274);

14. Notice on Matters Concerning the Review and Approval of State-owned Enterprise Asset Appraisal Reports (GZCQ [2009] No. 941);

15. Administrative Measures for State-owned Asset Appraisal (Decree of the State Council No. 91);

16. Implementation Rules for the Administrative Measures for State-owned Asset Appraisal (GZBF [1992] No. 36);

17. Provisional Regulations on the Supervision and Administration of State-owned Enterprise Assets (Decree of the State Council No. 378, revised

by Decree of the State Council No. 588);

18. Administrative Measures for the Supervision and Administration of State-owned Enterprise Property Rights Transactions (Decree of the State-owned Assets Supervision and Administration Commission No. 32);

19. Provisional Measures for the Administration of State-owned Enterprise Asset Appraisal (Decree of the State-owned Assets Supervision and Administration Commission of the State Council No. 12);

20. Guiding Opinions on the Filing Work for State-owned Enterprise Asset Appraisal Projects (GZFCQ [2013] No. 64);

21. Law of the People's Republic of China on State-owned Enterprise Assets (Adopted at the Fifth Session of the Standing Committee of the Eleventh National People's Congress on October 28, 2008);

22. Administrative Measures for the Financial Supervision and Administration of the Asset Appraisal Industry (Decree of the Ministry of Finance of the People's Republic of China No. 86);

23. Notice on Matters Concerning the Agreement Transfer of State-owned Property Rights of Central Enterprises (GZFCQ [2010] No. 11);

24. Notice on Optimizing the Asset Appraisal Management of Central Enterprises (GZFCQG [2024] No. 8);

25. Administrative Measures for the Major Asset Reorganization of Listed Companies (CSRC Order No. 166, revised on March 20, 2020);

26. Implementation Rules for Non-public Issuance of Shares by Listed Companies (CSRC Order No. 73, revised on February 14, 2020);

27. Operational Rules for Transactions of State-owned Enterprise Assets (GZFCQG [2025] No. 17);

28. Other laws, regulations, and rules related to the appraisal work.

C. Basis of Appraisal Standards

1. Asset Appraisal Standards - Basic Standards (CQ [2017] No. 43);

2. Professional Ethics Standards for Asset Appraisal (CAS [2017] No. 30);

3. Professional Standards for Asset Appraisal - Asset Appraisal Procedures (CAS [2018] No. 36);

4. Professional Standards for Asset Appraisal - Asset Appraisal Report (CAS [2018] No. 35);

5. Professional Standards for Asset Appraisal - Asset Appraisal Engagement Contract (CAS [2017] No. 33);

6. Professional Standards for Asset Appraisal - Asset Appraisal Files (CAS [2018] No. 37);

7. Professional Standards for Asset Appraisal - Utilizing Expert Work and Related Reports (CAS [2017] No. 35);

8. Professional Standards for Asset Appraisal - Enterprise Value (CAS [2018] No. 38);

9. Professional Standards for Asset Appraisal - Appraisal Methods (CAS [2019] No. 35);

10. Guidelines for Business Quality Control of Asset Appraisal Institution (CAS [2017] No. 46);

11. Guiding Opinions on Asset Appraisal Value Types (CAS [2017] No. 47);

12. Guiding Opinions on Legal Ownership of Asset Appraisal Object (CAS [2017] No. 48);

13. Guidelines for State-owned Enterprise Asset Appraisal Reports (CAS [2017] No. 42).

D. Basis for Asset Ownership

1. Immovable Property Right Certificate and related property right declarations;

2. Contracts or vouchers for the acquisition of significant assets;

3. Other reference documents.

E. Pricing Basis

1. Notice of the Ministry of Finance and the State Taxation Administration on Comprehensively Launching the Pilot Program for Replacing Business Tax with Value-added Tax (CS [2016] No. 36);

2. Announcement of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on Policies Regarding Deepening Value-added Tax Reform (Ministry of Finance, State Taxation Administration, General Administration of Customs Announcement 2019 No. 39);

3. Announcement on the Loan Prime Rate (LPR) Appraisal Reference Date Authorized by the National Interbank Funding Center;

4. 2025 Mechanical and Electrical Products Price Information Inquiry System;

5. Price information database of China United Assets Appraisal Group Co., Ltd.;

6. Future earnings forecast data provided by the Clients and other relevant parties in accordance with the law;

7. Other reference documents.

F. Other Reference Documents

1. Audit Report of Shenhua Coal Transportation and Marketing Co., Ltd. (Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028119_A01) issued by the Ernst & Young Hua Ming LLP;

2. Enterprise Accounting Standards - Basic Standards (Ministry of Finance Order No. 33);

3. Enterprise Accounting Standards - Application Guide (CK [2006] No.18);

4. Enterprise Accounting Standard No. 1 - Inventories and 40 other

specific standards (CK [2006] No. 3);

5. Handbook of Common Methods and Parameters for Asset Appraisal (China Machine Press 2011 Edition);

6. iFind Information Financial Terminal;

7. Investment Appraisal (written by Damodaran [US], translated by Lin Qian [Canada], Tsinghua University Press);

8. Appraisal: Measuring and Managing the Value of Companies (4th Edition) (written by Tim. Koller et al. [US], translated by Wei Ping and Zhu Xiaolong, Electronics Industry Press);

9. Asset Appraisal Standards - Terminology 2020;

10. Expert Guidance for Asset Appraisal No. 8 - Verification and Validation in Asset Appraisal (CAS [2019] No. 39);

11. Expert Guidance for Asset Appraisal No. 12 - Measurement of Discount Rate in Enterprise Value Assessment Using the Income Approach (CAS [2020] No. 38);

12. Relevant information on property rights transactions from the official websites of the China Securities Regulatory Commission, Shanghai Stock Exchange, Shenzhen Stock Exchange, and other related bodies;

13. Other reference documents.

VII. Appraisal Methodology

A. Introduction to Appraisal Methods

In accordance with the Professional Standards for Asset Appraisal - Enterprise Value (CAS [2018] No. 38) and Professional Standards for Asset Appraisal - Asset Appraisal Methods (CAS [2019] No. 35), when engaging in enterprise value appraisal, the applicability of three basic methods, namely, income approach, market approach, and asset-based approach, shall be analyzed, and the appropriate appraisal method is selected based on factors such as the purpose of appraisal, appraisal object, value type, conditions for

the application of appraisal methods, and the quality and quantity of data underlying the application of appraisal methods.

The income approach in enterprise value appraisal involves determining the value of the appraisal object by capitalizing or discounting expected returns. Asset appraisal professionals should appropriately assess the applicability of the income approach by considering the enterprise nature, asset scale, historical operating performance, predictability of future earnings, and the sufficiency of the appraisal data obtained.

The market approach in enterprise value appraisal involves determining the value of the appraisal object by comparing it with comparable listed companies or comparable transaction cases. Asset appraisal professionals should consider the applicability of the market approach based on the sufficiency and reliability of the comparable enterprises' operating and financial data obtained, and the number of comparable enterprises available for collection.

The asset-based approach in enterprise value appraisal involves determining the value of the appraisal object by appraising the value of identifiable on-balance sheet and off-balance sheet assets and liabilities, based on the Balance Sheet of the Appraised Entity on the Appraisal Reference Date.

B. Selection of Appraisal Method

The Purpose of Appraisal can be described as China Shenhua Energy Company Limited's proposed acquisition of 100% equity in Shenhua Coal Transport & Marketing Co., Ltd. held by China Energy Investment Corporation Co., Ltd. by issuing shares and paying cash.

The asset-based approach reflects the enterprise value from a construction perspective, providing a basis for enterprise operation, management, and assessment after the economic activity is realized. Therefore, the asset-based approach is selected for this appraisal.

The Appraised Entity possesses the foundation and conditions for going concern, and its future earnings and risks can be predicted and quantified. Therefore, the income approach can be adopted for this appraisal.

Before and after the Appraisal Reference Date, as recent transaction cases involving enterprises of comparable scale are unavailable, and there are few comparable listed companies with similar scale and business structure in the market, the market approach was not selected for this appraisal.

In summary, it is determined to adopt the asset-based approach and income approach for this appraisal.

C. Asset-based Approach

The asset-based approach involves determining the value of the appraisal object by appraising the value of identifiable assets and liabilities, both on and off the Balance Sheet of the Appraised Entity or operating unit as of the Appraisal Reference Date. Specifically, it involves calculating the enterprise value by summing the appraised value of various constituent assets and subtracting the appraised value of the liabilities.

The appraisal methods for assets and liabilities are presented below:

1. Current Assets

(1) Monetary assets

Monetary assets primarily consist of bank deposits.

Confirmation letters were sent for bank deposit accounts to verify the actual existence of bank deposits, and to check for any unrecorded bank deposits, examining the authenticity of outstanding items in the Bank Reconciliation Statement, and reviewing inflows after the Appraisal Reference Date. For monetary assets denominated in RMB, the Appraised Value is determined based on the verified book value. For foreign currency-based monetary assets, the Appraised Value is determined by multiplying the verified original currency amount by the exchange rate on the Appraisal

Reference Date.

(1) Notes Receivable

For the appraisal of notes receivable, the appraiser should verify the consistency of the subsidiary ledger with the general ledger and balance sheet balance, check for consistency with the detailed list, and review the consistency of the notes' face amount, transaction date, business content, and stated interest rate with the accounting records to confirm the authenticity and completeness of the notes receivable. Based on this, the appraisers should check whether the verified amounts across the ledger, statements, and detailed list are consistent, whether the notes receivable are recorded accurately, whether the amounts are precise, and make sure that no interest was unrecorded, so as to determine the Appraised Value using the verified book value.

(2) Accounts Receivable

For the appraisal of accounts receivable, the appraisers should verify the bookkeeping records, and sample a portion of original vouchers, and other relevant documents. They should confirm the authenticity of transactions, the age of accounts, business contents and business amounts, and performed confirmations to ensure consistent verification results across the ledger, statements, and detailed list. Based on the verification of accounts receivable, the appraisers should engage in specific analyses on the amount, duration, and reasons for outstanding debts, collection status, debtor's funds, creditworthiness, and operational management status by leveraging historical data and current investigative findings. The appraisal risk loss is then estimated based on the specific circumstances of the Appraised Entity.

For receivables and other amounts from/to related parties where there is sufficient reason to believe they are fully recoverable, the probability of appraisal risk loss is determined to be 0%;

For individually significant accounts receivable where the Appraised

Entity and the debtor have agreed upon a repayment plan, the appraisal risk loss is determined by the difference when the present value of future estimated cash flows is lower than the book value. For individually non-significant accounts receivable where the Appraised Entity and the debtor have not determined a repayment plan, the appraisal risk loss is estimated by referencing the method used in corporate accounting for calculating provision for bad debts.

The Appraised Value of accounts receivable is determined by deducting the appraisal risk loss from the verified book value of accounts receivable.

(3) Prepayments

For the appraisal of prepayments, the appraisers should verify bookkeeping records, examine original vouchers and relevant contracts, confirm the authenticity of transactions, the age of accounts, business contents, and business amounts. Confirmations should be obtained to prove that there is no anomaly. Based on the accurate verification of prepayments, and utilizing historical data and insights gathered from field surveys, the appraisers should specifically analyze the amounts, outstanding periods and reasons, collection status of payments, and the financial, credit, and operational management status of the debtors.

Upon verification, the amounts in the prepayment accounts, statements, and invoices are consistent. No instances were found where suppliers were bankrupt, dissolved, or unable to provide goods on time as per contract. Based on the accurate verification of prepayments, the appraisers determined the Appraised Value using the verified book value.

(4) Inventories

Inventories include solely finished goods (stock merchandise). No provision for inventory impairment has been made. The specific appraisal methods and procedures for inventories are described below:

1) Finished Goods

Finished Goods primarily consist of coal procurement costs and transshipment costs. The following appraisal methods are often adopted:

For coal procurement costs, the appraisers analyzed the investigation findings and information provided by the enterprise, determining the Appraised Value for finished goods by deducting sales expenses, all taxes, and certain product sales risk from the untaxed sales price;

Transshipment costs directly attributable to the corresponding coal primarily include uncapitalized port fees, shipping fees, and other related expenses incurred during trade. As the corresponding coal was appraised based on its selling price, this portion was appraised as 0;

Transshipment costs not directly attributable to the corresponding coal primarily include uncapitalized port fees, shipping fees, and other related expenses incurred during trade. This appraisal involved a spot check of vouchers and other relevant documentation, confirming the accuracy of the book value. For this portion, the Appraised Value was determined using the verified book value.

Appraised Value = Actual Quantity × Tax-Exclusive Selling Price × (1 - Product Sales Tax and Surcharge Rate - Sales Expense Rate - Operating Profit Margin × Income Tax Rate - Operating Profit Margin × (1 - Income Tax Rate) × r)

A. Tax-exclusive selling price is determined according to the sales contract price effective after the Appraisal Reference Date;

B. Product sales tax and surcharge mainly include urban construction tax and education surcharge, calculated based on value-added Tax.

C. The sales expense rate is calculated by averaging the rate of various sales expenses to sales revenue;

D. Operating Profit Margin = Operating Profit ÷ Operating Revenue;

E. The income tax rate is the actual income tax rate implemented by the enterprise.

F.r represents a specific rate. Given the inherent market risks and uncertainties associated with future product sales, this risk is determined based on the findings from the investigation on the Appraisal Reference Date and the sales realized after the Appraisal Reference Date. Specifically, for best-selling products, r is 0; for general sales products, r is 50%; and for barely salable products, r is 100%.

(5) Other current assets

For the appraisal of other current assets, the asset appraisers verified the consistency of the subsidiary ledger with the general ledger and balance sheet balances, checked for consistency with the detailed list of assets to be appraised, reviewed accounting records including transaction amounts, occurrence dates, and business content, and spot-checked original booking vouchers, relevant payment vouchers, and contracts to ascertain the authenticity and completeness of their accounting content. The asset appraisers ascertained the types of taxes, tax rates, payment systems, and other tax policies and expense conditions that the Appraised Entity was obligated to bear as of the Appraisal Reference Date. Based on verified accuracy, the Appraised Value was determined using the verified book value.

2. Long-term Equity Investments

For long-term equity investments, we first gathered evidence and verified the reasons for their formation, their book value, and actual status. We also reviewed investment agreements, resolutions of shareholders' meetings, articles of association, and relevant accounting records to ascertain the authenticity and completeness of these long-term investments.

For wholly-owned subsidiaries and controlled subsidiaries with a shareholding ratio of 50% or more, the overall assets of the invested entity at the Appraisal Reference Date were subjected to appraisal. The Appraised Value was then determined by multiplying the Appraised Value of the invested entity's net assets at the Appraisal Reference Date by the Appraised

Entity's shareholding ratio:

Appraised Value of Long-term Equity Investments = Appraised Value of Net Assets after Overall Appraisal of the Invested Entity × Shareholding Ratio

Specifically, if there is a discrepancy between paid-in capital and subscribed capital, then:

Appraised Value of Long-term Equity Investments = (Appraised Value of Shareholders' Equity of the Invested Entity + Unpaid Subscribed Capital Contribution Amount) × Subscribed Capital Contribution Ratio of the Shareholder - Unpaid Subscribed Capital Contribution Amount of the Shareholder

In determining the Appraised Value of long-term equity investments, the appraisers did not account for premiums or discounts resulting from factors such as controlling interest and minority equity, nor did they consider the impact of equity liquidity on the appraisal results.

3. Fixed Assets - Buildings and Structures

(1) Selection of Appraisal Methods

Based on the purpose of this appraisal and considering the structural characteristics and nature of use of the buildings and structures included in the appraisal scope, the appropriate appraisal methods for various buildings and structures were ultimately determined as follows:

①For assets such as commercial properties acquired by the enterprise or real estate that possesses the potential for independent transfer, the market approach is employed for its appraisal;

②Regarding the Daqin Railway line: On December 1, 2025, Shenhua Group conducted a technical appraisal of this asset and determined that it no longer held any utilization value. Therefore, the Appraised Value of this asset

is presented at its book value;

③ Regarding Room 1803, Building 4, Capital Normal University (Beijing): This property is a collectively funded and co-built residential property that Beijing Shenhua Changyun High-tech Coal Blending Co., Ltd. (hereinafter referred to as "Changyun") acquired from Capital Normal University (Beijing) (hereinafter referred to as CNU) in February 2000. At the time of purchase, the application was made in an individual's name, but Changyun actually paid the housing funds of RMB349,535 (with a building area of 65.95 m^2, RMB5,300/m^2). This property has always been school-owned property without a property certificate. In October 2005, when Changyun divested its assets, the accounting records for this property were transferred to Shenhua Coal Transport & Marketing Co., Ltd. In February 2025, Changyun and the CNU State-owned Assets Department confirmed that this property could not undergo property rights changes or other related procedures. For this appraisal, the appraised value of this property is presented at its book value;

④Regarding the following parking spaces, no relevant certificates of ownership were found upon verification. The Finance Department and Management Department jointly reviewed historical documents; however, the information obtained could not meet the conditions for appraisal due to the passage of time. Furthermore, due to changes in management structure and personnel turnover, no personnel with relevant knowledge of the situation were available. Therefore, the appraised value of these parking spaces is presented at their book value.

No.	Building Name	Location	Type	Time of Acquisition	Original Book Value (RMB)	Net Book Value (RMB)
1	Jiulong Garden	Beijing	Underground parking spaces	December 1, 2003	126,000.00	8,382.27
2	Jiulong Garden	Beijing	Underground parking spaces	December 1, 2003	126,000.00	8,382.27

Shenhua Coal Transport & Marketing Co., Ltd. Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in Shenhua Coal Transport & Marketing Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

No.	Building Name	Location	Type	Time of Acquisition	Original Book Value (RMB)	Net Book Value (RMB)
3	Jiulong Garden	Beijing	Underground parking spaces	December 1, 2003	126,000.00	8,382.27
4	Langqin Garden	Beijing	Underground parking spaces	December 1, 2003	156,800.00	10,431.28
5	Zizhu Garden	Beijing	Underground parking spaces	December 1, 2003	120,000.00	7,983.11
6	Huitong Garden	Beijing	Underground parking spaces	December 1, 2003	150,000.00	9,978.91
7	Renji Mountain Villa	Beijing	Underground parking spaces	November 1, 2003	171,000.00	10,735.59
8	Yonghe Jiayuan	Beijing	Underground parking spaces	November 1, 2003	155,000.00	9,731.12
9	Zhonghai Fuyuan	Beijing	Underground parking spaces	July 1, 2002	80,000.00	-
10	Guozhan Jiayuan	Beijing	Underground parking spaces	December 1, 2001	100,000.00	-
11	Lianhua Community (3108, with 3 parking spaces)	Beijing	Underground parking spaces	November 19, 2004	386,400.00	120,213.52
12	Jindian Garden (with 5 parking spaces)	Beijing	Underground parking spaces	August 25, 2004	870,000.00	516,703.41
13	Star of Huayang (Dong Xiufeng)	Beijing	Underground parking spaces	March 26, 2004	126,000.00	36,400.00
14	Zhonghai Fuyuan (Liu Zengtian)	Beijing	Underground parking spaces	February 23, 2004	80,000.00	38,865.55
15	Yangguang Lijing (Ma Liming)	Beijing	Underground parking spaces	December 25, 2003	177,161.00	85,811.52
16	Yangguang Lijing (41 parking spaces)	Beijing	Underground parking spaces	October 31, 2003	4,100,000.00	1,959,151.47
Total					**7,050,361.00**	**2,831,152.29**

(2) Introduction to Appraisal Methods - Market Approach

The market approach involves determining the objective and reasonable price or value of the appraisal object by comparing it with similar real estate that has been transacted recently as of the Appraisal Reference Date, and making appropriate adjustments to the known prices of these similar real estate. The calculation formula is expressed below:

P=P case*A*B*C*D*E

wherein: P: Appraised Value of the property under appraisal; P case: Price of comparable transaction;

A: Transaction condition adjustment coefficient; B: Transaction date adjustment coefficient;

C: Regional factor adjustment coefficient; D: Individual factor adjustment coefficient;

E: Equity status factor adjustment coefficient.

4. Intangible Assets - Others

(1) Patent rights

Common appraisal methods for patent rights include the market approach, income approach, and cost approach.

Given that the market for technology-based intangible assets in China is still in its nascent stages, and it is relatively difficult to collect relevant fair transaction data, the market approach is not applicable for the appraisal of technology-based intangible assets in this appraisal.

As a coal trading enterprise, the Appraised Entity's core earnings primarily depend on external macroeconomic factors such as coal market prices and coal trading volume. The technology-based intangible assets included in this appraisal cannot establish a stable, identifiable cash flow correlation between specific patent assets and future earnings, nor have they formed a corresponding relationship with the Appraised Entity's earnings. Their revenue-sharing situation remains uncertain; thus, the income approach is not applicable to this appraisal of technology-based intangible assets.

Therefore, the cost approach is adopted to perform asset appraisal on technology-based intangible assets.

Appraised Value = Replacement Cost × (1 - Intangible Assets Depreciation Rate)

Replacement Cost = R&D Costs + Reasonable Profit + Application and Registration Fees

R&D Costs: Including design fees, material costs, labor costs, and management fees.

Reasonable Profit: Calculated based on R&D costs, in accordance with the return on invested capital in the same industry.

Application and Registration Fees: Including official fees for the registration application, registration agent fees, and official fees for the registration authorization.

Depreciation Rate: Calculated using the remaining economic life prediction method, which is a method by which the appraisers determine the newness rate through predicting and judging the remaining economic life of the intangible assets. The calculation formula is expressed as:

Depreciation Rate = Used Years / (Used Years + Remaining Economic Life) × 100%

5. Deferred Income Tax Assets

Deferred income tax assets primarily comprise deductible temporary differences arising from the provision for bad debts on other receivables and impairment provisions for fixed assets. During the inventory check, the appraisers cross-referenced the subsidiary ledger with the general ledger and balance sheet balances, verified consistency with the detailed list of assets, and reviewed accounting records, including transaction amounts, dates of occurrence, and business descriptions, to confirm the authenticity and completeness of the deferred income tax assets. Based on this verification, the confirmed book value was established as the Appraised Value.

6. Liabilities

The Appraised Value is determined by verifying and confirming the actual debtor and amount of each liability after the realization of the appraisal

purpose, based on the liability items and amounts that the owner of the Property Rights is actually required to bear after the realization of the appraisal purpose.

D. Income Approach

1. Overview

According to the Professional Standards for Asset Appraisal - Enterprise Value, the income approach in enterprise value appraisal, also known as the discounted cash flow method, involves forecasting the future cash flows and their associated risks for an enterprise or a revenue-generating unit, selecting a corresponding discount rate, and then discounting and summing these future cash flows. The fundamental principle of the income approach is to estimate the future anticipated net cash flow of the assets and convert them into present value using an appropriate discount rate to derive the Appraised Value. The fundamental conditions for applying the income approach are described below: the enterprise possesses the basis and conditions for going concern; there is a relatively stable correlation between its operations and earnings; its future earnings and risks can be predicted and quantified. The primary challenge in utilizing the discounted cash flow method lies in forecasting future expected cash flows, as well as ensuring the objectivity and reliability of data collection and processing. When the forecast of future expected cash flows is relatively objective and fair, and an appropriate discount rate is adopted, the appraisal result will demonstrate strong objectivity.

2. Appraisal Ideas

Based on the findings of this due diligence and the asset composition and principal business characteristics of the Appraised Entity, the equity capital value of the Appraised Entity is appraised using its parent company statements. The fundamental appraisal approach for this appraisal is described as follows:

(1)For assets and principal businesses within the scope of the report, expected returns (net cash flow) are projected based on historical operating trends and business types, then discounted to derive the value of the operating assets;

(2)Current assets (liabilities) such as monetary assets, and dividends receivable (payable) existing on the Appraisal Reference Date, which are within the scope of the report but not included in the expected returns (net cash flow) forecast, as well as non-current assets (liabilities) like dormant or idle equipment, real estate, and construction in progress not recognized in profit and loss, are defined as redundant or non-operating assets (liabilities) existing on the Appraisal Reference Date, and their value is estimated separately;

(3)The value of long-term equity investments that are included within the scope of the financial statements but are not factored into the estimation of expected returns (net cash flow) are separately calculated;

(4)Summing the values of the aforementioned assets and liabilities yields the enterprise value of the Appraised Entity. After deducting the value of interest-bearing debt as of the Appraisal Reference Date, the equity capital (Shareholders' Equity) value of the Appraised Entity is obtained.

In determining the value of Shareholders' Equity, the appraisers have not considered premiums or discounts arising from factors such as controlling interest and minority equity, nor has the appraisers considered the impact of equity liquidity on the appraisal results.

3. Appraisal Model

(1) Basic model

The basic model for this appraisal is:

$$E = B - D \qquad (1)$$

wherein:

E: Shareholders' Equity (Net Assets) Value of the Appraised Entity;

B: Enterprise Value of the Appraised Entity;

D: Interest-Bearing Debt Value of the Appraised Entity;

$$B = P + I + C \quad (2)$$

wherein:

P: Operating Assets Value of the Appraised Entity;

I: Long-term Investment Value of the Appraised Entity on the Appraisal Reference Date;

C: Value of Surplus or Non-Operating Assets (Liabilities) of the Appraised Entity on the Appraisal Reference Date;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

wherein:

R_i: Expected returns (Free Cash Flow) of the Appraised Entity in the i-th future year;

r: Discount rate;

n: The future operating period of the Appraised Entity;

$$C = C_1 + C_2 \quad (4)$$

C_1: The value of surplus or non-operating assets (liabilities) classified as current at the Appraisal Reference Date;

C_2: The value of surplus or non-operating assets (liabilities) classified as non-current at the Appraisal Reference Date.

(2) Income indicator

The enterprise's free cash flow is adopted as the income indicator for the Appraised Entity's operating assets, which is fundamentally defined as:

R= Net Profit + Depreciation and Amortization + After-tax Interest - Additional Capital (5)

Based on the Appraised Entity's operating history and future market development, its free cash flow for the future operating period is estimated. The value of the enterprise's operating assets is obtained by discounting and

summing the free cash flow over the future operating period.

(3) Discount rate

This appraisal adopts the weighted average cost of capital (WACC) model to determine the discount rate r.

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

wherein:

W_d: Industry average debt ratio;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: Industry average equity ratio;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: The after-tax interest rate on interest-bearing debt;

r_e: cost of equity capital; this appraisal determines the cost of equity capital r_e according to the Capital Asset Pricing Model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

wherein:

r_f: Risk-free rate of return;

r_m: Market expected rate of return;

ε: The specific risk adjustment coefficient of the Appraised Entity;

β_e: The expected market risk coefficient for the equity capital of the Appraised Entity;

$$\beta_e = \beta_u \times (1 + (1-t) \times \frac{D}{E}) \quad (10)$$

β_u: The expected unlevered market risk coefficient for comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: The expected average market risk coefficient for the stock (assets) of comparable companies;

$$\beta_t = 34\%K + 66\%\beta_x \quad (12)$$

wherein:

K: The average risk value of the stock market over a certain period, usually assumed K=1;

β_x: The historical average market risk coefficient for the stock (assets) of comparable companies;

D_i and E_i: The interest-bearing debt and equity capital of comparable companies, respectively.

4. Earnings Period

According to the Appraised Entity's Articles of Association, the business term of the enterprise is long-term. As the Appraised Entity was operating normally on the Appraisal Reference Date, there are no restrictions on the useful life of core assets affecting the enterprise's continued operation, nor on the enterprise's production and operation term or the investors' ownership term. Alternatively, such restrictions can be lifted, and the enterprise can operate in perpetuity through extensions. Therefore, it is assumed that the Appraised Entity will operate as a going concern beyond the Appraisal Reference Date, with a corresponding indefinite earnings period.

VIII. Implementation Process and Status of Appraisal Procedures

The entire appraisal work is divided into four stages:

A. Appraisal Preparation Stage

The Appraisal Preparation Stage was in early September 2025, and the main tasks of this stage are described below:

1. Project Negotiation and Acceptance of Project Engagement

In this stage, we understand the basic information of the Appraised Entity and the Appraisal Object involved in the proposed engagement, and clarify the Purpose of Appraisal, Appraisal Object, Scope of Appraisal, and Appraisal

Reference Date; Based on specific circumstances, including the purpose of appraisal and the transaction background, a comprehensive analysis and appraisal of professional competence, independence, and business risks are conducted, leading to the signing of an asset appraisal engagement contract.

2. Determination of the Appraisal Plan and Preparation of the Work Schedule

After thorough communication with the Clients and all relevant intermediaries for the project, and further confirming the fundamental aspects of the asset appraisal, as well as the Appraised Entity's assets and operating status, basic policies, laws, and regulations pertinent to the Appraised Entity's industry are collected, along with market operating conditions. Building upon this, a preliminary work plan is drafted, and an appraisal plan is formulated.

3. Submittal of the Document Checklist and Interview Outline

Based on the characteristics of the assets to be appraised, a targeted due diligence document checklist is submitted, including sample forms for asset lists and profit forecasts, requiring the Appraised Entity to undertake appraisal preparation work.

4. Guidance on Form Completion and Appraisal Data Preparation

We liaise with relevant staff of the Appraised Entity to guide them in preparing the necessary data and completing the relevant forms in accordance with asset appraisal requirements.

B. On-site Appraisal Stage

The project team's on-site work period is scheduled for mid-September 2025, with the following main tasks during this stage:

1. Preliminary understanding of the overall situation

We receive briefings from the Clients and relevant personnel of the Appraised Entity regarding the Appraised Entity's overall situation and the history and current status of the assets to be valued. This includes

understanding the Appraised Entity's historical evolution, financial system, operating status, and technical conditions of its fixed assets.

2. Reviewing and verifying materials

The declaration materials provided by the Appraised Entity are reviewed and authenticated. Property rights certificates for the assets to be valued are thoroughly collected and verified, and cross-referenced with the enterprise's relevant financial records. Any discrepancies identified are addressed and adjusted in coordination with the enterprise.

3. Key inventory check

Based on the declared materials, comprehensive inventory check and verification are conducted for the primary assets and operational and office premises. For the reported bank deposits and intercompany balances, bank statements and various business contracts are verified to confirm their authenticity and analyze associated risks. On-site inspections are performed for the declared physical assets. Concurrently, for buildings and structures, the management system and details of maintenance, renovation, and expansion are examined, and relevant documentation is collected. For leased premises, leasing contracts and other pertinent documents are reviewed.

4. Due diligence interview

Through due diligence and interviews with senior executives, we gain an understanding of the enterprise's cost and expense, and its future development trends are analyzed. For the profit forecast data declared by the enterprise, discussions are held with enterprise management personnel to reach a consensus on future development trends as much as possible. This is then verified and checked by inquiring about the principal business, gross profit situation, and other relevant aspects of enterprises in the same industry and field.

5. Determining appraisal methods

Based on the actual conditions and characteristics of the assets to be

valued, the specific asset appraisal model and methods are determined.

6. Estimation and appraisal

Based on the agreed-upon understanding, the appraisal model is determined, the appraisal results are calculated, and relevant written explanations are drafted.

C. Appraisal Summary Stage

To analyze and summarize the preliminary appraisal results for various assets and liabilities, and implement necessary adjustments, modifications, and improvements to the appraisal results.

D. Report Submission Stage

Based on the foregoing work, a preliminary asset appraisal report is drafted; following an initial review, opinions on the appraisal results are exchanged with the Clients. After an independent analysis of relevant opinions, revisions and adjustments are made in accordance with the Appraisal Institution's internal asset appraisal report review system and procedures, culminating in the issuance of the official asset appraisal report.

IX. Appraisal Assumptions

In this appraisal, the appraisers adhered to the following appraisal assumptions:

A. General Assumptions

1. Transaction Assumption

The transaction assumption posits that all assets to be valued are already in the process of transaction, and the appraiser performs appraisal based on simulated market conditions, including the transaction terms of the assets to be valued. The transaction assumption is one of the most fundamental prerequisite assumptions for asset appraisal.

2. Open Market Assumption

The open market assumption posits that for assets traded or intended to be traded in the market, both parties to the asset transaction are in equal positions and have the opportunity and time to obtain sufficient market information to make rational judgments regarding the asset's function, intended use, and transaction price. The open market assumption is predicated on the basis that assets can be openly bought and sold in the market.

3. Going Concern Assumption of the Enterprise

The going concern assumption for an enterprise is an appraisal premise made by treating the enterprise's entire assets as the appraisal object. This implies that the enterprise, as an operating entity, will continue its operations within its external environment in accordance with its business objectives. Enterprise management is responsible for and capable of fulfilling its duties; The enterprise operates lawfully and is able to generate appropriate profits to sustain its ongoing operational capability. Regarding the various operating assets of the enterprise, they are assumed to continue to be used in their current purpose, manner, scale, frequency, and environment, or to be utilized following certain modifications.

B. Special Assumptions

1. There are no significant changes in the current relevant laws, regulations, and policies, nor in the national macroeconomic situation; there are no significant changes in the political, economic, and social environment of the regions where all parties to this transaction are located;

2. There are no significant changes in the socio-economic environment in which the enterprise operates, nor in relevant interest rates, exchange rates, tax bases and tax rates, or policy-related levies;

3. The enterprise's future operational management team performs its duties diligently and maintains its existing operational management model;

4. The appraisal is based solely on the existing operational capacity as of the Appraisal Reference Date. No consideration is given to potential future expansions in operational capacity resulting from changes in management, operational strategies, or additional investments, nor to subsequent changes in production and operations that may occur;

5. All assets in this appraisal are predicated on their actual inventory as of the Appraisal Reference Date, with the current market prices of relevant assets based on prevailing domestic prices as of the Appraisal Reference Date;

6. This appraisal assumes that the fundamental and financial data provided by the Clients and the Appraised Entity are true, accurate, and complete;

7. The appraisal scope is strictly limited to the appraisal declaration forms furnished by the Clients and the Appraised Entity; it does not account for any potential contingent assets or contingent liabilities beyond the lists provided by the Clients and the Appraised Entity;

8. This appraisal assumes that, throughout the prospective forecast period, the categories and proportions of the Appraisal Object's various period expenses will not deviate significantly from their current structure but will maintain their recent trends, adjusting proportionally with shifts in operational scale;

9. Given the frequent and significant fluctuations in the enterprise's monetary assets, including bank deposits, during its operations, the appraisal of financial expenses in this report does not account for interest income from deposits or uncertain gains and losses such as exchange differences;

10. The values of the parameters used in this assessment do not take into account the impact of inflation.

11. There are no other force majeure or unforeseen factors that would have a significant adverse impact on the enterprise.

12. It is assumed that, subsequent to the appraisal Reference Date, the

Appraised Entity's cash inflows and outflows occur at a uniform rate.

Should the aforementioned conditions change, the appraisal results would generally become invalid.

X. Appraisal Conclusion

Based on the assessment of future development trends and business plans by the Clients and the enterprise's management, and in accordance with relevant laws, regulations, and asset appraisal standards, the total shareholders' equity of Shenhua Coal Transport & Marketing Co., Ltd. was valued as of the Appraisal Reference Date of July 31, 2025, using both the asset-based approach and the income approach. This appraisal followed established procedures, including inventory checks, on-site inspections, market surveys and confirmations, and assessment and estimation.

A. Appraisal Conclusion from Asset-based Approach

By leveraging the asset-based approach, the Appraisal Conclusion for the Appraised Entity as of the Appraisal Reference Date of July 31, 2025, is described below:

Total Assets had a book value of RMB383,729.73 ten thousand, and an appraised value of RMB398,305.33 ten thousand, resulting in an appraisal appreciation of RMB14,575.60 ten thousand, with an appreciation rate of 3.80%.

Liabilities had a book value of RMB312,202.72 ten thousand and an appraised value of RMB312,202.72 ten thousand, indicating no change in appraisal appreciation or depreciation.

Net assets had a book value of RMB71,527.01 ten thousand and an appraised value of RMB86,102.61 ten thousand, resulting in an appraisal appreciation of RMB14,575.60 ten thousand, with an appreciation rate of 20.38%. Please refer to the table below for details.

Table 12 Summary Table of Asset Appraisal Results

Appraisal Reference Date: July 31, 2025

Unit: RMB in ten thousand

Items		Book Value	Appraised Value	Appreciation or Depreciation	Appreciation Rate (%)
		A	B	C=B-A	D = C/A × 100
1	Current Assets	342,342.97	342,243.37	-99.60	-0.03
2	Non-current Assets	41,386.76	56,061.96	14,675.20	35.46
3	Including: Long-term Equity Investment	38,899.80	44,204.02	5,304.22	13.64
4	Fixed Assets	2,328.12	11,697.63	9,369.51	402.45
5	Other Non-current Assets	158.84	158.84	0.00	0.00
6	**Total Assets**	**383,729.73**	**398,305.33**	**14,575.60**	**3.80**
7	Current Liabilities	312,202.72	312,202.72	-	-
8	Non-current Liabilities	-	-	-	
9	**Total Liabilities**	**312,202.72**	**312,202.72**	**-**	**-**
10	**Net Assets (Shareholders' Equity)**	**71,527.01**	**86,102.61**	**14,575.60**	**20.38**

B. Appraisal Conclusion from Income Approach

By leveraging the income approach, the appraisal conclusion for the Appraised Entity as of the Appraisal Reference Date is presented as follows: The Shareholders' Equity had a book value of RMB71,527.01 ten thousand, an appraised value of RMB72,955.50 ten thousand, an appraisal appreciation of RMB1,428.49 ten thousand, and an appreciation rate of 2.00%.

C. Analysis of Differences in Appraisal Results

The total Shareholders' Equity value calculated in this appraisal using the income approach reaches RMB72,955.50 ten thousand, which is RMB13,147.11 ten thousand or 15.27% lower than the total Shareholders' Equity Value of RMB86,102.61 ten thousand calculated using the asset-based approach. The main reasons for the differences between the two appraisal methods are explained below:

1. The Asset-based Approach Appraisal uses the replacement cost of

assets as the value standard, reflecting the socially necessary labor consumed by asset investment (construction cost). This construction cost typically fluctuates with changes in the national economy;

2. The Income Approach Appraisal uses the expected returns of assets as the value standard, reflecting the operating capacity (profitability) of the assets. This profitability is typically influenced by various factors such as the macro economy, government control, and the effective utilization of assets.

In summary, this leads to a discrepancy between the two appraisal methods.

D. Selection of Appraisal Results

The Appraised Entity is a trading company specializing in import and export trade. The income approach is significantly influenced by national policies and group-level strategic planning. The asset-based approach reflects the fair market value of assets from a replacement cost perspective. Considering the specifics of this appraisal, the Appraised Entity provided comprehensive data on its assets and liabilities, and the appraisers also gathered the necessary external information for the asset-based approach. We performed a thorough inventory check and appraisal of the Appraised Entity's assets and liabilities. Consequently, the appraisal results derived from the asset-based approach are comparatively more reliable; therefore, this appraisal adopts the asset-based approach's appraisal results as the final Appraisal Conclusion.

Based on the above analysis, the value of the total Shareholders' Equity of Shenhua Coal Transport & Marketing Co., Ltd. as of the Appraisal Reference Date is determined to be RMB86,102.61 ten thousand.

XI. Instructions on Special Matters

A. Circumstances Involving Citation of Conclusions from Reports

Issued by Other Institutions.

None.

B. Incomplete Property Rights Documentation or Property Rights Deficiencies

1. As of the Appraisal Reference Date, the following real estate properties included in the Appraisal Scope have not yet obtained house ownership certificates or real estate property certificates:

Table 13 Real estate properties without house property rights certificates

No.	Building Name	Property Usage	Building Area (m^2)
1	Room 1803, Building 4, Capital Normal University (Beijing)	Residential Property	65.95
2	Jiulong Garden	Parking Space	1.00
3	Jiulong Garden	Parking Space	1.00
4	Jiulong Garden	Parking Space	1.00
5	Langqin Garden	Parking Space	1.00
6	Zizhu Garden	Parking Space	1.00
7	Huitong Garden	Parking Space	1.00
8	Renji Mountain Villa	Parking Space	1.00
9	Yonghe Jiayuan	Parking Space	1.00
10	Zhonghai Fuyuan	Parking Space	1.00
11	Guozhan Jiayuan	Parking Space	1.00
12	Lianhua Community (3108, with 3 parking spaces)	Parking Space	3.00
13	Jindian Garden (with 5 parking spaces)	Parking Space	5.00
14	Star of Huayang Parking Space (Dong Xiufeng)	Parking Space	1.00
15	Zhonghai Fuyuan Parking Space (Liu Zengtian)	Parking Space	1.00
16	Yangguang Lijing Parking Space (Ma Liming)	Parking Space	1.00
17	Yangguang Lijing (41 parking spaces)	Parking Space	1.00

2. As of the Appraisal Reference Date, the following properties included in the Appraisal Scope have obtained property rights certificates, but the name of the certificate holder is inconsistent with the name of the Appraised Entity.

Table 14 Properties with Inconsistent Certificate Holder Names

Shenhua Coal Transport & Marketing Co., Ltd. Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in Shenhua Coal Transport & Marketing Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

Serial Number	Building Name	Property Rights Certificate No.	Property Usage	Building Area (m^2)	Name of Certificate Holder
1	Lianbang Mingdu (Shijiazhuang Office Dormitory)	SFQZXZ No. 450000387	Residential Property	132.13	China Shenhua Energy Company Limited
2	Huhu Office Staff Dormitory	HFQZXCQZ No. 2010111022	Residential Property	73.02	China Shenhua Energy Company Limited
3	Datong Office Staff Dormitory	TFQZCZ No. 036474	Commercial Property	159.73	China Shenhua Energy Company Limited
4	Datong Office Staff Dormitory	TFQZCZ No. 036471	Residential Property	92.66	China Shenhua Energy Company Limited
5	Datong Office Staff Dormitory	TFQZCZ No. 036473	Residential Property	92.66	China Shenhua Energy Company Limited
6	Datong Office Staff Dormitory	TFQZCZ No. 036475	Residential Property	92.66	China Shenhua Energy Company Limited
7	Datong Office Staff Dormitory	TFQZCZ No. 036470	Residential Property	92.66	China Shenhua Energy Company Limited
8	Datong Office Staff Dormitory	TFQZCZ No. 036472	Residential Property	110.33	China Shenhua Energy Company Limited
9	Boyazhuangyuan (Shijiazhuang Office)	SFQZDZ No. 250000238	Residential Property	110.96	China Shenhua Energy Company Limited
10	Zhonghua Green Garden (Shijiazhuang Office)	SFQZDZ No. 350000203	Residential Property	105.26	China Shenhua Energy Company Limited
11	Zhonghua Green Garden (Shijiazhuang Office)	SFQZDZ No. 350000203	Basement	22.00	China Shenhua Energy Company Limited
Total				**1,084.07**	

C. Circumstances where appraisal procedures are restricted or appraisal data is incomplete

For the following parking spaces, no relevant certificate of ownership was found upon verification. The Finance Department and Management

Department jointly reviewed historical documents; however, the information obtained was insufficient to meet the appraisal conditions due to passage of time. Additionally, due to changes in management structure and personnel turnover, there are no employees familiar with the relevant circumstances. In this appraisal, due to the lack of fundamental information for parking spaces, the Appraised Value is presented as the book value. This is brought to the attention of the report users.

No.	Building Name	Location	Type	Time of Acquisition	Original Book Value (RMB)	Net Book Value (RMB)
1	Jiulong Garden	Beijing	Underground parking spaces	December 1, 2003	126,000.00	8,382.27
2	Jiulong Garden	Beijing	Underground parking spaces	December 1, 2003	126,000.00	8,382.27
3	Jiulong Garden	Beijing	Underground parking spaces	December 1, 2003	126,000.00	8,382.27
4	Langqin Garden	Beijing	Underground parking spaces	December 1, 2003	156,800.00	10,431.28
5	Zizhu Garden	Beijing	Underground parking spaces	December 1, 2003	120,000.00	7,983.11
6	Huitong Garden	Beijing	Underground parking spaces	December 1, 2003	150,000.00	9,978.91
7	Renji Mountain Villa	Beijing	Underground parking spaces	November 1, 2003	171,000.00	10,735.59
8	Yonghe Jiayuan	Beijing	Underground parking spaces	November 1, 2003	155,000.00	9,731.12
9	Zhonghai Fuyuan	Beijing	Underground parking spaces	July 1, 2002	80,000.00	-
10	Guozhan Jiayuan	Beijing	Underground parking spaces	December 1, 2001	100,000.00	-
11	Lianhua Community (3108, with 3 parking spaces)	Beijing	Underground parking spaces	November 19, 2004	386,400.00	120,213.52
12	Jindian Garden (with 5 parking spaces)	Beijing	Underground parking spaces	August 25, 2004	870,000.00	516,703.41
13	Star of Huayang (Dong Xiufeng)	Beijing	Underground parking spaces	March 26, 2004	126,000.00	36,400.00
14	Zhonghai Fuyuan (Liu Zengtian)	Beijing	Underground parking spaces	February 23, 2004	80,000.00	38,865.55
15	Yangguang Lijing (Ma Liming)	Beijing	Underground parking spaces	December 25, 2003	177,161.00	85,811.52

Shenhua Coal Transport & Marketing Co., Ltd. Asset Appraisal Report Regarding China Shenhua Energy Company Limited's Proposed Acquisition of 100% Equity in Shenhua Coal Transport & Marketing Co., Ltd. Held by China Energy Investment Corporation Co., Ltd. by Issuing Shares and Paying Cash

No.	Building Name	Location	Type	Time of Acquisition	Original Book Value (RMB)	Net Book Value (RMB)
16	Yangguang Lijing (41 parking spaces)	Beijing	Underground parking spaces	October 31, 2003	4,100,000.00	1,959,151.47
Total					**7,050,361.00**	**2,831,152.29**

D. Outstanding legal and economic matters existing on the Appraisal Reference Date

As of the Appraisal Reference Date, the enterprise has the following outstanding litigation matters. This appraisal did not consider the impact of outstanding litigation on the Appraisal Conclusion.

No.	Plaintiff/Applicant	Defendant/Respondent	Subject Matter of Litigation (RMB in ten thousand)	Cause of Action	Litigation Claims (Brief Summary)	Adjudication/Arbitration Results to Date
1	Shenhua Coal Transport & Marketing Co., Ltd.	Datong Tongren Pharmaceutical Chain Limited Liability Company	23.25	Property Leasing Dispute	Request the court to order the defendant to pay the plaintiff RMB95,000 for rent from November 1, 2022, to October 31, 2023; a late payment penalty of RMB28,500 for overdue rent from November 1, 2022, to October 31, 2023; RMB62,465.75 for rent from November 1, 2023, to June 28, 2024; a late payment penalty of RMB18,739.73 for overdue rent from November 1, 2023, to June 28, 2024; and a late vacating penalty of RMB27,745.21 for failing to vacate the premises from June 29, 2024, to September 19, 2024, totaling RMB232,450.7; further request that the litigation costs for this case be borne by the defendant.	The court hearing has not yet commenced.

No.	Plaintiff/Applicant	Defendant/Respondent	Subject Matter of Litigation (RMB in ten thousand)	Cause of Action	Litigation Claims (Brief Summary)	Adjudication/Arbitration Results to Date
2	Chengtai Development (International) Co., Ltd.	Shenhua Coal Transport & Marketing Co., Ltd.	USD1,015,981.8 (approximately RMB7,111,873)	Dispute over Removal of Obstruction	Requesting the court to order the defendant to remove the obstruction, sign the transaction instructions, and assist the plaintiff in withdrawing the existing balance of USD1,015,981.8 (approximately RMB7,111,873) from the escrow account for the plaintiff, thereby restoring the plaintiff's rights; Requesting the court to order the defendant to bear all litigation costs and attorney fees for this case.	On October 21, 2025, the Beijing Haidian District People's Court rendered a first-instance judgment with the following outcomes: 1. The balance in the escrow account shall be co-owned proportionally by Chengtai and Shenhua, with Shenhua holding a 90% share and Chengtai holding a 10% share. 2. All other claims and counterclaims from all parties are rejected.

E. Nature, amount, and relationship with the Appraisal Object regarding guarantees, leasing, contingent liabilities (contingent assets), and other related matters

None.

F. Significant Subsequent Events

Subsequent events refer to significant matters occurring after the Appraisal Reference Date but prior to the issuance of the Appraisal Report.

No significant subsequent events of the company were identified.

G. Defects in the economic activity corresponding to This appraisal that may significantly impact the Appraisal Conclusion

None.

H. Other Matters Requiring Explanation

1. The legal liability of the appraiser and Appraisal Institution is to render professional judgments on the asset Value for the Purpose of Appraisal as described in this report, and does not extend to the appraiser and Appraisal Institution making any judgments regarding the economic activity corresponding to this Purpose of Appraisal. The asset appraisal process is, to a significant extent, dependent on the relevant information provided by the Clients and the Appraised Entity. Therefore, the appraisal work is predicated on the authenticity and legality of the economic activity documents, asset ownership documents, certificates, accounting vouchers, and legal documents provided by the Clients and the Appraised Entity.

2. During the appraisal process, the appraisers observed the exterior of the valued buildings and structures and, where feasible, inspected their interior finishes and usage, without conducting any structural or material tests.

3. The objective of the appraisers in performing asset appraisal services is to estimate the value of the Appraisal Object and render a professional opinion, without assuming responsibility for the decisions made by the relevant parties. The Appraisal Conclusion should not be considered a guarantee of the Realizable Price of the Appraisal Object.

4. The profit forecast of the Appraised Entity obtained by the Appraisal Institution forms the basis for the Income Approach Appraisal in this Appraisal Report. Regarding the profit forecast provided by the Appraised Entity, the appraisers conducted necessary investigations, demonstrations, analyses, and judgments, considering the outstanding orders as of the Appraisal Reference Date, as well as other supporting materials furnished by the Appraised Entity's business and financial departments. After multiple discussions with the Appraised Entity's Management and its major shareholders, and subsequent revisions and refinements by the Valued Entity, the Appraisal Institution accepted the relevant data from the Appraised Entity's profit forecast. The Appraisal Institution's use of the Appraised

Entity's profit forecast does not constitute a guarantee of the Appraised Entity's future profitability.

5. This Appraisal Conclusion represents the value of the total Shareholders' Equity of the Appraised Entity. The Appraiser has not considered the impact of factors such as equity liquidity, controlling interest, and minority equity.

6. The Clients and the Appraised Entity are responsible for the authenticity and completeness of the data, statements, and relevant information provided by the Appraised Entity, which fall within the scope of this appraisal.

7. The certificates of ownership and related information referenced in the Appraisal Report are provided by the Appraised Entity. The Clients and the Appraised Entity shall bear legal liability for their authenticity and legality.

8. Should the number of assets and pricing standards change during the validity period after the Appraisal Reference Date, the following principles shall apply:

(1) When the number of assets changes, the amount of assets shall be adjusted accordingly based on the original appraisal methods;

(2) When asset pricing standards change and materially affect the asset appraisal results, the Clients shall promptly engage a qualified asset appraisal institution to re-determine the Appraised Value.

(3) After the Appraisal Reference Date, the Clients shall give full consideration to and make corresponding adjustments for changes in the number of assets and pricing standards when establishing the actual pricing of the assets.

9. When the number of assets changes, the amount of assets shall be adjusted accordingly based on the original appraisal methods;

10. The Appraisal Scope is limited to the asset appraisal detailed schedule provided by the Clients and the Appraised Entity, and does not

encompass potential contingent assets and contingent liabilities beyond the lists provided by the Clients and the Appraised Entity.

11. Daqin Railway Wansheng Daqin Special Line: Original book value of RMB11,000,000.00, net book value of RMB7,589,147.23, with full impairment provision recognized. In 2002, Beijing Wansheng Daqin Coal Co., Ltd. owed coal payments to Shenhua Coal Transport & Marketing Co., Ltd. The court ruled that 55% equity in the Daqin Railway Wansheng Daqin Special Line would be used to offset the debt, with both parties retaining user rights. On December 1, 2025, Shenhua Group conducted a technical appraisal of this asset and determined that it had no further utilization value. For this appraisal, the appraised value of this asset is presented at its book value. This is brought to the attention of the report users.

12. Room 1803, Building 4, Capital Normal University (Beijing): Original book value of RMB351,249.70, net book value of RMB 151,931.97, with no impairment provision recognized. This property is a collectively funded and co-built residential property that Beijing Shenhua Changyun High-tech Coal Blending Co., Ltd. (hereinafter referred to as "Changyun") purchased in February 2000 from Capital Normal University of Beijing (hereinafter referred to as CNU). At the time of purchase, the application was made in an individual's name, but Changyun actually paid the housing funds of RMB349,535.00 (with a building area of 65.95 m^2, RMB5,300.00/m^2). This property has always been school-owned property without a property certificate. In October 2005, when Changyun divested its assets, the accounting records for this property were transferred to Shenhua Coal Transport & Marketing Co., Ltd. In February 2025, Changyun and the CNU State-owned Assets Department confirmed that procedures such as change in property rights could not be processed for this property. For this appraisal, the appraised value of this property is presented at its book value. This is brought to the attention of the report users.

XII. Instructions on Usage Restrictions of the Appraisal Report

1. This Appraisal Report shall only be used for the specific purpose and uses stipulated within this report. Concurrently, the appraisal conclusion of this appraisal reflects the current fair market price, determined according to open market principles for the valued entity under the purpose of this appraisal. It does not account for the impact on the appraisal price from potential future mortgages, guarantees, or additional payments that may be made by specific transacting parties. Furthermore, this report does not consider the impact on asset prices resulting from changes in national macroeconomic policies, natural forces, or other force majeure events. The appraisal conclusion will generally become invalid if the aforementioned conditions, the going concern principle followed in the appraisal, or other circumstances change. The Appraisal Institution shall not bear relevant legal liability for any invalidation of the Appraisal Results caused by changes in these conditions.

2. The precondition for the validity of this Appraisal Report is that this economic activity complies with the relevant provisions of national laws and regulations and has obtained approval from the relevant departments.

3. This Appraisal Report may only be used by designated users specified therein. The right to use this Appraisal Report belongs to the Clients. Without the Clients' permission, this Asset Appraisal Institution will not disclose it to others.

4. The Asset Appraisal Institution and its appraisers shall not be held liable if the Clients or other users of the Asset Appraisal Report fail to use it within the scope specified by laws, administrative regulations, and the Asset Appraisal Report itself.

5. No entities or individuals other than the Clients, the other users of the Asset Appraisal Report as stipulated in the Asset Appraisal Engagement

Contract, and the users of the Asset Appraisal Report as prescribed by laws and administrative regulations, shall be permitted to use the Asset Appraisal Report.

6. Without the consent and review of this Appraisal Institution, no part or all of the Appraisal Report may be excerpted, cited, or disclosed in public media, except where otherwise stipulated by laws and regulations or agreed upon by the relevant parties.

7. Users of the Asset Appraisal Report shall correctly understand and utilize the Appraisal Conclusion. The Appraisal Conclusion is not equivalent to the realizable price of the Appraisal Object, and the Appraisal Conclusion shall not be construed as a guarantee of the realizable price of the Appraisal Object.

8. Validity Period of the Appraisal Conclusion: In accordance with relevant asset appraisal laws and regulations, for asset appraisal reports pertaining to statutory appraisal engagements, the Clients must utilize the report only after completing the asset appraisal supervision and administration procedures as mandated by laws and regulations. The appraisal results are valid for one year, calculated from the Appraisal Reference Date of July 31, 2025 until July 30, 2026. If this period is exceeded, a new asset appraisal will be required.

XIII. Date of the Appraisal Report

The Date of Appraisal Report is December 16, 2025.

THE PROPOSED ACQUISITION BY CHINA SHENHUA ENERGY COMPANY LIMITED OF 100% EQUITY INTERESTS IN CHINA ENERGY PORT CO., LTD. HELD BY CHINA ENERGY INVESTMENT CORPORATION LIMITED BY ISSUING SHARES AND PAYING CASH

ASSET VALUATION REPORT

ZLPBZ [2025] No.[5360]

China United Assets Appraisal Group Co., Ltd.

December 16, 2025

STATEMENT

I. This Asset Appraisal Report is prepared in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance of the People's Republic of China, and the Practice Standards and Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

II. The Clients or other users of the Asset Appraisal Report shall use the Report in accordance with applicable laws and regulations, and within the scope of use specified herein. Should the Client or other users of the Asset Appraisal Report fail to do so, the Asset Appraisal Institution and its professional asset appraisers shall not be liable for any consequences arising therefrom.

The Asset Appraisal Report is exclusively used by the Client, other designated users as stipulated in the asset appraisal engagement contract, and users mandated by applicable laws and regulations. In addition, no other institution or individual is authorized to be a user of the Asset Appraisal Report.

The Asset Appraisal Institution and its asset appraisers advise users of this Asset Appraisal Report to accurately comprehend and use the appraisal conclusion. The appraisal conclusion should not be deemed as the realizable price of the appraisal object, nor should it be interpreted as a guarantee of the appraisal object's realizable price.

III. The truthfulness, legality, and completeness of the information provided by the Clients and other relevant parties are prerequisites for the appraisal conclusion to be valid. The list of assets and liabilities included in the appraisal scope, as well as the prospective financial information, ownership certificates, and other data required for the appraisal, have been

declared and confirmed by the Clients and the Appraised Entity through official seals or other means.

IV. The Asset Appraisal Institution and its asset appraisers have no existing or prospective interests in the Appraisal Object presented in the Asset Appraisal Report; and have no existing or prospective interests in the related parties, and are not biased towards them.

V. The asset appraisers have conducted field surveys of the Appraisal Object and the assets involved in the Asset Appraisal Report; has given due attention to the legal ownership status of the Appraisal Object and its related assets, inspected the legal ownership documentation for the Appraisal Object and its related assets, truthfully disclosed any issues identified, and requested the Clients and other relevant parties to optimize the property rights to satisfy the requirements for issuing the Asset Appraisal Report.

VI. The analyses, judgments, and results presented in the Asset Appraisal Report issued by the Asset Appraisal Institution are subject to the assumptions and limiting conditions stipulated therein. Users of the Asset Appraisal Report should thoroughly consider the assumptions, limiting conditions, instructions on special matters, and their impacts on the appraisal conclusion as specified within the Report.

VII. The Asset Appraisal Institution and its asset appraisers comply with applicable laws, regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and impartiality, and are legally responsible for the Asset Appraisal Report issued.

THE PROPOSED ACQUISITION BY CHINA SHENHUA ENERGY COMPANY LIMITED OF 100% EQUITY INTERESTS IN CHINA ENERGY PORT CO., LTD. HELD BY CHINA ENERGY INVESTMENT CORPORATION LIMITED BY ISSUING SHARES AND PAYING CASH

ASSET VALUATION REPORT

ZLPBZ [2025] No.[5360]

ABSTRACT

China United Assets Appraisal Group Co., Ltd. accepted the engagement of China Energy Investment Corporation Limited and China Shenhua Energy Company Limited to assess the market value of the entire shareholders' equity of China Energy Port Co., Ltd. as at the Appraisal Reference Date in relation to the economic activities of the proposed acquisition by China Shenhua Energy Company Limited of 100% equity interests in China Energy Port Co., Ltd. held by China Energy Investment Corporation Limited by issuing shares and paying cash.

The Valuation Target represents the entire shareholders' equity of China Energy Port Co., Ltd., and the scope of valuation covers all assets and related liabilities of China Energy Port Co., Ltd., including current assets, non-current assets and corresponding liabilities.

The Appraisal Reference Date is 31 July 2025.

The type of value under the valuation is market value.

The valuation is conducted on the premise of continued use and an open market, taking into account the actual circumstances of the Valuation Target. After comprehensively considering all kinds of factors that may affect the valuation, asset-based approach and income approach have been adopted for the overall valuation of China Energy Port Co., Ltd. followed by cross-checking and comparison. Considering the applicability of the valuation approaches and the need to satisfy the purpose of this valuation, the valuation results obtained by adopting the income approach were selected as the final conclusion of this valuation.

Based on the judgment of assessed entities and the company' management on the future development trend and business planning, after conducting valuation procedures such as checking and verification, on-site inspection, market research and inquiries, assessment and estimation, the valuation conclusion of the entire shareholders' equity of China Energy Port Co., Ltd. as at the Appraisal Reference Date of 31 July 2025 is as follows:

The book value of the entire shareholders' equity is RMB19,167.23 ten thousand , and the appraised value is RMB47,359.85 ten thousand, representing an appreciation of RMB28,192.62 ten thousand, with an appreciation rate of 147.09%.

When using the valuation conclusion, the users of this report are hereby reminded to pay attention to the special notes and material subsequent events set out herein.

According to the laws and regulations related to asset valuation, asset valuation reports involving valuation of business for legal compliance purposes shall only be used upon the performance of the supervisory and

administrative procedures regarding asset valuation by the Clients as required by law and regulations. The valuation conclusion shall be effective for a period of one year commencing from 31 July 2025 to 30 July 2026.

The above content is extracted from the full text of the Asset Valuation Report. For details of the valuation and correct understanding of the valuation conclusion, please read the full text of the Asset Valuation Report.

THE PROPOSED ACQUISITION BY CHINA SHENHUA ENERGY COMPANY LIMITED OF 100% EQUITY INTERESTS IN CHINA ENERGY PORT CO., LTD. HELD BY CHINA ENERGY INVESTMENT CORPORATION LIMITED BY ISSUING SHARES AND PAYING CASH

ASSET VALUATION REPORT

ZLPBZ [2025] No. [5360]

To China Energy Investment Corporation Limited and China Shenhua Energy Company Limited,

China United Assets Appraisal Group Co., Ltd. accepted the engagement of the Company to assess the market value of the entire shareholders' equity of China Energy Port Co., Ltd. as at the Appraisal Reference Date of 31 July 2025 in relation to the economic activities of the proposed acquisition by China Shenhua Energy Company Limited of 100% equity interests in China Energy Port Co., Ltd. held by China Energy Investment Corporation Limited by the issuing shares and the paying cash, in accordance with the relevant laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and impartiality, adopting the asset-based approach and income approach, and following the necessary valuation procedures. The Asset Valuation Report is set out as follows:

I. CLIENTS, APPRAISED ENTITY AND OTHER USERS OF ASSET

VALUATION REPORT

The clients of the asset valuation are China Energy Investment Corporation Limited (hereinafter referred to as "China Energy") and China Shenhua Energy Company Limited (hereinafter referred to as "China Shenhua"), and the appraised entity is China Energy Port Co., Ltd. (hereinafter referred to as "China Energy Port").

(I) Overview of Client I

Company name: China Energy Investment Corporation Limited

Company type: Limited liability company (wholly state-owned)

Registered address: No. 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Zou Lei

Registered capital: RMB13209466.11498 ten thousand

Date of establishment: 23 October 1995

Business term: From 23 October 1995 to indefinite term

Unified social credit code: 911100001000182671

Scope of business: Operation of state-owned assets within the scope authorized by the State Council; investment and management in resource products such as coal, coal-to-oil, coal chemical industry, electric power, heat, ports, various transportation industries, finance, domestic and foreign trade and logistics, real estate, high-tech, information consulting and other industry fields; planning, organizing, coordinating and managing the production and operation activities of enterprises affiliated to the group in the above industry

fields; sales of chemical materials and chemical products (excluding hazardous chemicals), textiles, building materials, machinery, electronic equipment, office equipment. (Market entities independently choose business projects and carry out business activities in accordance with the law; projects that are subject to approval in accordance with the law shall be carried out in accordance with the approved content after approval by relevant departments; business activities in projects prohibited and restricted by national and municipal industrial policies shall not be engaged in.)

(II) Overview of Client II

Company name: China Shenhua Energy Company Limited

Company type: Other joint stock limited company (listed)

Registered address: No. 22 Xibinhe Road, Andingmen, Dongcheng District, Beijing

Legal representative: Lv Zhiren

Registered capital: RMB1986851.9955 ten thousand

Date of establishment: 8 November 2004

Business term: From 8 November 2004 to indefinite term

Unified social credit code: 91110000710933024J

Scope of business: Coal mining (validity period is subject to the validity period of relevant licenses of each coal mine); wholesale of coal; project investment; coal washing and processing; development and operation of mineral products; internal transportation of proprietary railways; power generation; provision of supporting services for coal, railway and power operations; ship repair; development and utilization of energy and

environmental protection technologies, technology transfer, technology consulting, technology services; import and export business; sales of chemical products, chemical materials, building materials, mechanical equipment (excluding hazardous chemicals); property management. (Market entities independently choose business projects and carry out business activities in accordance with the law; projects that are subject to approval in accordance with the law shall be carried out in accordance with the approved content after approval by relevant departments; business activities in projects prohibited and restricted by national and municipal industrial policies shall not be engaged in.)

(III) Overview of the Appraised Entity

1. Basic Company Information

Company name: China Energy Port Co., Ltd.

Company type: Limited liability company (state-controlled)

Registered address: Room 808, Building 8, Port Development Building, Canghai Road, Cangzhou Bohai New Area

Legal representative: Wang Jingang

Registered capital: RMB10,000 ten thousand

Date of establishment: 27 March 2023

Business term: Indefinite term

Unified social credit code: 91130992MACDAL3E6C

Scope of business: Licensed projects: port operations. (Projects subject to approval in accordance with the law can only be carried out after approval

by relevant departments, and specific business projects are subject to the approval documents or licenses of relevant departments) General projects: general cargo warehousing services (excluding projects requiring license approval such as hazardous chemicals); port cargo loading and unloading activities; sales of intelligent port loading and unloading equipment; sales of intelligent warehousing equipment; machinery and equipment leasing; container leasing services; container repair; ship towing services; international cargo transportation agency; domestic cargo transportation agency; domestic container cargo transportation agency; international shipping agency; domestic shipping agency; road cargo transportation station operation; supply chain management services; information consulting services (excluding licensed information consulting services); technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; non-residential real estate leasing. (Except for projects subject to approval in accordance with the law, business activities are carried out independently in accordance with the law with a business license)

2. History Development and Shareholding Structure

China Energy Port Co., Ltd. was established with full capital contribution from China Energy Investment Corporation Limited, with a registered capital of RMB10,000 ten thousand, which has been fully paid up.

As of the Appraisal Reference Date, the names of shareholders, capital contributions and shareholding percentages are as follows:

Table 1 Capital Contributions and Shareholding Percentages

Shareholder Name	Subscribed Capital Contribution (RMB in ten thousand)	Subscribed Shareholding Percentage (%)	Paid-in Capital Contribution (RMB in ten thousand)	Paid-in Shareholding Percentage (%)

China Energy Investment Corporation Limited	10,000	100	10,000	100
Total	10,000	100	10,000	100

3. Assets, Financial and Operating Conditions

(1) Financial position of consolidated statements

As of the Appraisal Reference Date, i.e. 31 July 2025, the total assets in the consolidated statements amounted to RMB25,422.65 ten thousand, liabilities amounted to RMB4,751.61 ten thousand, net assets amounted to RMB20,671.04 ten thousand, and net assets attributable to the parent amounted to RMB19,169.90 ten thousand; from January to July 2025, the operating income in the consolidated statements amounted to RMB6,460.65 ten thousand, net profit amounted to RMB1,920.24 ten thousand, and net profit attributable to the parent amounted to RMB1,919.48 ten thousand.

(2) Financial position of the parent company statements

As of the Appraisal Reference Date, i.e. 31 July 2025, the total assets in the parent company statements amounted to RMB23,918.84 ten thousand, liabilities amounted to RMB4,751.61 ten thousand, and net assets amounted to RMB19,167.23 ten thousand; from January to July 2025, the operating income in the parent company statements amounted to RMB6,460.65 ten thousand, and net profit amounted to RMB1,917.70 ten thousand.

The assets and financial conditions in recent years are as follows:

Table 2 Assets, Liabilities and Financial Conditions of Consolidated Statements

Unit: RMB in ten thousand

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	17,388.19	23,089.65	25,422.65
Liabilities	4,424.08	4,410.93	4,751.61
Net assets	12,964.11	18,678.71	20,671.04
Net assets attributable to the parent	12,964.11	17,178.33	19,169.90
Item	**2023**	**2024**	**January to July 2025**
Operating income	7,679.66	11,236.47	6,460.65
Total profit	4,115.12	5,652.01	2,541.91
Net profit	2,964.11	4,173.73	1,920.24
Net profit attributable to the parent	2,964.11	4,173.35	1,919.48
Net cash flow from operating activities	1,235.68	5,436.37	2,275.20
Net cash flow from investment activities	-	-1,104.14	-2,088.17
Net cash flow from financing activities	9,118.46	1,079.96	-
Auditing Firm	Ernst & Young Hua Ming LLP		
Audit opinion	Standard Unqualified Opinion		
Audit Report No.	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028105_A01		
Date of audit report	December 8, 2025		

Table 3 Assets, Liabilities and Financial Conditions of the Parent Company Statements

Unit: RMB in ten thousand

Item	31 December 2023	31 December 2024	31 July 2025
Total assets	17,388.19	21,587.84	23,918.84
Liabilities	4,424.08	4,410.41	4,751.61
Net assets	12,964.11	17,177.43	19,167.23
Item	**2023**	**2024**	**January to July 2025**
Operating income	7,679.66	11,236.47	6,460.65
Total profit	4,115.12	5,650.30	2,538.92
Net profit	2,964.11	4,172.45	1,917.70
Net cash flow from operating activities	1,235.68	5,434.56	2,273.19

Item	31 December 2023	31 December 2024	31 July 2025
Net cash flow from investment activities	-	-4,604.14	-2,088.17
Net cash flow from financing activities	9,118.46	-420.04	-
Auditing Firm	Ernst & Young Hua Ming LLP		
Audit opinion	Standard Unqualified Opinion		
Audit report number	Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028105_A01		
Date of audit report	December 8, 2025		

4. Status of Core Business

China Energy Port is a major initiative of China Energy to consolidate the achievements of the three-year action plan for state-owned enterprise reform, promote the creation of world-class demonstration enterprises, and advance the reform of state-owned capital investment companies.

As of the Reference Date, China Energy Port's main business is responsible for the coal unloading business, mechanized sampling business, and rapid coal quality inspection business at Huanghua Port and Tianjin Port, operating smoothly. For these three businesses, the enterprise recognizes revenue using the net method based on the upstream and downstream business contract revenue and costs. Among them, the coal quality rapid inspection business mainly serves the self-produced coal of China Energy within Huanghua Port and Tianjin Port, and the mechanized sampling business mainly serves the purchased coal at Huanghua Port and Tianjin Port. Overall, China Energy Port has formed a "dual-port" operation pattern with Huanghua Port as the core and Tianjin Port as a supplement, and the high-margin mechanized sampling and scaled coal unloading businesses jointly support the enterprise's good performance.

5. Significant Accounting Policies Adopted by the Company

The Accounting Standards for Business Enterprises – General Standards (Ministry of Finance Order No. 33, revised in July 2014) and 41 concrete standards including Accounting Standard for Business Enterprises No. 1 – Inventories issued by the Ministry of Finance on 15 February 2006 are adopted.

(IV) Relationship between the Clients and the Appraised Entity

China Energy Investment Corporation Limited, Principal I of this asset valuation, is the controlling shareholder of China Shenhua Energy Company Limited, Principal II, and China Energy Port Co., Ltd., the appraised entity; China Shenhua Energy Company Limited, Principal II, intends to acquire 100% equity interests in China Energy Port Co., Ltd., the appraised entity, held by China Energy Investment Corporation Limited, Principal I.

(V) Other Users of the Asset Valuation Report

The asset valuation engagement contract does not specify other report users.

Unless otherwise stipulated by the laws and regulations of the PRC, no organization or individual shall be a user of the valuation report by mere possession of this Asset Valuation Report unless they are confirmed as such by the valuation agency and the clients.

II. PURPOSE OF VALUATION

According to the 18th Minutes of the Chairman's Special Meeting of China Energy Investment Corporation Limited (August 8, 2025), China Shenhua Energy Company Limited intends to acquire 100% equity interests in China Energy Port Co., Ltd. held by China Energy Investment Corporation Limited in consideration of the issuance of shares and the payment of cash.

The purpose of this asset valuation is to reflect the market value of the entire shareholders' equity interests of China Energy Port Co., Ltd. as of the Appraisal Reference Date, providing value reference for the aforementioned economic activities.

III. TARGET AND SCOPE OF VALUATION

The Valuation Target is the entire shareholders' equity of China Energy Port Co., Ltd. The scope of valuation covers all assets and related liabilities of China Energy Port Co., Ltd. As of the Appraisal Reference Date, the parent company's audited statements showed total assets of RMB23,918.84 ten thousand, total liabilities of RMB4,751.61 ten thousand, and net assets of RMB19,167.23 ten thousand. Among these, current assets amounted to RMB15,733.00 ten thousand, non-current assets amounted to RMB8,185.84 ten thousand; current liabilities amounted to RMB4,713.28 ten thousand, and non-current liabilities amounted to RMB38.33 ten thousand.

The data regarding the abovementioned assets and liabilities was extracted from the balance sheet of China Energy Port Co., Ltd. as at 31 July 2025 audited by Ernst & Young Hua Ming LLP, based on which the valuation was conducted.

The Valuation Target and scope of valuation are in line with those involved in the economic activities.

(I) Information of major assets

As of the Appraisal Reference Date, the total assets in the parent company statements of China Energy Port Co., Ltd. amounted to RMB23,918.84 ten thousand. Major assets include current assets, long-term equity investments, fixed assets, construction in progress, intangible assets and right-of-use assets. As of the Appraisal Reference Date, the

appraised entity's assets were not mortgaged or pledged.

Among them:

1. Long-term equity investments

Long-term equity investments are the appraised entity's equity investments in China Energy (Taizhou) Harbour Administration Co., Ltd.

Table 4 List of Long-term Equity Investments

Unit: RMB

No.	Name of the Investee	Investment Date	Investment Cost	Shareholding Percentage	Book Value		
					Original Book Value	Impairment Provision	Net Book Value
1	China Energy (Taizhou) Harbour Administration Co., Ltd.	2024-08	35,000,000.00	70%	35,000,000.00	-	35,000,000.00

2. Fixed assets

All fixed assets are electronic equipment, mainly research and development equipment, computers, projectors, etc., all of which are in normal use.

3. Construction in progress

Construction in progress includes the ongoing and uncompleted phase I project of China Energy Hainan Ledong Port , the construction project of intelligent coal quality control system at Huanghua Port (Coal Port Area), and the Taizhou project of China Energy Port Co., Ltd. The book value mainly represents the preliminary expenses of the projects.

4. Intangible assets

Intangible assets are externally purchased customized office software for the Port Finance Smart Management Cloud Platform , which is in normal use.

5. Right-of-use assets

The right-of-use asset refers to the enterprise's paid lease of the 8th and 9th floors of the Port Development Building and the conference center of its annex building in Canghai Road, Cangzhou Bohai New Area from its related party, China Energy Huanghua Harbour Administration Co., Ltd., used for office operations. The lease term is from 1 January 2023, to 31 December 2025.

(II) Information on intangible assets recorded or unrecorded in the books declared by the enterprise

The intangible assets declared by the enterprise for valuation are office software recorded in the books, which is the Port Finance Smart Management Cloud Platform purchased by the enterprise. As of the Appraisal Reference Date, there are no unrecorded intangible assets in the scope of the enterprise's declaration.

(III) Type and quantity of off-balance sheet assets declared by the enterprise

As of the Appraisal Reference Date of 31 July 2025, there are no off-balance sheet assets in the scope of the enterprise's declaration for valuation.

(IV) Type, quantity and book value of assets involved in making reference to (utilizing) the conclusions of reports issued by other institutions

The book values of all assets and liabilities on the Appraisal Reference Date in this Asset Appraisal Report are determined based on the audit results of the Audit Report of China Energy Port Co., Ltd. (Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028105_A01) issued by the Ernst & Young Hua Ming LLP on December 16, 2025, with a standard unqualified opinion. The valuation was conducted on the basis of the audit on the company.

In addition, there is no reference to (utilization of) the conclusions of reports issued by other institutions.

IV. TYPE OF VALUE

Based on the purpose of this valuation, the value type of this valuation is defined as market value.

Market value refers to the estimated amount of the value of normal and fair transactions of the Valuation Target on the Appraisal Reference Date when the willing buyer and willing seller act rationally without any coercion.

V.APPRAISAL REFERENCE DATE

The Reference Date for the asset valuation of this project is 31 July 2025.

This Reference Date is determined by the Clients taking into consideration the amount of assets, workload, estimated time required, compliance and other factors of the appraised entity.

VI. BASIS OF VALUATION

The basis of valuation on which this asset valuation was conducted mainly includes the basis of economic activities, the basis of laws and regulations, the basis of valuation criteria, the basis of asset ownership, as

well as the pricing basis used in the valuation and other reference information, as follows:

(I) Basis of economic activities

18th Minutes of the Chairman's Special Meeting of China Energy Investment Corporation Limited (August 8, 2025)

(II) Basis of laws and regulations

1. The Asset Appraisal Law of the People's Republic of China (passed at the 21st session of the 12th Standing Committee of the National People's Congress on 2 July 2016);
2. The Company Law of the People's Republic of China (amended for the second time at the 7th session of the 14th Standing Committee of the National People's Congress on 29 December 2023);
3. The Civil Code of the People's Republic of China (passed at the 3rd session of the 13th National People's Congress on 28 May 2020);
4. The Law of the People's Republic of China on the State-Owned Assets of Enterprises (passed at the 5th session of the 11th Standing Committee of the National People's Congress on 28 October 2008);
5. The Enterprise Income Tax Law of the People's Republic of China (passed at the 7th session of the 13th Standing Committee of the National People's Congress on 29 December 2018);
6. The Securities Law of the People's Republic of China (amended for the second time at the 15th session of the 13th Standing Committee of the National People's Congress on 28 December 2019);
7. Provisional Regulations of Value Added Tax of the People's Republic of

China (Decree No. 691 of the State Council, passed at the 191st executive meeting of the State Council on 30 October 2017);

8. Detailed Rules for the Implementation of the Provisional Regulations on Value Added Tax of the People's Republic of China (Decree No. 50 of the Ministry of Finance and State Administration of Taxation);

9. Notice on Several Issues Concerning the National Implementation of Value-Added Tax Reform (Cai Shui [2008] No. 170);

10. Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36);

11. Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (Announcement No. 39 of 2019 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs);

12. Measures for the Administration of State-owned Assets Appraisal (Issued under Decree No. 91 of the State Council on 16 November 1991, revised in accordance with the Decision of the State Council on Amending and Repealing Certain Administrative Regulations (Decree No. 732 of the State Council) on 29 November 2020);

13. Detailed Rules for the Implementation of the Administrative Measures for State-owned Assets Assessment (Guo Zi Ban Fa [1992] No. 36);

14. Interim Regulations on the Supervision and Management of State-owned Assets of Enterprises (Decree No. 378 of the State Council, revised in 2019);

15. Interim Measures on the Administration of Assessment of State-owned Assets of Enterprises (Decree No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council, 25 August 2005);

16. Notice on Issues Relating to Strengthening the Administration of State-owned Assets Appraisal of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

17. Circular on Matters regarding the Review of the Valuation Reports on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);

18. Notice on Issuing the Guidelines for the Filing of Enterprises' State-owned Assets Appraisal Projects (Guo Zi Fa Chan Quan [2013] No. 64);

19. Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises (Decree No. 32 of the SASAC of the State Council and the Ministry of Finance, 2016);

20. Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises (Guo Zi Chan Quan Fa [2010] No. 11);

21. Measures for the Supervision and Administration of State-Owned Shares of Listed Companies (Decree No. 36 of the State-owned Assets Supervision and Administration Commission, the Ministry of Finance and the China Securities Regulatory Commission);

22. Other laws, regulations and rules related to the valuation work.

(III) Basis of valuation criteria

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43);

2. Code of Ethics for Asset Valuation (CAS [2017] No. 30);

3. Practice Standards for Asset Valuation – Asset Valuation Procedures (CAS [2018] No. 36);

4. Practice Standards for Asset Valuation – Asset Valuation Approaches (CAS [2019] No. 35);

5. Guiding Opinions on Types of Value under Asset Valuation (CAS [2017] No. 47);

6. Practice Standards for Asset Valuation – Asset Valuation Report (CAS [2018] No. 35);

7. Practicing Standards for Asset Valuation – Corporate Values (CAS [2018] No. 38);

8. Guidelines for Valuation Reports on State-owned Assets of Enterprises (CAS [2017] No. 42);

9. Practice Standards for Asset Valuation – Asset Valuation Engagement Contract (CAS [2017] No. 33);

10. Practice Standards for Asset Valuation – Asset Valuation Files (CAS [2018] No. 37);

11. Guidelines for Quality Control of Business of Asset Valuation Agency (CAS [2017] No. 46);

12. Guiding Opinions on Legal Ownership of Asset Valuation Target (CAS [2017] No. 48);

13. Practicing Standards for Asset Valuation – Engagement of Experts and Relevant Reports (CAS [2017] No. 35);

14. Guidelines for Asset Evaluation Experts No. 8 – Verification in Asset Valuation (CAS [2019] No. 39);

15. Other standards related to the valuation work.

(IV) Basis of asset ownership

1. Major asset purchase contracts or evidences;

2. Other reference materials.

(V) Basis of price determination

1. The benchmark exchange rate of RMB announced by the State Administration of Foreign Exchange on the Reference Date;

2. The announcement on loan prime rate (LPR) on the Reference Date promulgated by the National Interbank Funding Center under authorization published by the People's Bank of China;

3. Information on forecast of future earnings provided by the clients and other concerned parties according to the laws;

4. Relevant information from the price information database of China United Assets Appraisal Group Co., Ltd.;

5. Important business contracts and information;

6. Other reference materials.

(VI) Other reference materials

1. Audit Report of China Energy Port Co., Ltd. (Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028105_A01) issued by the Ernst & Young Hua Ming LLP on December 8, 2025;

2. iFinD Finance Terminal;

3. Investment Valuation (by Damodanran (US), translated by Lin Qian (Canada), published by Tsinghua University Press);

4. Valuation: Measuring and Managing the Value of Companies (3rd Edition) (by Copeland, T. (US), etc., translated by Hao Shaolun and Xie Guanping, published by Publishing House of Electronics Industry);

5. Handbook of Commonly Used Data and Parameters for Asset Valuation (Mechanical Industry Press, 2011 Edition);

6. 41 specific standards, including Accounting Standards for Business Enterprises – General Standards (Decree No. 33 of the Ministry of Finance, announced by the Ministry of Finance on 15 February 2006 and amended in July 2014) and Accounting Standards for Business Enterprises No.1 – Inventory;

7. Relevant information on the websites of China Securities Regulatory Commission, Shanghai Stock Exchange and Shenzhen Stock Exchange;

8. Other reference information.

VII. VALUATION APPROACHES

(I) Introduction to Valuation Approaches

Pursuant to the provisions of the Asset Valuation Practicing Standards – Enterprise Value (CAS [2018] No. 38) and the Asset Valuation Practicing Standards – Asset Valuation Approaches (CAS [2019] No. 35), when the enterprise valuation business is performed, the applicability of the three basic approaches, namely the income approach, the market approach and the asset-based approach, shall be analyzed and a valuation approach shall be selected based on the purpose of valuation, the Valuation Target, the type of value, the applicable conditions of the valuation approaches, and the quality and quantity of data relied upon for the application of the valuation approaches.

The income approach for enterprise valuation refers to the valuation approach that determines the value of a Valuation Target by capitalising or

discounting its expected income. Professional valuers shall appropriately consider the applicability of the income approach based on factors such as the nature of the enterprise, asset scale, historical operating conditions, predictability of future earnings, and the adequacy of the valuation information obtained.

The market approach for enterprise valuation refers to the valuation approach that compares the Valuation Target with comparable listed companies or comparable transaction cases to determine the value of the Valuation Target. Professional valuers shall consider the applicability of the market approach based on the sufficiency and reliability of the comparable enterprises' operating and financial data obtained and the number of comparable enterprises available.

The asset-based approach for enterprise valuation refers to the valuation approach that determines the value of the Valuation Target by appraising the value of its various identifiable assets and liabilities on the balance sheet and off-balance sheet, with reference to the balance sheet of the appraised entity as at the Appraisal Reference Date.

(II) Selection of Valuation Approaches

The purpose of this valuation is the acquisition of 100% equity interests in China Energy Port Co., Ltd. held by China Energy Investment Corporation Limited by way of the proposed issuance of shares and payment in cash by China Shenhua Energy Company Limited.

The asset-based approach reflects the value of the enterprise from the perspective of enterprise construction and provides a basis for the operation management and assessment of the enterprise after the economic activities have been completed, therefore the asset-based approach is selected for the valuation.

The appraised entity has the foundations and conditions to continue as a

going concern, the future income and risk of which can be forecasted and quantified, and therefore the income approach can be selected for the valuation.

Given that recent transaction cases involving enterprises of the same scale are unavailable before and after the Appraisal Reference Date, and there are relatively few comparable listed companies on the market with the same scale and business structure, the market approach is not adopted for this valuation.

In the light of the foregoing, it is determined that the asset-based approach and the income approach shall be adopted for the valuation.

(III) Asset-Based Approach

The asset-based approach refers to the valuation approach that determines the value of the Valuation Target by appraising the value of its various identifiable assets and liabilities on the balance sheet and off-balance sheet, with reference to the balance sheet of the appraised entity or operating entity as at the Appraisal Reference Date, that is, the approach of calculating the enterprise value by adding up the appraised value of assets which are the various elements that constitute the enterprise and deducting the appraised value of liabilities.

Set forth below are the valuation approaches for various assets and liabilities:

1. Current assets

(1)Monetary funds

Monetary funds are entirely bank deposits. For this valuation, confirmation letters in respect of bank deposit accounts were sent to certify the authenticity of the bank deposits, and checks were also conducted for any unrecorded bank deposits, the authenticity of outstanding accounts in the "bank deposit balance reconciliation statements" and the income subsequent

to the Appraisal Reference Date. The appraised value is determined at the verified book value of RMB bank deposits.

(2)Accounts receivable

For the valuation of accounts receivable, the valuers understood the existence and completeness of the accounts receivable. Based on the verification of their accuracy, and the information obtained from historical data and on-site due diligence, specific analysis was conducted on the amount, time and reason for the outstanding accounts, recovery status, funds, credit, and current conditions of operation and management of the debtors, and other relevant matters. After reviewing that the factors such as probability of default, loss given default, and exposure at default considered by the enterprise in calculating expected credit losses comply with relevant regulatory requirements, and after full discussion with the relevant personnel of the enterprise and the certified public accountant, the valuation risk loss was calculated with reference to the calculation method of loss provision for the enterprise accounting.

The amount of the valuation risk loss is determined in accordance with the aforementioned valuation approach for determining the enterprise's expected credit losses, and the provision for bad debts for this valuation is nil. The appraised value is determined by the total amount of accounts receivable less the amount of the valuation risk loss.

(3)Prepayments

For the valuation of prepayments, the valuers, based on the verification of their accuracy and the information obtained from historical data and on-site due diligence, specifically analyzed the amount, time and reason for the outstanding accounts, recovery status, funds, credit, and current conditions of operation and management of the debtors, and assessed whether the debtor had become bankrupt, completed de-registration, or was unable to provide goods or services on time as stipulated in the contract. In the absence of the

above-mentioned anomalies, the verified book value is determined as the appraised value.

(4)Other current assets

For the valuation of other current assets, the valuers verified whether the valuation schedules match the financial statements, and reviewed accounting records such as payment amount, time of occurrence, and business content to confirm the authenticity and completeness of the assets. Based on the verification of their accuracy, the appraised value is determined at the verified book value.

2. Long-term equity investment

For long-term equity investment, evidence was first obtained and verified regarding the reason for the long-term investment, its book value and actual conditions, and the investment agreement(s), resolutions of the shareholders' general meeting(s), articles of association, and relevant accounting records were reviewed to confirm the authenticity and completeness of the long-term investment.

For controlling subsidiaries with more than 50% shareholding, the overall assets of the investee as at the Appraisal Reference Date were appraised, and the appraised value was determined by multiplying the appraised value of the net assets of the investee at the Appraisal Reference Date by the shareholding percentage of the appraised entity:

Appraised value of long-term equity investment = appraised value of net assets of the investee after overall appraisal × shareholding percentage

In this valuation, the valuer has not considered premiums or discounts arising from factors such as controlling or minority interests, and the impact of equity liquidity on the valuation results has not been considered when determining the appraised value of long-term equity investment.

3. Fixed Assets – Equipment

According to the purpose of this valuation, the replacement cost

approach is adopted mainly for valuation on sustainable use basis based on the market price, in combination with the characteristics of the equipment included in the scope of valuation and the information collected.

(1)Valuation of Electronic Equipment

1) Determination of full replacement price of electronic equipment

Based on local market information and recent market prices available on Zhongguancun Online and PConline, the price of electronic equipment as at the Appraisal Reference Date is determined. In general, manufacturers or agents provide free transportation and installation and commissioning, and the full replacement price is determined based on the purchase price excluding tax:

Full replacement price (excluding tax) = Purchase price – deductible value-added tax

Deductible value-added tax = Purchase price/1.13 × 13%

2) Newness rate of electronic equipment

Newness rate = [remaining useful life ÷ (used life + remaining useful life)] × 100%

3) Determination of appraised value

Appraised value = full replacement price × newness rate of electronic equipment

4. Construction in progress

Considering the characteristics of the construction in progress under this valuation, the cost approach is adopted for the valuation, targeting the type and specific conditions of the construction in progress.

When applying the cost approach to the valuation of construction in progress, the valuers inquired about relevant contracts and invoices, and understood the progress and payment status of the project. Through the verification of the book assets of the Valuation Target and in combination with the actual progress of the construction in progress, the payment of the

construction in progress was determined. After verification and on-site inspection, it was confirmed that the accounts of the Valuation Target are consistent with the actual assets, and the expenses incurred are reasonable, authentic, and meet the capitalization conditions.

For projects with a short reasonable construction period, where the change in the replacement cost of the project is insignificant, the appraised value is determined at the verified book value for valuation, provided that the book value of the construction in progress is verified to be correct; for in-progress projects that commenced long before the Appraisal Reference Date (with a reasonable construction period exceeding six months), capital costs shall be taken into consideration. When calculating capital costs, unreasonable construction periods shall be excluded, and the calculation is determined based on the reasonable construction period of the construction in progress and the even investment of capital.

5. Right-of-use assets

The accounting content of right-of-use assets mainly refers to the right-of-use assets formed by the leasing of properties by the asset entities.

Right-of-use assets refer to the right of the lessee to use the leased assets during the lease term. The enterprise accounts for and recognises right-of-use assets and lease liabilities in accordance with the Accounting Standards for Business Enterprises No. 21 – Leases (Revised).

The valuers verified the general ledger, detailed ledgers, and accounting statements, and examined valuation schedules of the enterprise, and reviewed the relevant original receipts and lease contracts. An analysis was conducted on the initial measurement of each leased asset and the accuracy and reasonableness of the amortisation amount, which complies with the accounting regulations of the lease accounting standards. The book value reasonably reflects the equity value of the relevant right-of-use assets enjoyed by the enterprise as at the Appraisal Reference Date. Therefore, the appraised

value in this valuation is determined at the verified book value.

6. Intangible assets

Intangible assets are comprised of software only. For purchased software, the valuers reviewed the relevant supporting documents, understood the composition of the original book value, the method and period of amortisation, and reviewed the original contracts. Verification showed that the amounts in the accounts and statements were consistent. Since the software is customised, this valuation refers to the PPI Index (Computer, Communication and other Electronic Equipment Manufacturing) and its original book value to determine its full replacement price, and the appraised value is determined by deducting the software upgrade and modification expenses from the full replacement price (excluding tax).

7. Liabilities

The actual debtors and amounts of various liabilities were checked and verified upon realization of the valuation purpose, and the appraised value is determined based on the actual items and amounts of liabilities to be borne by the property owners upon the realization of the valuation purpose.

(IV) Income Approach

1. Overview

Pursuant to the Asset Valuation Practicing Standards – Enterprise Value, the income approach for enterprise valuation, also known as the discounted cash flow method, refers to the valuation approach that determines the value by forecasting the future cash flow and its risks for the enterprise or a specific revenue-generating unit, selecting a matching discount rate, and summing up the discounted future cash flows. The basic idea of the income approach is to derive the appraised value by estimating the future expected net cash flow of the assets which are then discounted to the present value with an appropriate discount rate. The basic conditions for applying the income approach are: the

enterprise has the foundations and conditions to continue as a going concern; there is a stable corresponding relation between its operation and income; and the future income and risk can be forecasted and quantified. The greatest difficulty in using the approach of discounted cash flow is to predict the expected future cash flow, and the objectivity and reliability of data collection and processing. If the forecast of expected future cash flow is reasonably objective and fair and the discount rate is reasonable, the appraisal result will be objective.

2. Valuation concept

This valuation estimates the value of the appraised entity's equity capital using its standalone financial statements according to the due diligence results and the asset composition and characteristics of principal operations of the appraised entity. The basic concept for the valuation is as follows:

(1)For the assets and principal business included in the scope of the financial statements, the expected return (net cash flow) was estimated in accordance with the trend of changes in historical operating conditions and business type and discounted to arrive at the value of the operating assets;

(2)For current assets (liabilities) such as monetary funds, dividends receivable (payable) existing at the Reference Date, and non-current assets (liabilities) such as dormant or idle equipment, real estate and construction in progress for which no profit or loss has been taken into account, which are included in the scope of the financial statements but not considered in the forecast of expected earnings (net cash flow), they are defined as surplus or non-operating assets (liabilities) existing at the Reference Date and their value is estimated separately;

(3)For long-term equity investment included in the scope of the financial statements but not considered in the estimation of expected earnings (net cash flow), their value is estimated separately;

(4)The enterprise value of the appraised entity is arrived at by the sum

of values of the abovementioned assets and liabilities, and the value of equity capital (entire shareholders' equity interests) of the appraised entity is arrived at after deducting the value of interest-bearing debts as at the Reference Date.

When determining the value of the entire shareholders' equity interests, the valuer has not considered premiums or discounts arising from factors such as controlling or minority interests, and the impact of equity liquidity on the valuation results has not been considered.

3. Valuation model

(1)Basic Model

The basic model for this valuation was:

$$E = B - D \quad (1)$$

In the formula:

E: Value of entire shareholders' equity interests (net assets) of the appraised entity;

B: Enterprise value of the appraised entity;

D: Value of interest-bearing debts of the appraised entity;

$$B = P + I + C \quad (2)$$

In the formula:

P: Value of the operating assets of the appraised entity;

I: Value of the long-term investment of the appraised entity as at the Reference Date;

C: Value of surplus or non-operating assets (liabilities) existing at the Reference Date of the appraised entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

In the formula:

R_i: Expected earnings (free cash flow) in the i year in the future of the appraised entity;

r：Discount rate;

n：Future operating period of the appraised entity;

$$C = C_1 + C_2 \quad (4)$$

C_1：Value of current surplus or non-operating assets (liabilities) existing on the Reference Date;

C_2：Value of non-current surplus or non-operating assets (liabilities) existing on the Reference Date.

(2)Income Indicators

In this valuation, the free cash flow of an enterprise was used as the income indicator for the operating assets of the appraised entity. Its basic definition is as follows:

R =Net profit + depreciation and amortization + interest after tax - additional capital + reversal of VAT to be deducted (5)

The expected free cash flow of the appraised entity in the future operating period was estimated according to its operation history, market development in the future and etc. The free cash flow over the future operating period was discounted and summed to arrive at the operating asset value of the appraised entity.

(3)Discount Rate

In this valuation, the weighted average cost of capital model (WACC) is used to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

In the formula:

W_d：Debt ratio of the appraised entity;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e：Equity ratio of the appraised entity;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: Interest rate of interest-bearing debts after income tax;

r_e: Equity capital cost r_e, which is determined by the Capital Asset Pricing Model (CAPM) in this valuation;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

In the formula:

r_f: Risk-free return rate;

r_m: Expected market yield;

ε: Risk adjustment coefficient based on characteristics of the appraised entity;

β_e: Expected market risk coefficient of equity capital of the appraised entity;

$$\beta_e = \beta_u \times (1 + (1 - t) \times \frac{D}{E}) \quad (10)$$

β_u: Expected leverage-free market risk coefficient of the comparable company;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: Expected market average risk coefficient of the shares (assets) of the comparable company;

$$\beta_t = 34\%K + 66\%\beta_x \quad (12)$$

In the formula:

K: Average risk value of the stock market during a certain period, which is generally assumed to be K=1;

β_x: Historical market average risk coefficient of the shares (assets) of the comparable company;

D_i、E_i: Interest-bearing debts and equity capital of the comparable company, respectively.

4. Income Period

According to the articles of association of the appraised entity, the operating period of the enterprise is long-term, and as the appraised entity operated normally as at the Appraisal Reference Date, there were no limitations imposed on the useful life of the core assets affecting the continuing operation of the enterprise, and no limitations imposed on the production and operating period of the enterprise, the period of ownership of investors, etc., or such limitations can be removed and the said assets can be used perpetually through extension. Therefore, this valuation assumes that the appraised entity will operate perpetually subsequent to the Appraisal Reference Date, and the corresponding income period is indefinite.

VIII. IMPLEMENTATION AND STATUS OF VALUATION PROCEDURES

The overall valuation is conducted in four phases:

(I) Preparation phase of valuation

The main work in the preparation phase is as follows:

1. Project negotiation and acceptance of project engagement

To understand the basic information of the appraised entity and the Valuation Target involved in the proposed engagement, and clarify the purpose of valuation, the Valuation Target and scope of valuation, and the Appraisal Reference Date; to conduct comprehensive analysis and evaluation on professional competence, independence and business risks according to the specific circumstances such as the purpose of valuation and the transaction background, and to enter into the asset valuation engagement contract.

2. Determination of the preparation for the valuation plan

Subsequent to full communication with the Clients and the relevant intermediaries of the project, the basics of asset valuation and the assets and operating conditions of the appraised entity were further determined, and the

basic policies, laws and regulations of the industry where the appraised entity is located and the market operating conditions of the industry were collected, based on which, a preliminary work plan was formulated and a valuation plan was developed.

3. Submission of information checklist and interview outline

Based on the characteristics of the assets to be appraised, a targeted due diligence information checklist, as well as sample forms such as asset list and profit forecast, were submitted, and the appraised entity was requested to prepare for the valuation work.

4. Guidance on filling forms and preparation of valuation information

Contacting relevant staff of the appraised entity to guide the appraised entity to prepare the information required for the valuation and fill in the relevant forms in accordance with the requirements of asset valuation.

(II) On-site valuation phase

The project team's on-site work was conducted in mid-August 2025, and the main work in the on-site phase is as follows:

1. Preliminary understanding of the overall situation

To listen to the introduction of the general situation of the appraised entity and the history and current status of the assets to be appraised by the Clients and the relevant personnel of the appraised entity, and to understand the history, financial system, operating conditions, technical status of fixed assets of the appraised entity.

2. Review and verification of information

To audit and identify the declaration information provided by the appraised entity, to comprehensively collect and check the title certificates of the assets to be appraised, and to check the relevant financial records of the enterprise, and to assist the enterprise in taking correction measures to the issues identified.

3. Key Inventory Verification

Based on the declaration information, a comprehensive inventory verification was conducted on the main assets and business and office premises: for the reported intercompany balances, their reconciliation statements, confirmation letters, and various business contracts were verified to confirm their actual existence and analyze their risks; on-site inspections were conducted on the reported tangible assets, including spot checks on electronic equipment. At the same time, for general equipment, price information was collected through market research and online inquiries; for leased office premises, the lease contracts for the office premises were reviewed.

4. Due Diligence Interview

Through due diligence and interviews with senior management, the industrial positioning of the appraised entity and its market share, and the appraised entity's costs and expenses were understood, and therefore the appraised entity's future development trend was analyzed. In view of the profit forecast data declared by the appraised entity, discussions were held with the appraised entity's management personnel to achieve consensus on the future development trend as much as possible, and then verification was conducted by inquiring about the main business, gross profit, and market distribution channels of enterprises in the same industry and field.

5. Determination of valuation approach and method

Based on the actual conditions and characteristics of the assets to be appraised, the specific model and method for asset valuation are determined.

6. Conducting assessment and estimation

Based on the consensus reached, the valuation model is determined, and the valuation result is calculated, and the relevant written explanation is drafted.

(III) Summary phase of valuation

To analyze and summarize the preliminary results of the valuation of various assets and liabilities, and to make necessary adjustments, modifications, and improvements to the valuation results.

(IV) Report submission phase

The preliminary Asset Valuation Report was drafted based on the above processes, and opinions were exchanged with the Clients on the valuation results after the preliminary review. Upon independent analysis of the relevant opinions, the report was modified and adjusted in accordance with the internal review system and procedure for the Asset Valuation Report of the valuation agency, and then the final Asset Valuation Report was issued.

IX. VALUATION ASSUMPTIONS

In this valuation, the valuers followed the below valuation assumptions:

(I) General assumptions

1. Transaction assumption

The transaction assumption is that all assets to be appraised are already in the process of the transaction, and the valuers will make estimation based on a simulated market according to (among others) the transaction conditions of assets to be appraised. The transaction assumption is a fundamental premise for asset valuation to be carried out.

2. Open market assumption

The open market assumption is that the parties to an assets transaction in the market or a proposed assets transaction in the market are on an equal footing with each other and have access to sufficient market information and time to make a rational judgment on the function and use of the assets and their transaction price. The open market assumption is based on the assumption that assets are publicly traded in the market.

3. Enterprise going-concern assumption

The enterprise going-concern assumption is a valuation assumption made by taking the overall assets of the enterprise as the Valuation Target. That is, the enterprise, as an operating entity, will continue to operate in accordance with its operating objectives in the external environment in which it is located. The enterprise operator is responsible for and capable of taking responsibility; the enterprise operates legally and can obtain appropriate profits to maintain its going-concern ability. For various operating assets of the enterprise, they can continue to be used according to their current purpose and manner, scale, frequency, environment, etc., or on the basis of some changes.

(II) Special assumptions

1. This valuation assumes that the external economic environment as at the Appraisal Reference Date remains unchanged, and there are no significant changes in the current macro-economy in the PRC;

2. There are no significant changes in the socio-economic environment in which the enterprise operates, and there are no significant changes in the effective policies on taxation, tax rates, etc.;

3. The future management team of the enterprise has exercised due diligence and has continued to maintain the existing business management model;

4. The valuation is only based on the existing operating capacity as at the Reference Date. No consideration has been given to the possible expansion of operating capacity in the future due to management, operating strategies and additional investment, nor to subsequent changes in production and operation;

5. All assets in this valuation are premised on the actual stock as at the Appraisal Reference Date, and the prevailing market price of the relevant assets is based on the effective domestic price as at the Appraisal Reference Date;

6. This valuation assumes that the underlying information and financial information provided by the Clients and the appraised entity are true, accurate and complete;

7. In view of the frequent changes in the production and operation process of the enterprise's monetary funds or its bank deposits, and that idle funds have been considered as surplus assets, interest income generated from the deposits and other uncertain gains and losses (other than interest-bearing debts) were not taken into account in the valuation.

8. It is assumed that the cash inflow from the appraised entity subsequent to the Appraisal Reference Date flow in evenly and cash outflow of the appraised entity subsequent to the Appraisal Reference Date flow out evenly.

9. As at the Appraisal Reference Date, China Energy Port is leasing floors 8-9 of the Port Development Building and the meeting centre of the annex building from its associated unit, China Energy Huanghua Harbour Administration Co., Ltd., located on Canghai Road, Cangzhou Bohai New Area, for office operations. This valuation assumes that the enterprise will continue to use the property under a paid lease arrangement in the future, and that future operations will not be materially affected by the inability to obtain the property.

When the above conditions change, the valuation conclusions may usually become invalid.

X.VALUATION CONCLUSION

Based on the judgment and business planning of the appraised entity and its management team on the future development trend, and in accordance with relevant laws and regulations as well as the Asset Valuation Standards, the asset-based approach and income approach were adopted to appraise the value of the entire shareholders' equity interests of China Energy Port Co., Ltd. as of the Appraisal Reference Date (being 31 July 2025) through necessary

valuation procedures including checking and verification, on-site inspection, market survey and confirmation as well as assessment and estimation.

(I) Conclusion of valuation by using the asset-based approach

Using the asset-based approach, the valuation conclusion of the appraised entity as of the Appraisal Reference Date (being 31 July 2025) is as follows:

The book value, appraised value and the incremental value of the valuation of total assets were RMB23,918.84 ten thousand, RMB23,960.77 ten thousand and RMB41.93 ten thousand, respectively, representing an appreciation rate of 0.18%.

The book value and appraised value of liabilities were RMB4,751.61 ten thousand and RMB4,751.61 ten thousand, respectively, and there was no change (whether increase or decrease) in the appraised value.

The book value, appraised value and the incremental value of the valuation of net assets were RMB19,167.23 ten thousand, RMB19,209.16 ten thousand and RMB41.93 ten thousand respectively, representing an appreciation rate of 0.22%. See the table below for details.

Table 5 Summary of asset valuation results

Appraisal Reference Date: 31 July 2025

Unit: RMB in ten thousand

Items		Book value	Appraised Value	Increase or Decrease in Value	Appreciation rate (%)
		A	B	C=B-A	D=C/A×100
1	Current assets	15,733.00	15,733.00	-	-
2	Non-current assets	8,185.84	8,227.77	41.93	0.51
3	Including: Long-term equity investment	3,500.01	3,502.67	2.66	0.08
4	Investment properties	-	-	-	

	Items	Book value	Appraised Value	Increase or Decrease in Value	Appreciation rate (%)
		A	B	C=B-A	D=C/A×100
5	Fixed assets	1,249.81	1,252.42	2.61	0.21
6	Construction in progress	970.73	983.41	12.68	1.31
7	Intangible assets	315.65	339.63	23.98	7.60
7-1	Including: Land use rights	-	-	-	
8	Other non-current assets	2,149.64	2,149.64	-	-
9	**Total assets**	**23,918.84**	**23,960.77**	**41.93**	**0.18**
10	Current liabilities	4,713.28	4,713.28	-	-
11	Non-current liabilities	38.33	38.33	-	-
12	**Total liabilities**	**4,751.61**	**4,751.61**	**-**	**-**
13	**Net assets (owners' equity)**	**19,167.23**	**19,209.16**	**41.93**	**0.22**

(II) Conclusion of valuation by using the income approach

Using the income approach, the valuation conclusion of the appraised entity as of the Appraisal Reference Date (being 31 July 2025) is as follows:

The book value, appraised value and the incremental value of the valuation of the entire shareholders' equity interests were RMB19,167.23 ten thousand, RMB47,359.85 ten thousand and RMB28,192.62 ten thousand, representing an appreciation rate of 147.09%.

(III) Analysis of difference between the valuation conclusions

In the valuation, the value of net assets (entire shareholders' equity interests) calculated under the income approach was RMB47,359.85 ten thousand, which was RMB28,150.69 ten thousand or 146.55% higher than that of RMB19,209.16 ten thousand calculated under the asset-based approach. The major reasons for the difference between the two valuation approaches are:

1. The asset-based approach is based on the cost of asset replacement as the value standard, reflecting the necessary social labor consumed by asset

investment (acquisition and construction costs), and such acquisition and construction costs usually change with the changes in the national economy;

2. In the income approach, the expected earnings on assets is adopted as the value standard, reflecting the operating capability (profitability) of the assets. Such profitability is often subject to the impacts of various factors such as the macro economy, government control and efficient use of assets.

Given the above, there is a difference between the conclusions from the two valuation approaches.

(IV) Selection of valuation conclusions

The appraised entity (China Energy Port) is a significant measure implemented by China Energy to consolidate the achievements of the three-year action plan for state-owned enterprise reform, promote the establishment of a world-class demonstration enterprise, and advance the reform of state-owned capital investment companies. As of the Appraisal Reference Date, the principal businesses of China Energy Port are responsible for the truck coal clearance business, mechanical sampling business, and coal quality quick inspection business at Huanghua Port and Tianjin Port, and its operation is stable. Overall, China Energy Port has formed a "dual-port" operation structure with Huanghua Port as the core and Tianjin Port as a supplement. The high-gross-margin mechanical sampling business and the large-scale truck coal clearance business jointly support the enterprise's good performance, and it has a relatively stable revenue foundation in the future, and its future earnings and risks can be estimated. At the same time, in addition to the value generated by individual assets, various intangible assets formed by comprehensive factors such as management experience, market channels, and customers cannot be reflected under the asset-based approach. Therefore, the conclusion based on the income approach can better reflect the value of the enterprise, and the conclusion of the income approach is adopted

as the final valuation conclusion for this valuation.

Through the above analysis, the value of the entire shareholders' equity interests of China Energy Port Co., Ltd. as at the Reference Date is determined to be RMB47,359.85 ten thousand.

XI. EXPLANATION ON OTHER SPECIFIC MATTERS

(I) Reference to conclusions of reports issued by other institutions

The book values of all assets and liabilities on the Appraisal Reference Date in this Asset Appraisal Report are determined based on the audit results of the Audit Report of China Energy Port Co., Ltd. (Ernst & Young Hua Ming (2025) Zhuan Zi No. 80028105_A01) issued by the Ernst & Young Hua Ming LLP on December 8, 2025, with a standard unqualified opinion. The valuation was conducted on the basis of the audit on the company.

Other than this, no reference is made to contents of reports issued by other institutions.

(II) Incomplete ownership information or defective ownership

None identified.

(III) Restricted valuation procedure or incomplete valuation information

None identified.

(IV) Legal, economic or other outstanding matters as at the Appraisal Reference Date

None identified.

(V) Nature and amounts of guarantees, leases and contingent liabilities (or contingent assets) and relation with Valuation Target

As of the Reference Date, China Energy Port leased the 8th and 9th floors of the Port Development Building and the conference center of its annex building in Canghai Road, Cangzhou Bohai New Area from its related party, China Energy Huanghua Harbour Administration Co., Ltd. on a paid basis, used for office operations. The details of the lease are as follows:

No.	Lessor	Location	Lease purpose	Leased area (m^2)	Lease term	Annual rent (tax inclusive)|	Method of rent payment
1	China Energy Huanghua Harbour Administration Co., Ltd.	8th and 9th floors of the Port Development Building and the conference center of its annex building	Office	7,199.70	January 2023 to December 2025	RMB626.88 ten thousand in 2023, and RMB913.69 ten thousand annually from 2024 to 2025	Paid annually

(VI) Significant subsequent events

Subsequent events refer to significant events that occurred between the Appraisal Reference Date and the date of issuance of the valuation report.

No significant subsequent events were found in the company.

(VII) Defects in the economic activities corresponding to the valuation that may have a significant impact on valuation conclusion

None identified.

(VIII) Explanation of other matters

1. It is the legal responsibility for the valuer and the valuation agency to make professional judgment on the value of the assets for the valuation purposes described in this report, and no judgment whatsoever would be made by the valuer and the valuation agency as to the economic activities corresponding to the valuation purpose. To a large extent, the valuation relies

on the information provided by the Clients and the appraised entity. Therefore, valuation is based on the authenticity and legality of the relevant economic activity documents, relevant asset ownership documents, license and accounting vouchers and the relevant legal documents provided by the Clients and the appraised entity.

2. During the valuation process, when conducting equipment inspection, the condition of the equipment is determined mainly based on the appearance observation of the valuer and inquiries from relevant operators due to limitations in testing methods and some equipment being in operation.

3. The purposes of the valuers conducting the asset valuation are to estimate the value of the Valuation Target and to give professional opinions thereof, and accept no responsibilities for the decision-making of the relevant parties. The valuation conclusion shall not be considered as a guarantee of the realizable value of the Valuation Target.

4. The Clients and the appraised entity are held responsible for the authenticity and completeness of the data, statements and the relevant information which were provided by the appraised entity and were used within the scope of this valuation.

5. The Clients and the appraised entity are held responsible for the authenticity and legality of the ownership documentary proof and relevant information which are provided by the appraised entity and are referred to in the valuation report.

6. In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the Appraisal Reference Date, the principles set out below shall be followed:

(1) In the event that quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation approach;

(2) In the event that the pricing standard of the assets changes and

imposes obvious impacts on the asset valuation results, the Clients shall timely engage qualified asset valuation agency to redetermine the appraised value.

7. The profit forecast of the appraised entity obtained by the valuation agency is based on the income approach used in this valuation report. The valuer conducted necessary investigation, analysis, and judgment on the profit forecast of the appraised entity. Following multiple discussions with the management and major shareholders of the appraised entity, as well as further amendments and improvement made by the appraised entity, the valuation agency is satisfied about the relevant data of the profit forecast of the appraised entity. The utilization of the profit forecast of the appraised entity by the valuation agency is not a guarantee of future profitability of the appraised entity.

The conclusion of this valuation is based on the assumption that the management of the Valuation Target make accurate judgments on the development trend in future and related plans will be duly implemented, and that the enterprise continues its operations. If the future actual operation conditions of the enterprise deviate from the operation plans, and the appraised entity and the incumbent management of the appraised entity fail to adopt effective remedies in time to correct such deviation, the conclusion of this valuation will change substantially. Therefore, users of this report are strongly advised to pay close attention in this regard.

8. The scope of the valuation is based solely on the valuation schedules provided by the Clients and the appraised entity, and does not take into account contingent assets and contingent liabilities that may exist outside the list provided by the Clients and the appraised entity.

9. In this valuation, the valuer has not considered premiums or discounts arising from factors such as controlling or minority interests.

XII. LIMITATIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) This valuation report may only be used according to the objectives and purposes as stated herein. Meanwhile, the valuation conclusion reflects the prevailing market fair value for the purposes of the valuation based on the open market principle, without considering the impact of mortgages and guarantees that the appraised entity may be subject to in the future, nor the impact of additional price which may be paid by special trading parties on the appraised value. Meanwhile, the effects of changes in national macroeconomic policies, the natural force and other force majeure on the price of assets are not taken into account. In general, if the aforesaid conditions and other situations such as going concern basis changes used for valuation, the valuation conclusion will become invalid. The valuation agency is not liable for invalidity of the valuation conclusion due to changes of such conditions.

(II) This valuation report is only valid when the economic activities comply with the national laws and regulations and the valuation report is approved by relevant authorities.

(III) The valuation report may only be used by users expressly stated herein. The right to use this report is vested in the Clients. The valuation agency will not make the report public without the approval of the Clients.

(IV) The asset valuation agency and its valuers shall not bear responsibilities if the Clients or other users of the Asset Valuation Report fail(s) to use the Asset Valuation Report in accordance with the provisions of laws and administrative regulations or within the scope of use as specified in the Asset Valuation Report.

(V) Except for the Clients, other users of this Asset Valuation Report designed in the asset valuation entrustment contract and users of the Asset Valuation Report stipulated by laws and administrative regulations, any other agencies or individuals cannot be users of the Asset Valuation Report.

(VI) Save as required by laws and regulations or otherwise agreed upon by relevant parties concerned, the extraction, reference or disclosure of the whole or any part of contents of this valuation report in any public media shall be subject to approval and review of such contents by the valuation agency.

(VII) The users of the Asset Valuation Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realisable price of the Valuation Target, and the valuation conclusion shall not be considered as a guarantee of the realisable price of the Valuation Target.

(VIII) Validity for use of the valuation conclusions: according to relevant laws and regulations on asset valuation, the Asset Valuation Report involving statutory valuation business must be used by the Clients after performing the asset valuation supervision and management procedures in accordance with the requirements of relevant laws and regulations. The valuation conclusions shall be valid for a term of one year, calculated from 31 July 2025 (the Appraisal Reference Date) to 30 July 2026. If the period exceeds one year, the asset valuation shall be redetermined.

XIII. DATE OF ASSET VALUATION REPORT

The Asset Valuation Report is dated December 16, 2025.

COMPETENT PERSON'S REPORT FORTY - SEVEN COAL MINES AND EXPLORATION RIGHT AREAS UNDER SUBSIDIARIES OF CHINA ENERGY INVESTMENT CORPORATION LIMITED

Heilongjiang, Shanxi, Shaanxi Provinces and
Inner Mongolia, Ningxia, Xinjiang Autonomous Regions
People's Republic of China

Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED

By
John T. Boyd Company
Mining and Geological Consultants
Pittsburgh, Pennsylvania, USA

Report No. 3123.039
DECEMBER 2025

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DRAFT
Date: 24 December 2025
File: 3123.039

China Shenhua Energy Company Limited
Shenhua Tower, 22 Andingmen Xibinhe Road
Dongcheng District, Beijing
People's Republic of China

Attention: Mr. Zhang Changyan
Executive Director

Subject: Competent Person's Report
Forty-Seven Coal Mines And Exploration Right Areas Under Subsidiaries of China Energy Investment Corporation Limited
Heilongjiang, Shanxi, Shaanxi Provinces And Inner Mongolia, Ningxia, Xinjiang Autonomous Regions
People's Republic of China

Dear Ladies and Gentlemen:

John T. Boyd Company (BOYD) was engaged in September 2025 by China Shenhua Energy Company Limited (China Shenhua) to prepare a Competent Person's Report (CPR) for forty-seven (47) coal mines and coal exploration right areas, which are currently held by multiple subsidiaries of China Energy Investment Corporation Limited (chn). The subject properties are located in various coal-producing provinces (regions) of the People's Republic of China (PRC) including Heilongjiang, Inner Mongolia, Ningxia, Shaanxi, Shanxi and Xinjiang. We understand China Shenhua intends to acquire the subsidiaries of China Energy which control the subject properties, and this CPR will be included in the circular to be filed on The Stock Exchange of Hong Kong (HKEx) upon this acquisition.

During September 2025, a team of BOYD's technical specialists completed visits to the subsidiaries controlling the subject coal assets. Our report relies on source documentation provided by the subsidiaries of China Energy, information collected during site visit observations and discussions with corresponding technical and management personnel, and BOYD's extensive Chinese and international mining industry experience. All estimates of coal resources and reserves are prepared in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). The effective date of our resource/reserve estimates is 31 July 2025.

Mr. Ronald L. Lewis, the Managing Director and Chief Operating Officer of John T. Boyd Company Headquarter, is our designated lead Competent Person (CP) on this assignment. He directed the work of the supporting technical specialists and takes overall responsibility for this CPR.

Respectfully submitted,

JOHN T. BOYD COMPANY
By:

Carlos F. Barrera
CEO

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GLOSSARY AND DEFINITIONS

ad	Air dried, as in coal quality reporting.
APT	Arbitrage pricing theory.
Baotou Mining	China Energy Baotou Mining Co., Ltd.
BM	Bolter-miners.
BOYD	John T. Boyd Company.
CAPEX	Capital expenditure.
CAPM	Capital asset pricing model.
Cash (Production) Cost	All cash costs directly associated with coal production, including, but not limited to, raw materials, salary and wages, labor benefits, power, repairs, coal processing, transport of coal from mine to loading point, general administrative expense, and selling expenses.
CDS	Credit Default Swap.
China Shenhua	China Shenhua Energy Company Limited.
China Energy	China Energy Investment Corporation Limited
CM	Continuous Miner.
Coal Reserve	The economically mineable part of a Measured or Indicated Coal Resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out and include consideration of the modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Coal Reserves are subdivided in order of increasing confidence into Probable Coal Reserves and Proved Coal Reserves.
Coal Resource	A concentration or occurrence of coal of intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, geological characteristics, and continuity of a Coal Resource are known, estimated, or interpreted from specific geological evidence and knowledge. Coal Resources are

	subdivided, in order of increasing geological confidence, into Inferred, Indicated, and Measured categories.
Coal Seam	Portion of the strata that contains solid fossil fuel.
CP	Competent Person.
CPP	Coal Preparation Plant, facility used to process raw coal using mechanical washing or chemical methods.
CPR	Competent Person' Report.
CV	Calorific value, heat content of the coal seam.
d	Dry basis, as in coal quality reporting.
daf	Dry, ash free basis, as in coal quality reporting.
DCF	Discounted Cash Flow.
Dip	Angle that stratum makes with the horizontal.
EHSM	Environmental, Health and Safety Guidelines for Mining.
ERP	Equity Risk Premium.
Face (working face)	Mine location where active coal extraction is taking place.
Feasibility Study	In international practice, this study assesses in detail the technical soundness and economic viability of an undeveloped mining project and serves as the basis for the investment decision and as a bankable document for project financing. The study is based on a detailed mine plan and constitutes an audit of all geological, engineering, environmental, legal, and economic information accumulated on the project. Generally, a separate environmental impact study is required.
FSR	Feasibility Study Report.
FM	Fully Mechanized (LW face), mining method in which the working face is equipped with hydraulic shields, AFC, and shearer.
FM LW	Fully-Mechanized Longwall.
FM LW SLC	FM LWs equipment with sublevel caving capability.
GAAP	Generally accepted accounting principles.
Gate	Room-and-pillar development around a longwall face supporting its operation.

Geologic Report	Compiled by a Chinese exploration team or company after exploration activity is completed in a designated area. The report generally details geologic data, including location and geography, exploration data, regional geology, mining characteristics, coal seams, hydrology, geotechnical aspects, environmental aspects, coal resource/reserve tonnages, and resource assessment. Supporting maps, cross sections, and figures may also be provided.
Gob	Spoil material allowed to subside behind the longwall retreat.
Inner Mongolia Construction Investment.....	Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.
Guoyuan Power.....	China Energy Guoyuan Power Co., Ltd.
HKEx.....	The Stock Exchange of Hong Kong.
Hr	Hour.
Indicated Coal Resource	That part of a Coal Resource for which tonnage, densities, shape, physical characteristics, quality, and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling, and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or quality continuity but are spaced closely enough for continuity to be assumed.
Inferred Coal Resource	That part of a Coal Resource for which tonnage, quality, and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed, but not verified, geological and/or quality continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes which may be limited or of uncertain quality and reliability.
In-Place Resource.....	Coal resources in the ground, in situ or un-mined condition.
Jinshen Energy	Shanxi Jinshen Energy Co., Ltd.
JORC	Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of

	Australia.
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).
Kcal/kg	Kilocalorie per kilogram, measure of coal heat content.
km	Kilometer.
kW	Kilowatt.
LOM	Life-of-mine.
LW	Longwall, underground mining technique, used interchangeably with equipment used in this technique.
m	Meter.
m^2	Square meter.
m^3	Cubic meter.
m^3/min	Cubic meter per minute.
m/s	Meters per second.
Marketable Reserves	Saleable coal product from Recoverable Reserves after accounting for mining and processing losses, where applicable.
Measured Coal Resource	That part of a Coal Resource for which tonnage, densities, shape, physical characteristics, quality, and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling, and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes. The locations are spaced sufficiently close to confirm geological and quality continuity.
Methane	A colorless, odorless, explosive gas (CH_4) typically associated with coal seams.
Mine Plan	The current documentation of the state of development and exploitation of a deposit during its economic life, including current mining plans. It is generally made by the operator of the mine. The study takes into consideration the quantity and quality of the minerals extracted during the reporting time, changes in economic viability categories due to changes in prices and costs, development of relevant technology, newly imposed environmental

	or other regulations, and data on exploration conducted concurrently with mining.
Mining Rights	The mining rights granted by the relevant authorities to conduct mining activities within the People's Republic of China, specifying the mining method, the validity period, and the annual output level. Seams and elevations may also be specified.
mm	Millimeter.
Mt	Million tonnes.
Mtpa	Million tonnes per annum.
Non-Cash Cost	Additional mine costs including depreciation, amortization and special accounting treatments unique to the coal industry in China.
NPV	Net present value.
OP	Open pit.
OSD	Out-of-seam dilution, i.e., roof and floor rock recovered with the coal seam during the normal mining process.
Outcrop	The part of the coal formation exposed to the surface.
Out-of-Seam	Non-coal material above and below the coal seam recovered during mining.
Overburden	Waste rock material overlying a coal seam.
Panel	An area of coal designated for extraction using longwall mining within which a series of blocks (longwall faces) are developed.
Partings	Rock material within mineable coal seams usually extracted with the coal.
PDR	Preliminary Design Report, official documented report of the final design study conducted by a recognized Chinese mine design institute. The Preliminary Design study is undertaken after an FSR has been issued for the subject project. The PDR is a more detailed, comprehensive version of the FSR and generally expands the FSR with additional mine planning analysis, including detailed mine opening and construction plans from initial work to full production status, and serves as a guide for mine construction and development.
Pillar	Column of coal left behind for support.

Pingzhuang Coal	Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.
PRC	The People's Republic of China.
Prefeasibility Study.....	The study that provides a preliminary assessment of the economic viability of a deposit and forms the basis for justifying further investigations (detailed exploration and feasibility). It usually follows a successful exploration campaign and summarizes all geological, engineering, environmental, legal, and economic information accumulated to date.
Probable Coal Reserve	The economically mineable part of an Indicated, and in some circumstances, Measured Coal Resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been conducted and include consideration of realistic mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Productivity.....	Measurements of worker efficiency usually expressed in terms of tonnes per unit of time, for example, tonnes per employee-year.
Proved Coal Reserve	The economically mineable part of a Measured Coal Resource. It includes diluting materials and allowances for losses that may occur when the material is mined. Appropriate assessments that may include feasibility studies, have been conducted and include consideration of realistic mining, metallurgical, economic, marketing, legal, environmental, social, and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Raw Coal.....	Coal on an as-mined basis, which may be sold directly or processed if necessary.
Recoverable Coal.....	Portion of coal reserve available for mining exclusive of coal losses due to mining.
Recoverable Reserves	Proved and Probable reserves prior to adjustment for preparation plant yield. Refers to that portion of the coal seam that can be recovered with the mining techniques specified in the feasibility or design study. The portion of in-place seam tonnage recovered during the mining but before OSD and coal processing consideration.

Refuse	Low heat content material remaining after commercial coal has been produced from raw coal using crushing, screening, and processing methods. Heat content typically is sufficient for utilization in specially designed boilers for power generation.
RMB	Renminbi, the Chinese currency.
RH	Roadheader.
ROM	Run-of-mine, the as-mined material as it leaves the mine.
Saleable Product	May include varying proportions of raw and clean coal.
S.G.	Specific gravity.
Shearer	Equipment used to extract coal from a fully mechanized longwall face.
Shenyan Coal	China Energy Shaanxi Shenyan Coal Co., Ltd.
Strike	The course or bearing of an inclined coal seam or stratum on a level surface; the direction of a horizontal line perpendicular to the dip.
Tonne.	Metric ton equal to 1,000 kilograms.
tph	Tonnes-per-hour.
UG	Underground.
VAT	Value-Added Tax
VM	Volatile Matter, index for coal quality.
WACC	Weighted Average Cost of Capital.
Wuhai Energy	China Energy Wuhai Energy Co., Ltd.
Xinjiang Energy	China Energy Xinjiang Energy and Chemical Co., Ltd.
Yield	Saleable portion of the raw coal processed in a coal preparation plant relative to the total tonnes processed.
yr.	Year.
YTM	Yield to maturity.

1.0 INTRODUCTION

1.1 Introduction

BOYD was engaged by China Shenhua in September 2025 to prepare a CPR according to the JORC Code and Chapter 18 of the HKEx Listing Rules, covering the estimated coal resources and coal reserves as of 31 July 2025, for twenty-eight (28) coal mines and nineteen (19) coal exploration right areas, which are controlled by eight (8) subsidiary companies of China Energy, namely, China Energy Baotou Mining Co., Ltd. (Baotou Mining), China Energy Guoyuan Power Co., Ltd. (Guoyuan Power), China Energy Shaanxi Shenyan Coal Co., Ltd. (Shenyan Coal), China Energy Wuhai Energy Co., Ltd. (Wuhai Energy), China Energy Xinjiang Energy and Chemical Co., Ltd. (Xinjiang Energy), Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. (Inner Mongolia Construction Investment), Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (Pingzhuang Coal) and Shanxi Jinshen Energy

Co., Ltd. (Jinshen Energy). The subject coal mines and exploration right areas are summarized in Table 1-1.

Table 1-1 Summary of Subject Coal Mines and Exploration Areas

Mine/Exploration Right Area	Share of China Energy*	Mining Method**	Status	Location	
				Area	Province/Region
China Energy Baotou Mining Co., Ltd.					
Exploration Rights					
Yinminhe East Backup	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
Yinminhe East No.2	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
Yinminhe East Peripheral	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
China Energy Guoyuan Power Co., Ltd.					
Mining Rights					
Chaoyang Open-pit	90%	OP	Operation	Baoqing	Heilongjiang
Dananhu No.2 Open-pit	100%	OP	Operation	Hami	Xinjiang
Renjiazhuang	75.50%	UG	Operation	Lingwu	Ningxia
Sandaogou	70%	UG	Operation	Fugu	Shaanxi
Shangyuquan	69.85%	UG	Operation	Hequ	Shanxi
Exploration Rights					
Dananhu West F1 South	100%	UG	Greenfield	Hami	Xinjiang
Dananhu West No.1 East	100%	UG	Greenfield	Hami	Xinjiang
Dananhu West No.3	100%	UG	Greenfield	Hami	Xinjiang
Data	69.85%	UG	Greenfield	Hequ	Shanxi
Huangbai	69.85%	UG	Greenfield	Hequ	Shanxi
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Mining Rights					
Xiwan Open-pit	41%	OP	Operation	Yulin	Shaanxi
China Energy Wuhai Energy Co., Ltd.					
Mining Rights					
Gongwusu	100%	UG	Operation	Wuhai	Inner Mongolia
Huangbaici	100%	UG	Operation	Wuhai	Inner Mongolia
Laoshidan	100%	UG	Test Run	Wuhai	Inner Mongolia
Limin	100%	UG	Operation	Wuhai	Inner Mongolia
Luotuoshan	100%	UG	Operation	Wuhai	Inner Mongolia
Lutian	100%	UG	Operation	Wuhai	Inner Mongolia
Pinggou	100%	UG	Operation	Wuhai	Inner Mongolia
Suhaitu	100%	OP	Operation	Wuhai	Inner Mongolia
Wuhushan	100%	UG	Operation	Wuhai	Inner Mongolia
Exploration Rights					
Kabuqi Deep Exporation Area	100%	UG	Greenfield	Wuhai	Inner Mongolia
Hongliushu West	100%	UG	Greenfield	Wuhai	Inner Mongolia
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Mining Rights					
Heishan Open-pit	100%	OP	Operation	Tuokexun	Xinjiang
Hongshaquan No.1 Open-pit	100%	OP	Operation	Qitai	Xinjiang
Hongshaquan No.2 Open-pit	100%	OP	Operation	Qitai	Xinjiang
Tunbao	100%	UG	Operation	Changji	Xinjiang
Wudong	100%	UG	Operation	Wulumuqi	Xinjiang
Zhundong Open-pit	100%	OP	Operation	Changji	Xinjiang
Exploration Rights					
Jiangjunmiao	100%	OP	Greenfield	Qitai	Xinjiang
Liuhuanggou No.4	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.2	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.3	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.5	48.42%	OP	Greenfield	Changji	Xinjiang
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Mining Rights					
Chahasu	100%	UG	Operation	Yulin	Shaanxi
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Mining Rights					
Baiyinhua No.1 Open-pit	100%	OP	Operation	West Ujimqin	Inner Mongolia
Boligou	100%	UG	Construction	Zhunge'er	Inner Mongolia
Hesigewula South Open-pit	51%	OP	Operation	Ulagai	Inner Mongolia
Yuanbaoshan Open-pit	100%	OP	Operation	Chifeng	Inner Mongolia
Exploration Rights					
Heidaigou	100%	UG	Greenfield	Zhunge'er	Inner Mongolia
Jinsanjiao East	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai Youyan West	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai West	100%	UG	Greenfield	Nilka	Xinjiang
Shanxi Jinshen Energy Co., Ltd.					
Mining Rights					
Ciyaogou	29%	UG	Operation	Hequ	Shanxi
Shaping	49%	UG	Operation	Hequ	Shanxi

Note: *China Energy's share of the title owner of the mining/exploration rights.
**UG = Underground, OP = Open-pit.

In terms of revenue and coal output, China Energy has been the largest coal enterprise in PRC since its establishment in 2017 following the merger of China

Guodian Corporation and Shenhua Group. The subject coal properties are all controlled by China Energy. The subject coal mines and exploration areas are distributed widely in the major coal-producing regions of China's northern provinces (autonomous regions) including Heilongjiang, Inner Mongolia, Ningxia, Shaanxi, Shanxi, and Xinjiang. The infrastructure and coal markets are well developed in most of these regions due to the decades-long history of coal mining, power generation and/or coal chemical businesses. Promotion of large-scale coal mining operations in Xinjiang by the regional and central governments in recent years has stimulated the fast grow of local logistic and infrastructure development. The general locations of the subject mines and exploration right areas are shown in Figure 1.1 following this text.

The coal mines and exploration areas under China Energy's portfolio are distributed across a vast geographical expanse in China, and the geological complexities range from simple to complex, necessitating tailored approaches to exploration and coal extraction. In Inner Mongolia and Xinjiang, most of the subject coal mines are generally located in low-population areas, allowing for expansive operations with minimal community impact, whereas mines in Shanxi and Shaanxi face challenges posed by nearby villages, requiring careful environmental and social management to maintain normal operation. The operational status of these mines varies widely: most mines from Pingzhuang and Wuhai have been active for decades, reflecting a rich history of production; some others are undergoing consolidation due to the requirements of local authorities. Some new mines are under construction to meet growing energy demands; and certain older mines are approaching the end of their operational life, facing closure in the near future.

Evaluating these properties demands a meticulous understanding of each mine's unique geological and operational context, combined with industry expertise specific to China's complex regulatory and market environment. The exploration areas, predominantly greenfield, are generally located near existing coal mines, offering potential for future development but vary in their stages of planning. Some exploration projects are driven by China Energy's long-term strategic goals to expand its resource base, while others face delays or modifications due to local industrial policies, environmental regulations, or regional economic priorities.

The operational diversity of the portfolio is further highlighted by the mix of open-pit and underground mining methods. Most of the open-pit mines are located in Xinjiang and eastern Inner Mongolia due to favorable geological conditions and accessibility, with several exceptions in Heilongjiang (Chaoyang Open-pit) and Shaanxi (Xiwan Open-pit). Underground operations, meanwhile, are more prevalent in areas with deeper coal seams.

The coal produced from these mines serves multiple purposes, primarily fueling

power generation, which remains a cornerstone of China's energy mix, but also supplying the chemical industry, local heating market, and distant end consumers through extensive transportation networks.

Recent annual production for each of the mines is shown in Table 1-2.

Table 1-2 Historical Production

	Historical Production (Mt)			
Company / Mine	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	6.51	6.55	6.78	4.33
Dananhu No.2 Open-pit	10.12	11.56	12.04	6.43
Renjiazhuang	3.97	4.14	3.25	1.95
Sandaogou	9.82	9.87	9.89	5.61
Shangyuquan	4.97	5.11	5.35	3.19
Subtotal - Guoyuan Power	35.39	37.23	37.31	21.51
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	12.66	13.00	13.67	7.99
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	1.11	1.43	1.31	0.25
Huangbaici	0.92	1.38	1.14	0.73
Laoshidan	1.84	1.89	1.60	0.53
Limin	1.92	1.93	1.61	1.05
Luotuoshan	-	-	-	0.08
Lutian	1.41	1.85	2.00	0.77
Pinggou	-	-	-	-
Suhaitu	-	-	-	-
Wuhushan	1.18	1.75	1.42	0.59
Subtotal - Wuhai Energy	8.38	10.24	9.08	3.99
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	15.61	14.78	15.69	9.95
Hongshaquan No.1 Open-pit	25.93	35.49	33.69	16.09
Hongshaquan No.2 Open-pit	-	-	8.46	3.68
Tunbao	1.05	1.11	0.61	0.52
Wudong	3.02	3.03	3.01	1.54
Zhundong Open-pit	32.11	34.91	29.54	13.98
Subtotal - Xinjiang Energy	77.72	89.32	91.00	45.76
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	10.31	3.17	2.83	4.72
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	11.45	12.00	12.00	5.78
Boligou	-	-	-	-
Hesigewula South Open-pit	15.00	15.00	15.01	8.71
Yuanbaoshan Open-pit	8.80	7.80	10.61	7.08
Subtotal - Pingzhuang Coal	35.25	34.80	37.62	21.57
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	5.52	5.70	4.21	2.52
Shaping	5.34	4.65	2.11	0.80
Subtotal - Jinshen Enrgy	10.86	10.35	6.32	3.32
Total	190.56	198.10	197.82	108.86

Among the mines, Luotuoshan's test run commenced in December 2024; Pinggou has been idled since 2015 and application for resume operation after mine renovation is underway; Suhaitu was approved to mine remaining underground barrier pillars using open-pit method; Hongshaquan No. 2 Open-pit started test run in December 2023; Boligou is a new underground operation under construction. Although some fluctuation of coal output could be observed in some mines in the past three years, the overall annual output for the subject China Energy mines appears stable.

Mr. Jisheng (Jason) Han, Vice President and Mr. Yongliang (Darren) Xing, Senior Geologist completed visits to the subject companies in September 2025. Due to the constrained schedule of this project, only a number of selected mines and exploration areas were visited. When visiting each company, the BOYD team collected source data, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.

1.2 Mining/Exploration Rights

Mining and exploration rights for the subject properties are all controlled by China Energy. Table 1-3 shows the mining/exploration right information, as provided by the subsidiary companies of China Energy.

Table 1-3 Mining/Exploration Right Certificates

Mining/Exploration Right Area	Mining/Exploration Right Certificate Number	Authorized Output Capacity (Mtpa) Certificate	Authorized Output Capacity (Mtpa) New Approva	Authorized Mining Elevation (m)	Area (km^2)	Current Term Grant Date (month/yr)	Current Term Expiration (month/yr)
China Energy Baotou Mining Co., Ltd.							
Exploration Rights							
Yiminhe East Backup	T15000020081110100191O5	-	-	-	29.9396	09/2024	09/2029
Yiminhe East No.2	T15000020160810100531S3	-	-	-	80.9162	09/2024	09/2029
Yiminhe East Peripheral	T15000020080710100114S6	-	-	-	36.0155	06/2024	06/2029
China Energy Guoyuan Power Co., Ltd.							
Mining Rights							
Chaoyang Open-pit	C10000020090611100207S1	11.0	11.0	28 to -90	122.5073	11/2021	06/2039
Dananhu No.2 Open-pit	C65000020171111101457S0	13.0	13.0	517 to 245	40.5177	01/2024	09/2036
Renjiazhuang	C10000020080711200004S5	2.4	4.0	1,100 to 500	17.4581	12/2021	07/2038
Sandaogou	C61000020150911101397S5	9.0	9.0	1,258 to 1,033	176.1346	09/2017	09/2025
Shangyuquan	C14000020110112401107S2	3.0	7.0	1,030 to 680	29.7837	11/2012	11/2042
Exploration Rights							
Dananhu West F1 South	T65000020090910100337S3	-	-	-	61.09	07/2021	07/2026
Dananhu West No.1 East	T65000020180310100546S1	-	-	-	15.54	07/2021	07/2026
Dananhu West No.3	T65000020180310100546S4	-	-	-	42.36	06/2025	06/2027
Data	T14000020080710500239S2	-	-	-	16.73	05/2023	05/2028
Huangbai	T14000020090410100273S3	-	-	-	53.31	07/2024	02/2028
China Energy Shaanxi Shenyan Coal Co., Ltd.							
Mining Rights							
Xiwan Open-pit	C61000020141111101382S3	13.0	13.0	1,099 to 873	76.5606	10/2023	10/2031
China Energy Wuhai Energy Co., Ltd.							
Mining Rights							
Gongwusu	C10000020120111401223S9	2.7	2.7	1,300 to 400	14.7566	02/2024	12/2031
Huangbaici	C10000020120111401224S0	1.8	1.8	1,149 to 750	5.7933	10/2021	12/2031
Laoshidan	C15000020100411200622O3	1.5	1.5	1,250 to 775	9.7767	07/2023	07/2043
Limin	C15000020110111201047S3	1.5	1.5	1,377 to 855	7.9862	12/2021	12/2041
Luotuoshan	C10000020110711201154S8	1.5	1.5	1,230 to 360	11.571	04/2022	10/2036
Lutian	C15000020111101201202O3	1.2	1.2	1,235 to 1,024	6.7532	12/2022	12/2029
Pinggou	C10000020121011401277S9	1.8	1.8	1,310 to 750	15.6452	01/2024	12/2031
Suhaitu	C10000020120111401223S8	1.2	-	1,149 to 829	11.0057	09/2013	12/2031
Wuhushan	C10000020120111401224I2	2.0	2.0	1,149 to 800	8.0834	12/2021	12/2031
Exploration Rights							
Kabuqi Deep Exporation Area	NA	-	-	-	-	-	-
Hongliushu West	T15000020081110100188S7	-	-	-	6.0983	11/2024	11/2029
China Energy Xinjiang Energy and Chemical Co., Ltd.							
Mining Rights							
Heishan Open-pit	C65000020171111101457S6	16.0	16.0	3,023 to 1,600	48.3671	04/2025	09/2037
Hongshaquan No.1 Open-pit	C65000020171111101457S9	30.0	30.0	760 to -51	74.1912	02/2025	09/2038
Hongshaquan No.2 Open-pit	C65000020231111101560O3	10.0	10.0	727 to -47	102.9828	11/2023	11/2038
Tunbao	C65000020091211200548O2	1.2	2.7	1,500 to 0	6.143	08/2023	09/2036
Wudong	C10000020120511201249I5	6.0	6.0	800 to 200	19.9357	05/2012	11/2031
Zhundong Open-pit	C65000020180111101457S5	35.0	35.0	636 to -60	40.0785	02/2025	10/2036
Exploration Rights							
Jiangjunmiao	T65000020090710100318S2	-	-	-	121.63	11/2023	11/2028
Liuhuanggou No.4	T65000020090110100243I1	-	-	-	15.66	05/2024	05/2026
Wucaiwan No.2	T65000020090810100334O0	-	-	-	43.8	05/2023	07/2026
Wucaiwan No.3	T65000020090810100335I7	-	-	-	68.14	05/2023	07/2026
Wucaiwan No.5	T65000020220910400570I2	-	-	-	0.09	09/2022	09/2027
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.							
Mining Rights							
Chahasu	C15000020240712101571I8	8.0	8.0	1,040 to 740	77.9515	07/2024	07/2054
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Mining Rights							
Baiyinhua No.1 Open-pit	C10000020080911100009S5	7.0	12.0	1,050 to 650	19.9154	09/2008	09/2038
Boligou	C15000020210411101518I9	4.0	4.0	960 to 740	18.1463	04/2021	04/2051
Hesigewula South Open-pit	C10000020200111101494I9	15.0	15.0	925 to 300	27.2312	01/2020	01/2050
Yuanbaoshan Open-pit	C10000020111211401218S8	5.0	12.0	482 to 120	12.8574	11/2004	07/2031
Exploration Rights							
Heidaigou	T15000020081110500199I1	-	-	-	21.422	08/2024	08/2029
Jinsanjiao East	T65000020090310100265O2	-	-	-	4.18	04/2024	04/2026
Jirentai Youyan West	T65000020090310100266O6	-	-	-	6.09	04/2024	04/2026
Jirentai West	T65000020130510100476I1	-	-	-	36	07/2024	07/2026
Shanxi Jinshen Energy Co., Ltd.							
Mining Rights							
Ciyaogou	C14000020091112200456I8	1.2	5.0	1,100 to 780	10.6227	08/2012	08/2042
Shaping	C14000020091212200524I6	2.4	8.0	990 to 700	22.5915	05/2024	12/2042

Xinjiang Energy holds 48.42% of Xinjiang Shenxing Energy Company Limited (Shenxing Energy). Shenxing Energy is currently applying to the government authorities for the modification of the Wucaiwan No. 5 Open-pit Exploration License

to larger area of 55.10 km^2. In June 2025, the Natural Resources Bureau of Changji Prefecture, Xinjiang, issued an "Official Reply on Soliciting Opinions Regarding the Exploration Change and Renewal of the Wucaiwan No. 5 Open-pit Mining Field in Zhundong Coalfield, Jimsar County, Xinjiang Autonomous Region" stating that the bureau has consented to process the change and renewal procedures for the exploration license. After reviewing the provided documentation, we have reasonably assumed that the exploration license will be successfully modified.

BOYD is not qualified nor have we completed an independent legal review of the status of the subject mining and exploration rights. As part of our technical study, we reviewed the documentation for the certificates related to current mining and future operations as well as exploration status. It is our understanding that corresponding subsidiaries of China Energy directly hold the mining/exploration rights (direct control as authorized by the Ministry of Natural Resources [MNR]) for all the mines and exploration areas. There are no known legal claims or proceedings that could influence its rights to explore or mine as of the date of this report.

On the basis of documentation provided to us, subsidiary companies under China Energy have valid mining rights certificates for the presently operating mines for the specified periods. By PRC law, the maximum holding period (term) for mining right permits is 30 years. The MNR has the legal authority to renew an existing mining right permit that is expiring. We assume all mining rights will be extended as necessary to cover the life of the operations.

1.3 Qualifications

BOYD has prepared numerous CPRs for a number of well-known Chinese mining companies, including China Shenhua Energy Company Limited and Inner Mongolia Yitai Coal Company Limited. These reports cover a large number of underground and openpit coal mines in China.

Our initial work for China Shenhua was for the company's IPO on the Hong Kong Exchange in 2005, and since then has included a series of reports which updated our initial report, and for new acquisitions.

BOYD was retained by Inner Mongolia Yitai Coal Company Limited as the technical advisor for the company's IPO on the Hong Kong Exchange in 2012. BOYD prepared a CPR for its coal mines and a Valuation Report for five coal mines it acquired.

BOYD personnel are familiar with geologic conditions and mining practices in the various coalfields and regions in PRC through many years of consulting services in the country.

While the primary information (written and verbal) relied upon by BOYD in preparing this CPR was provided by or at the direction of China Shenhua and China Energy, the basis of our professional opinion is founded on the technical expertise and extensive Chinese and international experience of the contributing BOYD team members. To ensure that our interpretation of the data was reasonable, follow-up discussions were conducted with company representatives after our initial analysis to confirm our findings and, where necessary, to collect additional information.

The findings and conclusions presented in this report are supported by the text, tables, and figures contained herein.

1.4 Project Team

The BOYD project team has extensive professional experience in preparing CPRs for coal mining operations and preparation plants.

Included in this team are:

Mr. Ronald L. Lewis – Managing Director and Chief Operating Officer, BS (Civil Engineering)

Mr. Lewis has over 50 years of experience in assessment and evaluation of coal mining companies, with specialized expertise in the areas of coal/mineral reserve estimation, open pit and underground mine analysis, and economic assessment of mining operations. He is a Registered Professional Mining Engineer within the United States and a recognized expert in mining property valuation. Mr. Lewis is a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Mr. Lewis has independent status as required by Rule 18.22.

Mr. Lewis is our designated lead CP on this assignment. He directed the work of the supporting technical specialists and takes overall responsibility for this CPR.

Mr. Jisheng (Jason) Han —Vice President, MS (Mining Engineering)

Mr. Han has 29 years of mining engineering experience focused on ground control, geomechanics, general mining engineering, and assessment of mining operations. Experienced in roof bolting and other support design, underground structure stability analysis, remedy reinforcement design, ground control problems associated with multi-seam coal mining and ground subsidence study, feasibility study of mine projects, evaluation of underground mine plans, mining operations, operating costs, mine staffing, capital requirements, mining technique upgrade, and productivity. Expertise has been developed in mine feasibility, economic analysis of mining operations and operational assessments. Additional mine engineering expertise in ventilation analysis, evaluation of coal quality, geological impacts on mine operations and valuation of mining operations. Mr. Han is a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a Competent Person

as defined in the JORC Code and HKEx Chapter 18 requirements. Mr. Han has independent status as required by Rule 18.22.

Mr. Han served as the Contributing CP on this assignment. He is responsible for the site inspections, mining and processing operations review, and economic analysis of all coal mines in this project. Additionally, as the Project Manager of the US team, he works jointly with the Project Manager of the Chinese team to oversee the overall planning, schedule, and quality control of the project, coordinates the technical teams, and assists the Lead Competent Person in ensuring all deliverables comply with the JORC Code and the requirements of Chapter 18 of the HKEX Listing Rules.

Mr. Rongjie (Jeff) Li – Managing Director - China, MS (Geochemistry), BE (Geology)

Mr. Li has 19 years of consulting geological based experience in mineral deposits on design and management of exploration programs, and interpretation of exploration data, evaluation of depositional features impacting mineability and utilization, preparation of resource/reserve estimates, technical and economic assessment of mining operations, and valuations of mineral assets. Mr. Li is a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Mr. Li has independent status as required by Rule 18.22.

Mr. Li served as the Contributing CP on this assignment. He is responsible for the geological review, underground resource/reserve estimates and economic analysis of all coal mines in this project. Furthermore, as the Project Manager of the Chinese team, he works jointly with the Project Manager of the US team to oversees the overall planning, schedule and quality control of the project, coordinates the technical team, and assists the Lead CP in ensuring all deliverables comply with the JORC Code and the requirements of Chapter 18 of the HKEX Listing Rules.

Mr. Andrés Ignacio Montoya Palacio – Senior Specialist/Engineer, BS (Mining Engineering)

Mr. Montoya has 20 years of consulting experience in geologic modeling, resource and reserve estimation, surface mine design, and production scheduling. Mr. Montoya has independent status as required by Rule 18.22.

Mr. Montoya is responsible for the modelling, resource/reserve estimates of open-pit mines on this assignment.

Mr. Yongliang (Darren) Xing – Senior Geologist, MS (Mineralogy), BE (Geology)

Mr. Xing has 15 years of experience in metal mines (iron, laterite nickel, gold, copper-cobalt, etc.) and other deposits (graphite, coal, etc.), involving the design and management of exploration programs and the interpretation of exploration data, and has extensive experience in 3D deposit modelling and resource/reserve estimation. Mr. Xing has independent status as required by Rule 18.22.

Mr. Xing is responsible for the site inspections and providing technical support for this assignment, including the geological review and the estimates of the underground resources and reserves.

Mr. Gregory M. Stanish – Director of Geological Services, BS (Geosciences)
Mr. Stanish has 19 years of geological based consulting experience in mineral deposits related to the design and oversight of mineral property exploration and sampling programs, geotechnical sampling, interpretation of exploration data, evaluation of depositional features impacting mineability and utilization, mineral resource/reserve estimation, technical review and assessment of mine plans, and the preparation of technical reports for public filing. Mr. Stanish is a Registered Professional Geologist within the United States, a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Mr. Stanish has independent status as required by Rule 18.22.

Mr. Stanish is responsible for providing technical support for this assignment, including the modelling, resource/reserve estimates of the open-pit mines.

Mr. Diego Alejandro Restrepo Galeano – Senior Geologist, MS (Mining), BS (Geology)
Mr. Restrepo has 17 years of consulting experience in exploration, geologic modeling, resource estimation, mine planning and economic analysis, strategic raw materials supply planning, and post-mining land reclamation involving coal, building materials, and sedimentary mineral deposits in North America, Central America, South America and Europe. Mr. Restrepo is qualified as a Competent Person as defined in the CCRR code (Colombian Reporting Code, CRISCO member). Mr. Restrepo has independent status as required by Rule 18.22.

Mr. Restrepo is responsible for providing technical support for this assignment, including the modelling, resource/reserve estimates of the open-pit mines.

Mr. Adalberto Guerrero Pérez – Senior Mining Engineer, MS (Mining Engineering), BS (Mining Engineering)
Mr. Guerrero has over 20 years of experience in mine planning, design, and operations for underground and surface projects across Latin America and Central America. His expertise includes resource and reserve estimation, feasibility studies, mine optimization, cost reduction strategies, and regulatory compliance, mine design, and production scheduling. Mr. Guerrero. has independent status as required by Rule 18.22.

Mr. Guerrero is responsible for providing technical support for this assignment, including the modelling, resource/reserve estimates of the open-pit mines.

Mr. Bowen Zhu – Mining Engineer, MS (Mining Engineering), BE (Geology)
Mr. Zhu has 5 years of diverse experience including technical support related to mining analysis, geological sampling, and geotechnical engineering. Mr. Zhu has independent status as required by Rule 18.22.

Mr. Zhu is responsible for collecting, reviewing and filing source data.

In addition, 14 other technical staff were assigned to the project to assist with drafting resources/reserves figures.

1.5 Report Disclaimer

In preparing this report, we have relied on reported exploratory drilling results and other data, as provided by China Shenhua and China Energy. We have exercised reasonable care in reviewing the information provided and believe data provided are both reasonable and representative. We have no reason to believe that the material provided is incorrect or inconsistent with our knowledge of the areas (regions) being studied. Our report has been completed in accordance with generally accepted standards and practices employed in the international mining industry. Although we have compared key information provided by China Shenhua and China Energy with expected values, the results and conclusions of this report are reliant on the accuracy of the information provided. In particular, due to the restrictions imposed by the "Directory of National Secrets in Surveying and Mapping Geographic Information Management Work" of the People's Republic of China, detailed surface topographic information and other restricted geographic data related to the Xinjiang Energy mines and exploration areas were intentionally not provided. Therefore, the strip ratio and economic evaluation for these mines and areas in this report are primarily based on low-precision data obtained from public channels, as well as assumptions and derivations made in accordance with industry standards and professional judgment. Based on the aforementioned low-precision data, the evaluation of the strip ratio and economic viability may have the following limitations:

- Limited Evaluation Accuracy: Due to the lack of high-precision topographic and geological data, the calculation of the strip ratio may not accurately reflect the actual mining conditions of the mine, potentially leading to deviations between the evaluation results and the actual mining situation.
- Dependence on Assumptions: The economic evaluation in this report relies on certain assumptions, including but not limited to: topography obtained from public domain is representative of actual site, etc. If actual conditions deviate from these assumptions, the evaluation results may be inaccurate.
- Potential Risks: Data limitations may affect the comprehensive evaluation of the mine's operational efficiency, cost structure, and economic feasibility, thereby potentially impacting the profitability and estimates of coal resources/reserves.

The CP has prepared this report in a professional, objective, and prudent manner in accordance with Chapter 18 of the Main Board Listing Rules and the JORC Code. However, due to the aforementioned data limitations, the strip ratio and economic evaluation in this report are best judgments based on currently available information and do not constitute a guarantee of future actual mining results or economic

performance. The CP shall not be liable for any estimation deviations or investment losses resulting from insufficient data precision, legal restrictions, or other uncontrollable factors.

The readers of this report therefore are advised to fully consider the data limitations and related risks. No content in this report shall be deemed as an endorsement of the profitability, operational prospects, or investment value of the related properties. The CP shall not be responsible for any direct or indirect losses arising from the use or reliance on this report.

Our expertise is in technical and financial mining issues and the CP is not qualified to represent any findings of a legal or accounting nature. BOYD's independent analyses of the available data have been developed in a manner consistent with JORC Code coal resource reporting standards. We believe our conclusions are reasonable assessments of the information provided.

Following this page are:

Figures:

1.1: General Location Map

Respectfully submitted.

JOHN T. BOYD COMPANY
By:

Ronald L. Lewis, CP
Managing Director and COO

2.0 EXECUTIVE SUMMARY

2.1 Location and Mines

BOYD was engaged by China Shenhua in September 2025 to prepare a CPR according to the JORC Code and Chapter 18 of the HKEx Listing Rules, covering the estimated coal resources/reserves as of 31 July 2025, for twenty-eight (28) coal mines and nineteen (19) coal exploration right areas as follows:

Table 2-1 Summary of Subject Coal Mines and Exploration Areas

Mine/Exploration Right Area	Share of China Energy*	Mining Method**	Status	Location	
				Area	Province/Region
China Energy Baotou Mining Co., Ltd.					
Exploration Rights					
Yinminhe East Backup	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
Yinminhe East No.2	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
Yinminhe East Peripheral	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
China Energy Guoyuan Power Co., Ltd.					
Mining Rights					
Chaoyang Open-pit	90%	OP	Operation	Baoqing	Heilongjiang
Dananhu No.2 Open-pit	100%	OP	Operation	Hami	Xinjiang
Renjiazhuang	75.50%	UG	Operation	Lingwu	Ningxia
Sandaogou	70%	UG	Operation	Fugu	Shaanxi
Shangyuquan	69.85%	UG	Operation	Hequ	Shanxi
Exploration Rights					
Dananhu West F1 South	100%	UG	Greenfield	Hami	Xinjiang
Dananhu West No.1 East	100%	UG	Greenfield	Hami	Xinjiang
Dananhu West No.3	100%	UG	Greenfield	Hami	Xinjiang
Data	69.85%	UG	Greenfield	Hequ	Shanxi
Huangbai	69.85%	UG	Greenfield	Hequ	Shanxi
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Mining Rights					
Xiwan Open-pit	41%	OP	Operation	Yulin	Shaanxi
China Energy Wuhai Energy Co., Ltd.					
Mining Rights					
Gongwusu	100%	UG	Operation	Wuhai	Inner Mongolia
Huangbaici	100%	UG	Operation	Wuhai	Inner Mongolia
Laoshidan	100%	UG	Test Run	Wuhai	Inner Mongolia
Limin	100%	UG	Operation	Wuhai	Inner Mongolia
Luotuoshan	100%	UG	Operation	Wuhai	Inner Mongolia
Lutian	100%	UG	Operation	Wuhai	Inner Mongolia
Pinggou	100%	UG	Operation	Wuhai	Inner Mongolia
Suhaitu	100%	OP	Operation	Wuhai	Inner Mongolia
Wuhushan	100%	UG	Operation	Wuhai	Inner Mongolia
Exploration Rights					
Kabuqi Deep Exporation Area	100%	UG	Greenfield	Wuhai	Inner Mongolia
Hongliushu West	100%	UG	Greenfield	Wuhai	Inner Mongolia
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Mining Rights					
Heishan Open-pit	100%	OP	Operation	Tuokexun	Xinjiang
Hongshaquan No.1 Open-pit	100%	OP	Operation	Qitai	Xinjiang
Hongshaquan No.2 Open-pit	100%	OP	Operation	Qitai	Xinjiang
Tunbao	100%	UG	Operation	Changji	Xinjiang
Wudong	100%	UG	Operation	Wulumuqi	Xinjiang
Zhundong Open-pit	100%	OP	Operation	Changji	Xinjiang
Exploration Rights					
Jiangjunmiao	100%	OP	Greenfield	Qitai	Xinjiang
Liuhuanggou No.4	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.2	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.3	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.5	48.42%	OP	Greenfield	Changji	Xinjiang
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Mining Rights					
Chahasu	100%	UG	Operation	Yulin	Shaanxi
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Mining Rights					
Baiyinhua No.1 Open-pit	100%	OP	Operation	West Ujimqin	Inner Mongolia
Boligou	100%	UG	Construction	Zhunge'er	Inner Mongolia
Hesigewula South Open-pit	51%	OP	Operation	Ulagai	Inner Mongolia
Yuanbaoshan Open-pit	100%	OP	Operation	Chifeng	Inner Mongolia
Exploration Rights					
Heidaigou	100%	UG	Greenfield	Zhunge'er	Inner Mongolia
Jinsanjiao East	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai Youyan West	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai West	100%	UG	Greenfield	Nilka	Xinjiang
Shanxi Jinshen Energy Co., Ltd.					
Mining Rights					
Ciyaogou	29%	UG	Operation	Hequ	Shanxi
Shaping	49%	UG	Operation	Hequ	Shanxi

Note: *China Energy's share of the title owner of the mining/exploration rights.
**UG = Underground, OP = Open-pit.

Table 2-1 Summary of Subject Coal Mines and Exploration Areas – Continued

Mine/Exploration Right Area	Share of China Energy	Mining Method	Status	Location	
				Area	Province/Region
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Mining Rights					
Chahasu	100%	UG	Operation	Yulin	Shaanxi
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Mining Rights					
Baiyinhua No.1 Open-pit	100%	OP	Operation	West Ujimqin	Inner Mongolia
Boligou	100%	UG	Construction	Zhunge'er	Inner Mongolia
Hesigewula South Open-pit	100%	OP	Operation	Ulagai	Inner Mongolia
Yuanbaoshan Open-pit	100%	OP	Operation	Chifeng	Inner Mongolia
Exploration Rights					
Heidaigou	100%	UG	Greenfield	Zhunge'er	Inner Mongolia
Jinsanjiao East	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai Youyan West	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai West	100%	UG	Greenfield	Nilka	Xinjiang
Shanxi Jinshen Energy Co., Ltd.					
Mining Rights					
Ciyaogou	49%	UG	Operation	Hequ	Shanxi
Shaping	49%	UG	Operation	Hequ	Shanxi

Note: UG = Underground, OP = Open-pit.

The coal produced from these mines serves multiple purposes, primarily fueling power generation, which remains a cornerstone of China's energy mix, but also supplying the chemical industry, local heating market, and distant end consumers through extensive transportation networks.

2.2 Mining/Exploration Rights

Mining and exploration rights for the subject mines and areas are all controlled by China Energy. Table 2-2 shows the mining/exploration right information, as provided by the subsidiary companies of China Energy.

Table 2-2 Mining/Exploration Right Certificates

Mining/Exploration Right Area	Mining/Exploration Right Certificate Number	Authorized Output Capacity (Mtpa) Certificate	Authorized Output Capacity (Mtpa) New Approva	Authorized Mining Elevation (m)	Area (km^2)	Current Term Grant Date (month/yr)	Current Term Expiration (month/yr)
China Energy Baotou Mining Co., Ltd.							
Exploration Rights							
Yiminhe East Backup	T15000020081110100191 05	-	-	-	29.9396	09/2024	09/2029
Yiminhe East No.2	T15000020160810100531 53	-	-	-	80.9162	09/2024	09/2029
Yiminhe East Peripheral	T15000020080710100114 86	-	-	-	36.0155	06/2024	06/2029
China Energy Guoyuan Power Co., Ltd.							
Mining Rights							
Chaoyang Open-pit	C10000020090611100207 51	11.0	11.0	28 to -90	122.5073	11/2021	06/2039
Dananhu No.2 Open-pit	C65000020171111101457 80	13.0	13.0	517 to 245	40.5177	01/2024	09/2036
Renjiazhuang	C10000020080711200004 25	2.4	4.0	1,100 to 500	17.4581	12/2021	07/2038
Sandaogou	C61000020150911101397 15	9.0	9.0	1,258 to 1,033	176.1346	09/2017	09/2025
Shangyuquan	C14000020110112401107 72	3.0	7.0	1,030 to 680	29.7837	11/2012	11/2042
Exploration Rights							
Dananhu West F1 South	T65000020090910100337 23	-	-	-	61.09	07/2021	07/2026
Dananhu West No.1 East	T65000020180310100546 21	-	-	-	15.54	07/2021	07/2026
Dananhu West No.3	T65000020180310100546 24	-	-	-	42.36	06/2025	06/2027
Data	T14000020080710500239 82	-	-	-	16.73	05/2023	05/2028
Huangbai	T14000020090410100273 83	-	-	-	53.31	07/2024	02/2028
China Energy Shaanxi Shenyan Coal Co., Ltd.							
Mining Rights							
Xiwan Open-pit	C61000020141111101382 23	13.0	13.0	1,099 to 873	76.5606	10/2023	10/2031
China Energy Wuhai Energy Co., Ltd.							
Mining Rights							
Gongwusu	C10000020120111401223 79	2.7	2.7	1,300 to 400	14.7566	02/2024	12/2031
Huangbaici	C10000020120111401224 10	1.8	1.8	1,149 to 750	5.7933	10/2021	12/2031
Laoshidan	C15000020100411200622 03	1.5	1.5	1,250 to 775	9.7767	07/2023	07/2043
Limin	C15000020110111201047 23	1.5	1.5	1,377 to 855	7.9862	12/2021	12/2041
Luotuoshan	C10000020110711201154 68	1.5	1.5	1,230 to 360	11.571	04/2022	10/2036
Lutian	C15000020111101201202 03	1.2	1.2	1,235 to 1,024	6.7532	12/2022	12/2029
Pinggou	C10000020121011401277 69	1.8	1.8	1,310 to 750	15.6452	01/2024	12/2031
Suhaitu	C10000020120111401223 78	1.2	-	1,149 to 829	11.0057	09/2013	12/2031
Wuhushan	C10000020120111401224 12	2.0	2.0	1,149 to 800	8.0834	12/2021	12/2031
Exploration Rights							
Kabuqi Deep Exporation Area	NA	-	-	-	-	-	-
Hongliushu West	T15000020081110100188 37	-	-	-	6.0983	11/2024	11/2029
China Energy Xinjiang Energy and Chemical Co., Ltd.							
Mining Rights							
Heishan Open-pit	C65000020171111101457 86	16.0	16.0	3,023 to 1,600	48.3671	04/2025	09/2037
Hongshaquan No.1 Open-pit	C65000020171111101457 89	30.0	30.0	760 to -51	74.1912	02/2025	09/2038
Hongshaquan No.2 Open-pit	C65000020231111101560 03	10.0	10.0	727 to -47	102.9828	11/2023	11/2038
Tunbao	C65000020091211200548 02	1.2	2.7	1,500 to 0	6.143	08/2023	09/2036
Wudong	C10000020120511201249 15	6.0	6.0	800 to 200	19.9357	05/2012	11/2031
Zhundong Open-pit	C65000020180111101457 85	35.0	35.0	636 to -60	40.0785	02/2025	10/2036
Exploration Rights							
Jiangjunmiao	T65000020090710100318 92	-	-	-	121.63	11/2023	11/2028
Liuhuanggou No.4	T65000020090110100243 11	-	-	-	15.66	05/2024	05/2026
Wucaiwan No.2	T65000020090810100334 40	-	-	-	43.8	05/2023	07/2026
Wucaiwan No.3	T65000020090810100335 17	-	-	-	68.14	05/2023	07/2026
Wucaiwan No.5	T65000020220910400570 72	-	-	-	0.09	09/2022	09/2027
Guodian Jiantou Inner Mongolia Energy Co., Ltd.							
Mining Rights							
Chahasu	C15000020240712101571 48	8.0	8.0	1,040 to 740	77.9515	07/2024	07/2054
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Mining Rights							
Baiyinhua No.1 Open-pit	C10000020080911100009 35	7.0	12.0	1,050 to 650	19.9154	09/2008	09/2038
Boligou	C15000020210411101518 49	4.0	4.0	960 to 740	18.1463	04/2021	04/2051
Hesigewula South Open-pit	C10000020200111101494 19	15.0	15.0	925 to 300	27.2312	01/2020	01/2050
Yuanbaoshan Open-pit	C10000020111211401218 58	5.0	12.0	482 to 120	12.8574	11/2004	07/2031
Exploration Rights							
Heidaigou	T15000020081110500199 91	-	-	-	21.422	08/2024	08/2029
Jinsanjiao East	T65000020090310100265 02	-	-	-	4.18	04/2024	04/2026
Jirentai Youyan West	T65000020090310100266 26	-	-	-	6.09	04/2024	04/2026
Jirentai West	T65000020130510100476 91	-	-	-	36	07/2024	07/2026
Shanxi Jinshen Energy Co., Ltd.							
Mining Rights							
Ciyaogou	C14000020091112200456 98	1.2	5.0	1,100 to 780	10.6227	08/2012	08/2042
Shaping	C14000020091212200524 26	2.4	8.0	990 to 700	22.5915	05/2024	12/2042

Xinjiang Energy holds 48.42% of Xinjiang Shenxing Energy Company Limited (Shenxing Energy). Shenxing Energy is currently applying to the government authorities for the modification of the Wucaiwan No. 5 Open-pit Exploration License to

larger area of 55.10 km^2. In June 2025, the Natural Resources Bureau of Changji Prefecture, Xinjiang, issued an "Official Reply on Soliciting Opinions Regarding the Exploration Change and Renewal of the Wucaiwan No. 5 Open-pit Mining Field in Zhundong Coalfield, Jimsar County, Xinjiang Autonomous Region" stating that the bureau has consented to process the change and renewal procedures for the exploration license. After reviewing the provided documentation, we have reasonably assumed that the exploration license will be successfully modified。

2.3 Geology

On a global basis, the geologic setting, or nature, of the mining/exploration rights areas included in this report is judged to vary from simple to complex. At most of the mines, the coal seams have moderate dips between 5 and 20 degrees. However, in some areas of the Zhundong and Zhunnan coalfields in Xinjiang Autonomous Region, the coal seams dip increase to 30 degrees due to folding. The Wudong Coal Mine is an isolated case. The coal seams within its area form a large syncline between the northern and southern regions. The coal seams in the northern region have dips between 40 and 50 degrees, whereas in the southern region the dips reaches 85 degrees. Typically, the mines in Heilongjiang, Shanxi, Shaanxi and Erdos area of the Inner Mongolia Autonomous Region have favorable geologic settings, with gentle seam dips and less faulting and folds. The mines in other areas typically have moderate to complex geologic settings due to faulting, seam splitting and thinning and sand channel erosion. The presence of burnt areas in coal seams near outcrops is common in Xinjiang coal mines. It is also one of the factors that complicate the occurrence of coal seams.

2.3.1 Stratigraphy

The mining/exploration rights areas included in this report are located in various coalfields located spanning nine coal bearing formations from the four major coal forming periods across northern China, as shown below:

Age of Coal Bearing Strata	Coal Bearing Formation
Carboniferous and Permian	Shanxi and Taiyuan
Cretaceous	Damoguaihe
Cretaceous	Yimin and Damoguaihe
Cretaceous	Fuxin
Jurassic	Yanan
Jurassic	Xishanyao and Badaowan
Neogene and Paleogene	Fujin

The strata are typically interbedded with numerous coal seams, separated by shale, siltstone, sandstone, and limestone. The coalfields are covered by poorly consolidated Quaternary alluvial deposits ranging in depth from 0 m to 120 m, typically between 20 m and 80 m thick.

2.3.2 Coal Seams

All of the coalfields reported on in this document contain multiple coal seams. While the names of the coal seams vary across different coalfields, they generally adhere to one of two methods, as illustrated below:

- The descending stratigraphic order approach,
- The ascending stratigraphic order approach.

The descending stratigraphic order approach is used in most coalfields, except for the Zhundong and Zhunnan coalfields in the Junggar Basin and the Houxia Coalfield in Tuokexun County of Xinjiang Autonomous Region. This approach is to assign major seam groups a number in stratigraphically descending order (the upper most seam being the lowest number). Within a seam group there may be several seams which are designated a superscript number, also assigned in descending order (e.g., 5^{-1}). When a seam splits, the splits are typically labeled as upper, middle, or lower (e.g., 5^{-1U}, 3L, etc.). If there is further splitting, an additional number is then assigned in the superscript (e.g., 5^{-1U-1}).

Whilst the ascending stratigraphic order approach is used in the Zhundong, Zhunnan and Houxia coalfields. Under this approach, the major seam is labeled with a letter in stratigraphically ascending order (the lower most seam being Seam A). When a seam splits, the splits are typically labeled with a number in stratigraphically ascending order (e.g., B1, B2, etc.). If there is further splitting of the upper or lower split, an additional label of either upper, middle or lower is then assigned (e.g., B1U, B1L, etc.).

2.3.3 Structure

The structural setting in the coalfields varies from simple to moderate in the Permian and Carboniferous age coalfields, simple to moderate in the Jurassic and Cretaceous age coalfields, and moderate in the Paleogene and Neogene coalfield.

While the seams in the Permian and Carboniferous coalfields (i.e. Hedong, Helanshan, Zhunge'er, Ningdong and Zhuozishan) are typically flat lying with dips of 4 to 15 degrees (with the exception of two mines in Zhuozishan Coalfield, the 22-degree dip at Gongwusu and 17-degree dip at Hongliushu West), all the deposits are impacted by simple to moderate faulting. The Hedong Coalfield features a gently west-dipping north-south-trending monocline with secondary broad folds. Faults are sparse and small-scale, with limited fractures. In the Helanshan, Ningdong and Zhuozishan coalfields, there are major faults having vertical displacements of over 100 m that separate the mine area into mining districts. Major faults greater than 10 m were identified by seismic surveys. However, during mining many smaller faults were identified. These smaller faults have varying impacts on mining. In the thicker seam at mines in these coalfields, there is moderate impact on mining since the fault throw is less than the seam thickness. However, in the thinner seams, these faults can

completely displace the seam and therefore have a more significant impact on mining. Though the coal-bearing strata in the Zhunge'er Coalfield is favorably flat lying with a 5-degree dip, we expect the moderate faulting in the Boligou mine to impact the longwall layout in future mining operations.

The structural setting of the coal bearing strata underlying the Jurassic coalfields in the Shaanxi Province (i.e., the Dongsheng and Shaanbei coalfields) is generally simple. The seams are flat lying with a 1-to-3-degree dip, few faults, and sand erosion encountered occasionally during mining operations. The structural setting of the Jurassic coalfields in the Xinjiang Autonomous Region (i.e. the Dananhu, Zhundong, Zhunnan, Nileke and Houxia coalfields) is typically moderate. However, the Dananhu West F1 South Exploration Right area is subject to significant faulting and has a more complex structural setting. The Jurassic coal-bearing strata of the Helanshan Coalfield also has complex structures due to active faulting activities in the region.

Coal seams in the cretaceous coalfields (i.e., the Baiyinhua, Hesigewula, Yuanbaoshan and Yimin coalfields) are typically subject to moderate splitting and multiple in-seam partings. Moderate faulting is also a complicating factor for the Yimin Coalfield.

Of all the coalfields described in this report, the Baoqing Coalfield is the only one formed during the Neogene and Paleogene. Its favorable structure results from a gently northwest-dipping monocline, with minimal faulting impacting the open-pit mining operation.

2.4 Source Data

Typically, each mine has exploration reports from various stages of its development. Additional resource and reserve verification reports are required when applying for mining rights or during mining tenure modifications. Updated geological reports typically incorporate all essential data from previous versions. We have examined the different editions of the geological reports for each mine to ensure that our estimates utilize all valid geological data. The data used included available drill logs, quality data, and the complete exploration report with resource maps, figures, and cross sections. While we used the data as a base for our study, we prepared our own resource maps for use in our independent estimation of coal resources/reserves in accordance with the JORC Code.

Exploration drillings of each mine were conducted by exploration teams licensed by the PRC government. There are extensive written standards on all aspects of the exploration programs that must be followed. All programs must include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of

strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Exploration results are presented in reports that must be approved by the government in order for the mining company to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation.

The Chinese Geological Reports were prepared in accordance with Chinese government requirements and mining standards for use by Chinese regulatory authorities. They cannot and have not been disclosed as public reports under the JORC Code. Based on our review of these geological reports, we consider the disclosed resources to be representative or analogous to Inventory Coal. Therefore, after reviewing the reports, we have independently estimated the resources and reserves using the borehole data and coal quality data contained within them.

In addition to the geological data, we were provided with mine and processing plant design reports, historical operational data, mine plans, and future projections, all of which were analyzed to derive the technical and economic parameters for reserve estimation.

Furthermore, the CP visited each subject companies and discussed current mine development plans with appropriate technical personnel. Current mine maps and plans were also provided for the purpose of this report.

2.5 Resource Classification

The CP prepared resource/reserve estimates for the subject mines in accordance with the JORC Code (2012 Edition).

Based on our detailed review of the geologic setting of each seam at each mine, we have assigned the following drill hole spacing criteria for each category of classification of geologic assurance (reliability).

Table 2-3 Drill Hole Spacing by Classification

Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Simple	750	1,500	<2,500
Moderate	500	1,000	<2,000
Complex	400	800	<1,600

2.6 Resource/Reserve Estimates

Estimates of coal resources are reported on an in situ ("in place") seam basis (coal plus partings). Reserve estimates are based on measured and indicated resources (exclude inferred) and are presented on a run-of-mine (ROM) or recoverable basis,

and on a marketable (product) basis. Recoverable Reserves represent the seam tonnage recovered by the mine plan, including out-of-seam dilution (OSD) (roof and floor rock mined with the coal seam) and increases in moisture content incurred during the normal mining process. Marketable Reserves represent the tonnage that is produced as salable product and includes allowances for processing losses incurred and increased moisture from coal washing.

The CP has conducted independent economic analyses for the subject mines and concluded that there is reasonable expectation that the estimated reserves are economically mineable.

We have estimated coal resources for all the subject mining and exploration rights, except Suhaitu Mine and Kabuqi Deep Exploration Area. Suhaitu Mine had depleted its coal resources years ago, and is currently recovering the remaining coal pillars left by previous mining activities using open-pit method in the name of environmental protection (prevent future spontaneous combustion and prepare the mined-out area for reclamation), as approved by the local government. Kabuqi Deep Exploration Area is the deeper area located under the Pinggou Mine, while the exploration right for this area has not been approved by the time our report is prepared, according to the source data provided by Wuhai Energy, the authorized mining elevation of Pinggou Mine overlaps with the upper part of Kabuqi Deep Exploration Area, therefore the coal resources occurred in the 16-1 seam and 16-2 seam which are situated within the overlapped elevation range have been included in our resources and reserve estimation for Pinggou Mine, however the lower 17 seam and 18 seam are not included, as the drilling data of these two seams are too limited to support a resource estimation according to JORC Code.

Our resource and reserve tonnage estimates (on a 100% ownership basis) for the mines included in this report, as of 31 July 2025, are as follows:

Table 2-4 Coal Resources Estimates – All Mines

Mine	In-Place Resources (Mt) Measured	Indicated	Inferred	Total	% of Resource
China Energy Baotou Mining Co., Ltd.					
Exploration Rights					
Yinminhe East Backup	215.84	118.73	995.85	1,330.43	2.7
Yinminhe East No.2	1,281.35	749.29	911.03	2,941.67	6.0
Yinminhe East Peripheral	119.27	163.94	144.66	427.87	0.9
Subtotal	1,616.46	1,031.96	2,051.54	4,699.96	9.5
China Energy Guoyuan Power Co., Ltd.					
Mining Rights					
Chaoyang Open-pit	268.05	237.92	436.42	942.39	1.9
Dananhu No.2 Open-pit	429.03	1,427.48	446.79	2,303.30	4.7
Renjiazhuang	134.24	27.17	5.07	166.48	0.3
Sandaogou	-	349.23	433.13	782.36	1.6
Shangyuquan	554.65	291.13	56.54	902.32	1.8
Exploration Rights					
Dananhu West F1 South	496.34	776.17	1,048.58	2,321.09	4.7
Dananhu West No.1 East	-	588.73	132.59	721.32	1.5
Dananhu West No.3	876.24	578.10	478.09	1,932.43	3.9
Data	36.39	150.44	204.78	391.61	0.8
Huangbai	802.04	450.91	315.08	1,568.03	3.2
Subtotal	3,596.98	4,877.28	3,557.06	12,031.33	24.3
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Mining Rights					
Xiwan Open-pit	227.65	606.12	331.85	1,165.62	2.4
Subtotal	227.65	606.12	331.85	1,165.62	2.4
China Energy Wuhai Energy Co., Ltd.					
Mining Rights					
Gongwusu	-	106.45	-	106.45	0.2
Huangbaici	41.57	4.67	8.34	54.58	0.1
Laoshidan	15.13	-	-	15.13	0.0
Limin	-	46.22	-	46.22	0.1
Luotuoshan	57.85	11.70	-	69.56	0.1
Lutian	0.58	-	-	0.58	0.0
Pinggou	-	77.67	-	77.67	0.2
Suhaitu	-	-	-	-	0.0
Wuhushan	33.89	21.68	1.87	57.43	0.1
Exploration Rights					0.0
Kabuqi Deep Exploration Area	-	-	-	-	0.0
Hongliushu West	-	45.58	21.94	67.51	0.1
Subtotal	149.02	313.97	32.14	495.14	1.0
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Mining Rights					
Heishan Open-pit	198.26	509.20	886.91	1,594.37	3.2
Hongshaquan No.1 Open-pit	1,471.17	1,332.25	607.03	3,410.45	6.9
Hongshaquan No.2 Open-pit	945.09	1,970.50	998.05	3,913.64	7.9
Tunbao	151.55	78.61	0.31	230.47	0.5
Wudong	-	597.21	225.66	822.86	1.7
Zhundong Open-pit	770.48	781.63	845.95	2,398.06	4.9
Exploration Rights					
Jiangjunmiao	941.33	1,653.18	1,256.73	3,851.24	7.8
Liuhuanggou No.4	71.45	427.92	233.09	732.47	1.5
Wucaiwan No.2	-	175.59	2,001.85	2,177.44	4.4
Wucaiwan No.3	-	1,542.53	1,504.44	3,046.96	6.2
Wucaiwan No.5	403.65	309.60	970.27	1,683.51	3.4
Subtotal	4,952.98	9,378.21	9,530.29	23,861.48	48.3
Guodian Jiantou Inner Mongolia Energy Co., Ltd.					
Mining Rights					
Chahasu	649.04	285.03	158.71	1,092.78	2.2
Subtotal	649.04	285.03	158.71	1,092.78	2.2
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Mining Rights					
Baiyinhua No.1 Open-pit	675.98	74.07	0.26	750.31	1.5
Boligou	277.84	95.10	43.33	416.26	0.8
Hesigewula South Open-pit	965.40	22.61	64.92	1,052.93	2.1
Yuanbaoshan Open-pit	191.57	42.33	67.01	300.91	0.6
Exploration Rights					
Heidaigou	187.82	543.30	29.21	760.33	1.5
Jinsanjiao East	311.47	106.43	8.65	426.56	0.9
Jirentai Youyan West	220.57	77.16	6.50	304.23	0.6
Jirentai West	691.79	731.45	147.41	1,570.64	3.2
Subtotal	3,522.44	1,692.45	367.29	5,582.18	11.3
Shanxi Jinshen Energy Co., Ltd.					
Mining Rights					
Ciyaogou	110.77	4.71	-	115.48	0.2
Shaping	340.00	37.84	-	377.84	0.8
Subtotal	450.77	42.56	-	493.32	1.0
Total	**15,165.33**	**18,227.59**	**16,028.88**	**49,421.80**	**100.0**

Note: 1. Figures may not add due to rounding.
2. The reported Coal Resources are inclusive of the Coal Reserves.

Table 2-5 Coal Reserves Estimates – All Mines

Mine	Recoverable Reserves (Mt)			Marketable Reserves (Mt)			% of Reserves
	Proved	Probable	Total	Proved	Probable	Total	
CHN Energy Guoyuan Power Co., Ltd.							
Chaoyang Open-pit	258.13	230.69	488.82	250.15	216.85	467.00	4.0
Dananhu No.2 Open-pit	314.81	1,105.52	1,420.33	299.07	1,050.24	1,349.31	11.7
Renjiazhuang	70.35	12.44	82.79	60.61	11.30	71.91	0.6
Sandaogou	-	187.62	187.62	-	180.80	180.80	1.6
Shangyuquan	296.43	136.15	432.58	210.77	117.18	327.94	2.8
Subtotal	939.72	1,672.42	2,612.14	820.59	1,576.37	2,396.96	20.8
CHN Energy Shaanxi Shenyan Coal Co., Ltd.							
Xiwan Open-pit	192.85	273.64	466.49	187.06	265.43	452.50	3.9
Subtotal	192.85	273.64	466.49	187.06	265.43	452.50	3.9
CHN Energy Wuhai Energy Co., Ltd.							
Gongwusu	-	49.96	49.96	-	39.52	39.52	0.3
Huangbaici	22.89	1.23	24.13	19.48	0.98	20.46	0.2
Laoshidian	10.07	-	10.07	7.50	-	7.50	0.1
Limin	-	31.37	31.37	-	26.07	26.07	0.2
Luotuoshan	15.38	1.64	17.02	11.05	1.24	12.28	0.1
Lutian	0.57	-	0.57	0.51	-	0.51	0.0
Pinggou	-	42.97	42.97	-	33.61	33.61	0
Suhaitu	-	-	-	-	-	-	-
Wuhushan	23.52	11.72	35.24	16.94	8.79	25.73	0.2
Subtotal	72.43	138.89	211.32	55.47	110.21	165.68	1.4
CHN Energy Xinjiang Energy and Chemical Co., Ltd.							
Heishan Open-pit	195.47	411.55	607.02	185.90	390.97	576.88	5.0
Hongshaquan No.1 Open-pit	1,341.20	1,195.89	2,537.09	1,274.33	1,136.10	2,410.43	20.9
Hongshaquan No.2 Open-pit	815.09	1,580.91	2,396.00	774.57	1,501.86	2,276.43	19.7
Tunbao	71.65	27.28	98.93	62.14	24.70	86.84	0.8
Wudong	-	217.84	217.84	-	193.05	193.05	1.7
Zhundong Open-pit	546.93	623.42	1,170.35	526.45	592.25	1,118.70	9.7
Subtotal	2,970.34	4,056.89	7,027.23	2,823.40	3,838.93	6,662.33	57.7
Guodian Jiantou Inner Mongolia Energy Co., Ltd.							
Chahasu	482.18	147.65	629.83	429.93	134.21	564.14	5
Subtotal	482.18	147.65	629.83	429.93	134.21	564.14	4.9
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Baiyinhua No.1 Open-pit	356.09	8.87	364.96	338.32	8.43	346.75	3.0
Boligou	111.17	14.14	125.31	87.91	10.81	98.72	0.9
Hesigewula South Open-pit	554.28	1.74	556.02	526.56	1.66	528.22	4.6
Yuanbaoshan Open-pit	136.12	13.08	149.20	129.31	12.43	141.74	1.2
Subtotal	1,157.66	37.83	1,195.49	1,082.11	33.31	1,115.43	9.7
Shanxi Jinshen Energy Co., Ltd.							
Ciyaogou	65.00	1.50	66.50	56.30	1.28	57.58	0.5
Shaping	151.33	8.65	159.98	126.72	7.68	134.40	1.2
Subtotal	216.33	10.15	226.48	183.02	8.96	191.97	1.7
Total	**6,031.50**	**6,337.47**	**12,368.97**	**5,581.58**	**5,967.42**	**11,549.01**	**100**

Note:Figures may not add due to rounding.

Total Marketable Reserves are 11,549.01 Mt. Approximately 48% of the marketable reserves are in the proved classification.

2.7 Coal Quality

The age of the coal-bearing strata within the mining/exploration rights areas ranges from the Late Carboniferous-Early Permian to the Jurassic and the Cretaceous, as

well as the Paleogene and Neogene. Typical coal quality characteristics at each geological period are summarized in the following table:

Table 2-6 General Coal Quality by Geological Period

Geological Period	Typical Coal Rank & Type	Key Quality Characteristics	Depositional Environment & Notes
Late Carboniferous to Early Permian	Bituminous coal (Coking coal in Wuhai Area)	Variable sulfur content in the Carboniferouos seams	Coastal/Paralic, seawater influence led to higher sulfur & pyrite content
Jurassic	Low-rank bituminous coal, occasional anthracite	Low to medium ssh, generally low sulfur, high calorific value	Inland/Lacustrine, oxidizing conditions led to high inertinite and low sulfur. Excellent for power generation and gasification
Cretaceous	Primarily lignite, followed by low-rank bituminous coal	Highly variable, can range from low ash & sulfur to high volatile matter characteristic of low-rank coal.	Inland/Basin, quality is highly dependent on the specific local basin conditions
Paleogene and Neogene	Lignite	High moisture, migh volatile matter, variable ash & sulfur, low heat value	Wet, forested swamps, low thermal maturity

From an utilization perspective, the mines located in the Carboniferous-Permian Zhuozishan Coalfield in the Wuhai area of Inner Mongolia produce high-value coking coal. All other Carboniferous-Permian coalfields in various locations produce thermal coal products. The Jurassic Shaanbei and Dongsheng coalfields in the Yulin and Dongsheng areas produce high-quality thermal and chemical coal, while other Jurassic coalfields in this report yield thermal coal of satisfactory quality. All coalfields in Cretaceous Age and Paleogene-Neogene Age produce low-quality thermal coal.

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. The resource and reserve figures in this report show core holes having coal quality data.

2.8 Current Mine Operations

2.8.1 Mines

This study covers the mining operations of the following twenty-eight (28) mines under the seven (7) subsidiary companies of China Energy. Among these mines, eleven (11) are open-pit operations and seventeen (17) are underground operations. The subject mines are summarized as shown in Table 2-7:

Table 2-7 Summary of Subject Mines

Mine	Mining Method	Authorized (Mtpa)	Technology Utilized (OP)	(UG)	Mining
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	OP	11.0	Outsourced	-	Shovel-Truck
Dananhu No.2 Open-pit	OP	13.0	Outsourced	-	Shovel-Truck
Renjiazhuang	UG	4.0	-	RH	FM LW
Sandaogou	UG	9.0	-	RH, CM	FM LW
Shangyuquan	UG	7.0	-	BM	FM LW
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	OP	13.0	Outsourced	-	Shovel-Truck
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	UG	2.7	-	RH	FM LW SLC
Huangbaici	UG	1.8	-	RH	FM LW
Laoshidan	UG	1.5	-	RH	FM LW SLC
Limin	UG	1.5	-	RH	FM LW
Luotuoshan	UG	1.5	-	RH	FM LW
Lutian	UG	1.2	-	RH	FM LW SLC
Pinggou	UG	1.8	-	RH	FM LW
Suhaitu	OP	-		-	Shovel-Truck
Wuhushan	UG	2.0	-	RH, BM	FM LW
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	OP	16.0	Outsourced	-	Shovel-Truck
Hongshaquan No.1 Open-pit	OP	30.0	Outsourced	-	Shovel-Truck
Hongshaquan No.2 Open-pit	OP	10.0	Outsourced	-	Shovel-Truck: Outsourc
Tunbao	UG	2.7	-	RH, BM	FM LW SLC
Wudong	UG	6.0	-	RH	FM LW SLC
Zhundong Open-pit	OP	35.0	Outsourced	-	Shovel-Truck
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	UG	8.0	-	RH, BM	FM LW
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	OP	12.0	Outsourced	-	Shovel-Truck
Boligou	UG	4.0	-	RH, BM	FM LW, FM LW SLC
Hesigewula South Open-pit	OP	15.0	Outsourced	-	Shovel-Truck
Yuanbaoshan Open-pit	OP	12.0	Outsourced	-	Shovel-Truck
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	UG	5.0	-	RH, CM	FM LW SLC
Shaping	UG	8.0	-	RH, BM, CM	FM LW, FM LW SLC

Note: OP=Open-pit; UG=Underground; FM LW=Fully-Mechanized Longwall; SLC=Sublevel Caving; RH=Roadheader; BM=Bolter Miner; CM=Continuous Miner

2.8.2 Output

Coal output for the subject China Energy mines for the period January 2022 to July 2025 is summarized as follows:

Table 2-8 Historical Production

	Historical Production (Mt)			
Company / Mine	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	6.51	6.55	6.78	4.33
Dananhu No.2 Open-pit	10.12	11.56	12.04	6.43
Renjiazhuang	3.97	4.14	3.25	1.95
Sandaogou	9.82	9.87	9.89	5.61
Shangyuquan	4.97	5.11	5.35	3.19
Subtotal - Guoyuan Power	35.39	37.23	37.31	21.51
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	12.66	13.00	13.67	7.99
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	1.11	1.43	1.31	0.25
Huangbaici	0.92	1.38	1.14	0.73
Laoshidan	1.84	1.89	1.60	0.53
Limin	1.92	1.93	1.61	1.05
Luotuoshan	-	-	-	0.08
Lutian	1.41	1.85	2.00	0.77
Pinggou	-	-	-	-
Suhaitu	-	-	-	-
Wuhushan	1.18	1.75	1.42	0.59
Subtotal - Wuhai Energy	8.38	10.24	9.08	3.99
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	15.61	14.78	15.69	9.95
Hongshaquan No.1 Open-pit	25.93	35.49	33.69	16.09
Hongshaquan No.2 Open-pit	-	-	8.46	3.68
Tunbao	1.05	1.11	0.61	0.52
Wudong	3.02	3.03	3.01	1.54
Zhundong Open-pit	32.11	34.91	29.54	13.98
Subtotal - Xinjiang Energy	77.72	89.32	91.00	45.76
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	10.31	3.17	2.83	4.72
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	11.45	12.00	12.00	5.78
Boligou	-	-	-	-
Hesigewula South Open-pit	15.00	15.00	15.01	8.71
Yuanbaoshan Open-pit	8.80	7.80	10.61	7.08
Subtotal - Pingzhuang Coal	35.25	34.80	37.62	21.57
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	5.52	5.70	4.21	2.52
Shaping	5.34	4.65	2.11	0.80
Subtotal - Jinshen Energy	10.86	10.35	6.32	3.32
Total	190.56	198.10	197.82	108.86

As shown, the historical product coal outputs are generally stable over the past three years, although there have been some fluctuations among individual mines. With the addition of coal output tonnages from the new mines, some existing operations produced less than their designated capacities due to various reasons, including market and sales considerations, mine renovations, and temporary transition between old and new mining districts. Chahasu, for example, had to reduce production in 2023 and 2024 due to issues encountered while updating its mining right registration.

The open-pit mines, characterized by their large-scale operations, accounted for approximately 71% of total production. The average output capacity of the subject open-pit mines is approximately 16.7 Mtpa, considerably higher than that of underground mines, which average approximately 4.0 Mtpa. Most of the large open-pit operations are located in eastern Inner Mongolia and Xinjiang, where the coal seams feature shallow occurrence and substantial thickness. In contrast, Wuhai Energy's underground operations have remained relatively small in scale, mainly due to the limitations resulting from the historical consolidation of smaller mines. The Renjiazhuang, Sandaogou and Chahasu underground mines have relatively high output capacities and are located in the well-known Ningdong, Shenfu and Dongsheng coalfields, respectively, where the most of China's large underground coal mines are concentrated. The Ciyaogou and Shaping mines of Jinshen Energy are well-equipped modern underground operations located in Shanxi Province. The decline in Shaping's output in 2023 was caused by the mandatory shutdown of the Shaping coal preparation plant (CPP) following an environmental protection campaign along the Yellow River, which required the closure of all industrial facilities within 1.0 km of the Yellow River that discharge liquid pollutants.

2.8.3 Staffing

Historical staffing for the subject China Energy mines is summarized as follows:

Table 2-9 Historical Staffing

Company / Mine	Year 2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.	Historical No. of Personnel			
Chaoyang Open-pit	91	113	188	194
Dananhu No.2 Open-pit	97	102	237	230
Renjiazhuang	1,258	1,307	1,334	1,316
Sandaogou	1,001	881	886	879
Shangyuquan	869	869	851	843
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	585	778	793	781
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	650	642	587	555
Huangbaici	962	866	795	812
Laoshidan	605	617	615	494
Limin	647	663	631	624
Luotuoshan	234	239	375	375
Lutian	476	474	411	364
Pinggou	165	165	149	146
Suhaitu	139	138	116	108
Wuhushan	940	891	823	820
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	190	190	196	265
Hongshaquan No.1 Open-pit	624	643	695	830
Hongshaquan No.2 Open-pit	-	-	80	165
Tunbao	314	304	304	368
Wudong	684	635	643	814
Zhundong Open-pit	275	296	323	508
Guodian Consturction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	1,045	1,355	1,190	1,526
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	1,248	1,328	1,180	1,250
Boligou	-	-	-	-
Hesigewula South Open-pit	693	700	715	704
Yuanbaoshan Open-pit	1,500	1,498	1,450	1,413
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	613	615	628	619
Shaping	854	861	1,010	903
Subtotal - Open-pit	5,303	5,648	5,857	6,340
Subtotal - Underground	11,456	11,522	11,348	11,566
Total	16,759	17,170	17,205	17,906

For open-pit mines, it is a common practice to contract stripping work to third-party contractors. The personnel shown in the table does not include the staff from contractors. The overall staffing of the subject China Energy mines remains generally stable, with slight fluctuations less than 3%.

The historical labor productivity, in terms of open-pit and underground operations, is summarized as follows (the labor productivity numbers for 2025 are annualized):

Table 2-10 Historical Labor Productivity

	Year			
	2022	2023	2024	Jan. - Jul. 2025
Operations	Product Tonnes, Mt			
Open-Pit	138.19	151.09	157.49	84.02
Underground	52.37	47.01	40.33	24.84
Total	190.56	198.10	197.82	108.86
	Historical No. of Personnel			
Open-Pit	5,303	5,648	5,857	6,340
Underground	11,456	11,522	11,348	11,566
Total	16,759	17,170	17,205	17,906
	Labor Productivity, Product Tonnes / Employee-Year			
Open-Pit	26,060	26,750	26,890	22,720
Underground	4,570	4,080	3,550	3,680
Overall	11,370	11,540	11,500	10,420

The labor productivity for the open-pit operations averages 25,520 tonnes/employee-year, which is comparable to that of other large open-pit coal mines in China.

The labor productivity for the underground operations averages approximately 3,970 tonnes/employee-year, which appears slightly lower than the average level of underground fully-mechanized longwall (FM LW) coal mines in China. It is our opinion that this lower productivity mainly results from the relatively small-scale and lower output of the underground operations of Wuhai Energy. The overall average labor productivity for the subject China Energy operations during the period from January 2022 to July 2025 is approximately 11,200 tonnes/employee-year.

2.8.4 Capital Expenditures

Historical capital expenditures for the subject China Energy mines from January 2022 to July 2025, are summarized as follows:

Table 2-11 Historical Capital Expenditures

	Historical Capital Expenditures, RMB millions			
Company / Mine	2022	2023	2024	Jan. - Jul. 2025
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	56.4	52.9	57.0	36.7
Dananhu No.2 Open-pit	18.3	229.6	196.1	210.9
Renjiazhuang	118.1	195.8	120.5	193.1
Sandaogou	611.2	142.7	272.5	32.3
Shangyuquan	166.6	129.7	199.5	115.1
Subtotal - Guoyuan Power	970.6	750.7	845.5	588.1
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	134.2	32.1	54.8	41.9
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	170.7	68.4	96.2	0.1
Huangbaici	74.1	34.6	96.9	1.7
Laoshidan	89.3	77.8	143.1	6.1
Limin	56.1	59.8	136.0	18.3
Luotuoshan	91.0	-	-	-
Lutian	48.2	85.9	80.5	16.9
Pinggou	9.7	48.0	257.5	0.8
Suhaitu	12.0	7.7	279.8	1.0
Wuhushan	149.8	113.6	210.9	-
Subtotal - Wuhai Energy	700.8	495.8	1,300.9	44.9
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	148.7	218.8	140.3	48.5
Hongshaquan No.1 Open-pit	43.7	30.5	108.1	28.3
Hongshaquan No.2 Open-pit	-	39.8	586.2	57.9
Tunbao	17.5	126.8	120.2	43.1
Wudong	400.5	49.9	59.8	27.4
Zhundong Open-pit	162.1	246.6	214.9	19.8
Subtotal - Xinjiang Energy	772.5	712.4	1,229.5	225.0
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	15.3	9.0	11.7	0.2
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	149.3	62.1	36.1	198.5
Boligou	3.6	81.1	310.7	348.4
Hesigewula South Open-pit	279.6	153.8	83.3	22.6
Yuanbaoshan Open-pit	27.8	-	15.6	-
Subtotal - PingZhuang Coal	460.2	297.0	445.7	569.5
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	40.2	132.2	162.2	69.4
Shaping	32.5	169.6	320.8	27.5
Subtotal - Jinshen Energy	72.7	301.8	483.0	96.9
Total	3,126.4	2,598.9	4,371.2	1,566.6

The largest capital spending is attributed to new mine construction including surface facilities, major mine expansion, major production equipment replacement, safety-related facilities upgrading, coal preparation facilities upgrading, etc. The overall sustaining capital for the open-pit mines averages approximately RMB7.1 per tonne of output capacity, which appears moderate for the large size open-pit operations. The average sustaining capital spending for the underground mines is approximately RMB29.6 per tonne of output capacity, which in our opinion appears slightly higher and reasonable compared with the average of underground FM LW mines in China, mainly due to the recent commencement of mine technical upgrading and new mine.

2.8.5 Operating Costs

Historical operating costs for the period January 2022 to July 2025, by mine are summarized as follows:

Table 2-12 Historical Operating Costs

				Jul.				Jan.-Jul.
	2022	2023	2024	2025	2022	2023	2024	2025
	Historical Operating Costs (RMB / tonne)							
Company / Mine	Cash				Total			
China Energy Guoyuan Power Co., Ltd.								
Chaoyang Open-pit	75	100	97	87	97	122	119	102
Dananhu No.2 Open-pit	46	59	69	50	67	83	86	73
Renjiazhuang	172	171	268	254	220	242	348	314
Sandaogou	127	162	182	170	190	227	246	233
Shangyuquan	157	155	155	157	195	199	196	202
China Energy Shaanxi Shenyan Coal Co., Ltd.								
Xiwan Open-pit	143	186	178	122	181	226	219	163
China Energy Wuhai Energy Co., Ltd.								
Gongwusu	602	1,032	679	798	686	1,099	710	873
Huangbaici	597	893	416	284	693	1,041	501	339
Laoshidan	513	542	405	334	528	558	426	405
Limin	233	246	215	222	269	309	290	245
Luotuoshan	-	-		245	-	-	-	245
Lutian	290	377	317	144	325	411	350	186
Pinggou	-	-	-	-	-	-	-	-
Suhaitu	-	-	-	-	-	-	-	-
Wuhushan	484	368	374	468	551	442	461	544
China Energy Xinjiang Energy and Chemical Co., Ltd.								
Heishan Open-pit	186	193	238	200	201	208	263	224
Hongshaquan No.1 Open-pit	114	118	102	82	128	132	116	94
Hongshaquan No.2 Open-pit	-	-	76	72	-	-	90	85
Tunbao	321	254	517	364	377	328	614	450
Wudong	207	171	213	175	271	242	284	248
Zhundong Open-pit	93	102	91	57	125	121	110	74
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.								
Chahasu	155	393	496	210	216	509	624	285
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.								
Baiyinhua No.1 Open-pit	262	295	223	137	350	352	271	180
Boligou	-	-	-	-	-	-	-	-
Hesigewula South Open-pit	75	86	81	83	97	105	100	102
Yuanbaoshan Open-pit	143	156	147	120	176	190	177	148
Shanxi Jinshen Energy Co., Ltd.								
Ciyaogou	171	153	198	208	218	199	244	255
Shaping	130	142	201	300	174	189	273	508

Operating costs of the subject open-pit mines during the period from January 2022 to July 2025 averaged approximately RMB150 per product tonne, which appears comparable to other open-pit coal mines with similar output (mostly in northern China). Average operating costs for the Wuhai Energy underground mines exceed RMB500 per product tonne, which is higher than the industrial average, resulting from the longer operating years and lower output level than the actual capacities. Operating costs for the underground mines of the subject companies other than Wuhai Energy generally appear normal. The operating costs for all the subject underground mines averages RMB294 per product tonne. The operating costs of all the subject China Energy mines are approximately RMB191 per product tonne.

2.9 Future Operations

2.9.1 Output

The subsidiary companies of China Energy provided the projections for ROM coal production for the subject mines, mostly following their authorized output capacity. The commercial (product) coal output was not provided. The output projections for the subject China Energy mines for the period August 2025 to 2029 are summarized as follows:

Table 2-13 Output Projections

	Production Projections (Mt)				
Company / Mine	Aug.-Dec. 2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	2.67	8.00	9.50	11.00	11.00
Dananhu No.2 Open-pit	4.07	11.00	13.00	13.00	13.00
Renjiazhuang	1.63	3.60	3.60	3.60	3.60
Sandaogou	4.25	9.00	9.00	9.00	9.00
Shangyuquan	1.61	4.80	4.80	4.80	4.80
Subtotal - Guoyuan Power	14.23	36.40	39.90	41.40	41.40
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	5.01	13.00	13.00	13.00	13.00
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	0.05	1.50	1.50	1.50	2.70
Huangbaici	0.47	1.80	1.80	1.80	1.80
Laoshidan	0.27	0.98	0.91	1.20	1.20
Limin	0.45	1.50	1.50	1.50	1.50
Luotuoshan	1.32	1.50	1.50	1.50	1.50
Lutian	0.63	1.60	1.60	1.60	1.60
Pinggou	-	-	-	-	1.35
Suhaitu	-	-	-	-	-
Wuhushan	0.51	1.45	2.00	2.00	2.00
Subtotal - Wuhai Energy	3.71	10.33	10.81	11.10	13.65
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	6.05	16.00	15.40	16.40	17.40
Hongshaquan No.1 Open-pit	11.91	30.00	30.00	30.00	30.00
Hongshaquan No.2 Open-pit	2.72	10.00	20.00	30.00	30.00
Tunbao	0.14	0.55	2.00	2.11	2.37
Wudong	1.56	3.50	3.00	3.00	3.50
Zhundong Open-pit	11.02	35.00	35.00	35.00	35.00
Subtotal - Xinjiang Energy	33.40	95.05	105.40	116.51	118.27
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	2.56	8.00	8.00	8.00	8.00
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	6.22	12.00	12.00	12.00	12.00
Boligou	-	-	-	2.00	4.00
Hesigewula South Open-pit	6.29	15.00	15.00	15.00	15.00
Yuanbaoshan Open-pit	4.32	12.00	12.00	12.00	12.00
Subtotal - Pingzhuang Coal	16.83	39.00	39.00	41.00	43.00
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	2.48	3.50	3.50	3.50	3.50
Shaping	2.45	5.36	5.36	5.36	5.36
Subtotal - Jinshen Enrgy	4.93	8.86	8.86	8.86	8.86
Total	80.67	210.64	224.97	239.87	246.18

Fluctuations in the output projections for a mine in particular years generally include: market considerations, mining condition changes or area shifting, completion of mine technical upgrades or new mine construction, etc. Most of the mines will produce coal within their current authorized capacity, except for the Lutian, Hongshaquan No.2 Open-pit mines, which are considering applications for higher capacities which are reflected in the output projections. According to the mine management, the technical upgrade construction of Pinggou Mine of Wuhai Energy is expected to commence in October 2026 and complete in March 2029. Suhaitu will stop operation once the excavation of residual coal is completed, and coal output data are not available. Construction of the new Boligou Mine of Pingzhuang Coal is projected to be completed by the end of 2027 and the mine is expected to attain design capacity in 2028. We have not identified significant geological or mining-related issues during our review that would prevent the subject mines from achieving projected output levels. Productivity levels required to achieve output projections are reasonable and realistic based on the recent operating history.

2.9.2 Staffing

Projected staffing for the subject China Energy mines is summarized as follows:

Table 2-14 Staffing Projections

	Year				
Company / Mine	2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.	Projected No. of Personnel				
Chaoyang Open-pit	208	208	207	206	206
Dananhu No.2 Open-pit	231	236	241	246	246
Renjiazhuang	1,310	1,335	1,360	1,359	1,361
Sandaogou	879	879	879	879	879
Shangyuquan	840	837	829	826	825
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	781	781	781	781	781
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	515	516	517	518	524
Huangbaici	812	812	612	612	612
Laoshidan	484	457	419	378	343
Limin	624	624	624	624	624
Luotuoshan	415	415	415	415	415
Lutian	359	354	349	347	345
Pinggou	146	142	430	430	430
Suhaitu	-	-	-	-	-
Wuhushan	820	820	820	820	820
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	265	265	265	265	265
Hongshaquan No.1 Open-pit	847	908	908	908	908
Hongshaquan No.2 Open-pit	195	205	217	230	245
Tunbao	469	424	415	403	389
Wudong	977	1,103	1,103	1,103	1,103
Zhundong Open-pit	508	508	508	508	508
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	1603	1629	1505	1487	1474
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	1,240	1,130	1,130	1,130	1,130
Boligou	-	-	400	507	507
Hesigewula South Open-pit	706	700	694	684	673
Yuanbaoshan Open-pit	1,394	1,366	1,334	1,311	1,260
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	619	619	619	619	622
Shaping	918	933	947	962	977
Subtotal - Open-pit	6,375	6,307	6,285	6,269	6,222
Subtotal - Underground	11,790	11,899	12,243	12,289	12,250
Total	18,165	18,206	18,528	18,558	18,472

The open-pit mines plan to continue outsourcing the stripping work to third-party contractors. The personnel shown in the table does not include the staff from contractors. The overall staffing level of the subject China Energy mines remains generally stable with only slight fluctuations.

The projected labor productivity, in terms of open-pit and underground mining operations, is summarized as follows:

Table 2-15 Projected Labor Productivity

Operations	Aug.-Dec. 2025	2026	2027	2028	2029
	Projected Product Tonnes, Mt				
Open-Pit	60.28	162.00	174.90	187.40	188.40
Underground	20.39	48.64	50.07	52.47	57.78
Total	80.67	210.64	224.97	239.87	246.18
	Projected No. of Personnel				
Open-Pit	6,375	6,307	6,285	6,269	6,222
Underground	11,790	11,899	12,243	12,289	12,250
Total	18,165	18,206	18,528	18,558	18,472
	Labor Productivity, Product Tonnes / Employee-Year				
Open-Pit	22,690	25,690	27,830	29,890	30,280
Underground	4,150	4,090	4,090	4,270	4,720
Overall	10,660	11,570	12,140	12,930	13,330

The labor productivity for the open-pit operations averages 27,250 tonnes/employee-year, which is approximately 7% higher than the historical performance due to the output increase from the open-pit mines. The labor productivity for the underground operations averages approximately 4,260 tonnes/employee-year, which appears comparable to the historical performance. It is our opinion that the overall labor productivity projection of the subject mines appear achievable.

2.9.3 Capital Expenditures

Projected capital expenditures for the subject China Energy mines are summarized as follows:

Table 2-16 Capital Expenditures Projection

	Projected Capital Expenditures, RMB millions				
Company / Mine	Aug.-Dec. 2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	28.9	72.8	72.8	72.8	72.8
Dananhu No.2 Open-pit	35.7	207.3	-	-	-
Renjiazhuang	3.0	N/A	N/A	N/A	N/A
Sandaogou	N/A	N/A	N/A	N/A	N/A
Shangyuquan	385.2	436.8	457.8	207.8	207.8
Subtotal - Guoyuan Power	452.8	716.9	530.6	280.6	280.6
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	42.6	33.7	108.6	30.8	30.8
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	72.4	265.1	675.2	920.3	481.4
Huangbaici	60.4	5.0	1.0	N/A	N/A
Laoshidan	9.6	37.0	11.0	10.0	200.0
Limin	8.0	16.0	26.7	87.5	160.0
Luotuoshan	233.3	44.2	58.0	121.0	30.0
Lutian	236.1	238.0	202.0	700.0	268.0
Pinggou	0.5	10.2	651.5	534.1	120.4
Suhaitu	-	-	-	-	-
Wuhushan	64.8	79.3	50.0	83.4	13.0
Subtotal - Wuhai Energy	685.2	694.8	1,675.4	2,456.2	1,272.8
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	N/A	N/A	N/A	N/A	N/A
Hongshaquan No.1 Open-pit	N/A	N/A	N/A	N/A	N/A
Hongshaquan No.2 Open-pit	711.0	171.5	-	-	-
Tunbao	N/A	N/A	N/A	N/A	N/A
Wudong	N/A	N/A	N/A	N/A	N/A
Zhundong Open-pit	N/A	N/A	N/A	N/A	N/A
Subtotal - Xinjiang Energy	711.0	171.5	-	-	-
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	N/A	N/A	N/A	N/A	N/A
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	111.1	55.0	55.0	195.0	55.0
Boligou	601.7	1,041.0	3,396.9	30.6	-
Hesigewula South Open-pit	18.1	114.4	-	-	-
Yuanbaoshan Open-pit	55.0	36.8	-	42.4	-
Subtotal - PingZhuang Coal	785.9	1,247.2	3,451.9	268.0	55.0
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	65.0	528.9	220.5	10.2	10.2
Shaping	511.7	58.2	69.0	9.2	8.0
Subtotal - Jinshen Energy	576.7	587.1	289.5	19.4	18.2
Total	3,254.2	3,451.2	6,055.9	3,055.0	1,657.3

Note: N/A = Not Available

Capital expenditure projections data provided were not complete, with the missing data mainly for the normal operating mines. Based on our experience in China, the sustaining capital for underground and open-pit mines generally falls in the range approximately RMB15-30 per ROM tonne capacity and RMB5-15 per ROM tonne capacity, respectively. The capital spending projections for the mines under expansion, technical upgrading and new mine construction were provided. Upon review, the

projected capital expenditure generally appears reasonable to achieve the target output capacity within the projected timeframe for these mines.

2.9.4 Operating Costs

Projected operating costs for the period from August 2025 to 2029 by mine, on per tonne basis and total RMB, are summarized as follows:

Table 2-17 Unit Operating Cost Projection

	Aug.-Dec.					Aug.-Dec.				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
	Projected Operating Costs (RMB / tonne)									
Company / Mine	Cash					Total				
China Energy Guoyuan Power Co., Ltd.										
Chaoyang Open-pit	107.5	89.6	70.1	57.4	63.6	147.5	111.1	88.2	73.0	80.5
Dananhu No.2 Open-pit	61.1	-	-	-	-	83.5	-	-	-	-
Renjiazhuang	342.7	-	-	-	-	378.3	-	-	-	-
Sandaogou	148.7	183.3	-	-	-	214.3	250.5	-	-	-
Shangyuquan	203.0	172.6	172.6	172.6	172.6	252.8	219.1	219.1	219.1	219.1
China Energy Shaanxi Shenyan Coal Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Xiwan Open-pit	273.3	233.6	235.7	240.9	250.6	320.6	278.0	281.6	286.9	302.9
China Energy Wuhai Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Gongwusu	-	-	-	-	-	-	-	-	-	-
Huangbaici	871.3	-	-	-	-	940.8	-	-	-	-
Laoshidan	706.0	-	-	-	-	797.4	-	-	-	-
Limin	-	-	-	-	-	-	-	-	-	-
Luotuoshan	140.6	140.6	140.6	140.6	140.6	324.9	324.9	324.9	324.9	324.9
Lutian	532.4	-	-	-	-	595.1	-	-	-	-
Pinggou	-	-	-	-	315.9	-	-	-	-	417.0
Suhaitu	-	-	-	-	-	-	-	-	-	-
Wuhushan	604.1	-	-	-	-	693.2	-	-	-	-
China Energy Xinjiang Energy and Chemical Co., Ltc	-	-	-	-	-	-	-	-	-	-
Heishan Open-pit	215.4	205.9	213.9	200.9	189.3	243.3	231.1	240.1	225.4	212.5
Hongshaquan No.1 Open-pit	-	-	-	-	-	-	-	-	-	-
Hongshaquan No.2 Open-pit	104.7	-	-	-	-	127.9	-	-	-	-
Tunbao	1,041.9	608.4	177.3	156.9	160.7	1,186.0	791.0	228.6	209.5	226.5
Wudong	326.7	242.2	282.3	282.3	242.0	391.7	311.8	363.5	363.5	311.6
Zhundong Open-pit	80.4	-	-	-	-	98.5	-	-	-	-
Guodian Construction and Investment Inner Mongolia	-	-	-	-	-	-	-	-	-	-
Chahasu	398.4	-	-	-	-	485.4	-	-	-	-
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Baiyinhua No.1 Open-pit	144.4	144.4	143.1	144.3	145.6	137.3	161.4	160.0	161.3	162.6
Boligou	-	-	-	50.5	50.5	-	-	-	113.8	113.8
Hesigewula South Open-pit	93.0	109.6	93.4	94.4	90.2	112.2	129.6	113.7	114.7	110.4
Yuanbaoshan Open-pit	164.4	177.6	179.2	188.4	194.7	195.3	207.6	209.0	218.4	225.1
Shanxi Jinshen Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Ciyaogou	234.6	252.4	255.5	255.5	255.5	284.8	306.5	309.6	309.6	309.6
Shaping	118.9	104.9	108.6	106.7	107.4	179.4	165.4	168.8	166.9	164.1

The elevated unit operating cost projections in 2025 for Tunbao are due to temporary low output tonnage.

Table 2-18 Total Operating Cost Projection

	Aug.-Dec. 2025	2026	2027	2028	2029	Aug.-Dec. 2025	2026	2027	2028	2029
	Operating Cost Projections (million RMB)									
Company / Mine	Cash					Total				
China Energy Guoyuan Power Co., Ltd.										
Chaoyang Open-pit	286.9	717.1	665.9	631.4	699.7	393.8	889.0	837.9	803.4	885.9
Dananhu No.1	195.2	462.2	443.1	443.1	443.1	270.6	672.6	693.7	693.7	693.7
Dananhu No.2 Open-pit	248.6	-	-	-	-	339.7	-	-	-	-
Renjiazhuang	558.3	-	-	-	-	616.3	-	-	-	-
Sandaogou	632.4	1,649.3	-	-	-	911.5	2,254.8	-	-	-
Shangyuquan	326.9	828.4	828.4	828.4	828.4	407.0	1,051.6	1,051.6	1,051.6	1,051.6
Wenjiapo	448.4	1,129.1	1,129.1	1,129.1	1,129.1	646.6	1,616.2	1,616.2	1,616.2	1,616.2
China Energy Shaanxi Shenyan Coal Co., Ltd.										
Xiwan Open-pit	1,369.5	3,036.7	3,063.9	3,132.0	3,257.6	1,606.2	3,614.3	3,660.8	3,729.9	3,937.5
China Energy Wuhai Energy Co., Ltd.										
Gongwusu	233.5	-	-	-	-	243.3	-	-	-	-
Huangbaici	411.5	-	-	-	-	444.3	-	-	-	-
Laoshidan	190.6	-	-	-	-	215.3	-	-	-	-
Limin	523.8	-	-	-	-	564.1	-	-	-	-
Luotuoshan	185.6	210.9	210.9	210.9	210.9	428.9	487.4	487.4	487.4	487.4
Lutian	335.4	-	-	-	-	374.9	-	-	-	-
Pinggou	-	-	-	-	426.5	-	-	-	-	562.9
Suhaitu	-	-	-	-	-	-	-	-	-	-
Wuhushan	310.9	-	-	-	-	356.8	-	-	-	-
China Energy Xinjiang Energy and Chemical Co., Ltd.										
Heishan Open-pit	1,303.2	3,293.8	3,294.0	3,294.0	3,294.0	1,471.9	3,696.8	3,697.0	3,697.0	3,697.0
Hongshaquan No.1 Open-pit		-	-	-	-		-	-	-	-
Hongshaquan No.2 Open-pit	284.8	-	-	-	-	347.9	-	-	-	-
Tunbao	145.9	334.6	354.5	331.1	380.8	166.0	435.0	457.3	442.0	536.7
Wudong	509.7	847.6	847.0	847.0	847.0	611.0	1,091.2	1,090.5	1,090.5	1,090.5
Zhundong Open-pit	886.4	-	-	-	-	1,085.8	-	-	-	-
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.										
Chahasu	1,020.0	-	-	-	-	1,242.6	-	-	-	-
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.										
Baiyinhua No.1 Open-pit	898.1	1,732.9	1,717.0	1,731.9	1,747.5	853.8	1,936.3	1,920.4	1,935.3	1,950.9
Boligou	-	-	-	101.1	202.1	-	-	-	227.5	455.0
Hesigewula South Open-pit	584.7	1,644.6	1,401.4	1,416.6	1,352.9	705.5	1,944.3	1,705.0	1,720.3	1,656.5
Yuanbaoshan Open-pit	710.3	2,131.2	2,150.5	2,260.5	2,336.7	843.7	2,491.2	2,507.6	2,621.2	2,701.3
Shanxi Jinshen Energy Co., Ltd.										
Ciyaogou	581.9	883.4	894.3	894.3	894.3	706.3	1,072.8	1,083.7	1,083.7	1,083.7
Shaping	291.7	562.3	582.0	571.7	575.4	440.0	886.5	905.0	894.6	879.4

2.10 Coal Preparation Plants

The subject China Energy mines own and operate a portfolio of coal preparation plants which process coals produced from their respective mining operations.

The current coal processing capacity by the CPPs (or surface production systems if no CPP is built) as provided by China Energy companies are summarized as follows:

Table 2-19 Coal Processing Capacity by Mine

Mine CPP	ROM Feed Capacity	
CHN Energy Guoyuan Power Co., Ltd.	(Mtpa)	(t/h)
Chaoyang Open-pit	11.0	3,000
Dananhu No.2 Open-pit	13.0	3,200
Renjiazhuang	4.0	758
Sandaogou	9.0	1,704
Shangyuquan	7.0	1,326
CHN Energy Shaanxi Shenyan Coal Co., Ltd.		
Xiwan Open-pit	13.0	3,500
CHN Energy Wuhai Energy Co., Ltd.		
Gongwusu	4.0	568
Huangbaici	1.8	340
Laoshidan	3.8	284
Limin	2.4	450
Luotuoshan	3.0	560
Lutian	1.2	227
Wuhushan	4.0	750
CHN Energy Xinjiang Energy and Chemical Co., Ltd.		
Heishan Open-pit	16.0	2,740
Hongshaquan No.1 Open-pit	30.0	11,500
Hongshaquan No.2 Open-pit	20.0	5,000
Tunbao	2.7	568
Wudong	8.0	1,515
Zhundong Open-pit	35.0	19,800
Guodian Jiantou Inner Mongolia Energy Co., Ltd.		
Chahasu	10.0	3,000
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.		
Baiyinhua No.1 Open-pit	12.0	3,500
Boligou	4.0	758
Hesigewula South Open-pit	15.0	4,400
Yuanbaoshan Open-pit	10.0	2,800
Shanxi Jinshen Energy Co., Ltd.		
Ciyaogou	-	-
Shaping	8.0	1,400

Wuhai Energy is the only subsidiary company producing coking coal among the subject entities, while the mines under the other subsidiaries produce thermal coal mainly used for power generation, chemical production, and domestic heating. As long as the coal quality can satisfy the requirements of the customers, the coal processing facilities may not operate necessarily at their full capacity to process all the ROM coal. Detailed CPP production data from each processing facility, such as percentage of ROM being processed, tonnage breakdown of products, etc., vary substantially by plant and by different years.

Typical shipped quality of the primary products from the subject mines, as reported by the subsidiaries of China Energy, are as follows:

Table 2-20 Typical Product Quality

	Typical Product Coal Quality			
	%			kcal/kg
Mine / CPP	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	25.2	49.2	0.24	2,110
Dananhu No.2 Open-pit	26.1	25.8	0.62	3,370
Renjiazhuang	33.9	4.5	2.36	4,710
Sandaogou	13.8	13.3	0.20	5,570
Shangyuquan	32.1	10.3	0.86	4,270
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	8.3	11.4	0.67	6,160
China Energy Wuhai Energy Co., Ltd.				
Hainan CPC Gongwusu Plant	10.5	9.8	2.50	5,860
Hainan CPC Laoshidan Plant	11.0	10.8	1.80	5,880
Limin	11.7	9.4	0.89	6,010
Luotuoshan	12.9	10.0	0.71	5,890
Wuda	9.0	10.5	2.00	6,600
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	9.8	7.3	0.62	6,290
Hongshaquan No.1 Open-pit	7.5	23.6	0.41	4,950
Hongshaquan No.2 Open-pit	9.5	23.0	0.85	4,730
Tunbao	23.5	11.6	0.01	4,940
Wudong	26.5	7.8	0.74	5,160
Zhundong Open-pit	7.2	28.5	0.63	4,270
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	7.1	15.2	0.39	5,830
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	25.8	30.4	0.67	3,260
Hesigewula South Open-pit	12.0	39.1	0.51	3,300
Wulantuga Open-pit	20.8	39.9	1.16	2,840
Yuanbaoshan Open-pit	30.2	25.6	1.47	3,480
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	27.3	9.3	1.41	4,730
Shaping	41.8	9.1	1.05	3,520

Primary processing technology used by the China Energy CPPs are summarized as follows:

Table 2-21 CPP Primary Separation Technology

Mine CPP	ROM Feed Capacity		
CHN Energy Guoyuan Power Co., Ltd.	(Mtpa)	(t/h)	Primary Separation Technology
Chaoyang Open-pit	11.0	3,000	Roller Crusher, Screen
Dananhu No.2 Open-pit	13.0	3,200	Roller Crusher, Screen
Renjiazhuang	4.0	758	3-Product HMC
Sandaogou	9.0	1,704	Roller Crusher, Screen
Shangyuquan	7.0	1,326	JIG, 3-Product HMC
CHN Energy Shaanxi Shenyan Coal Co., Ltd.			
Xiwan Open-pit	13.0	3,500	Roller Crusher, Screen
CHN Energy Wuhai Energy Co., Ltd.			
Gongwusu	4.0	568	TDS, 3-Product HMC
Huangbaici	1.8	340	Roller Crusher, Screen, JIG, 3-Product HMC
Laoshidan	3.8	284	Roller Crusher, Drum Crusher, 3-Product HMC
Limin	2.4	450	Drum Crusher, Screen, 3-Product HMC
Luotuoshan	3.0	560	Roller Crusher, Screen, 3-Product HMC
Lutian	1.2	227	Roller Crusher, Screen, 3-Product HMC
Wuhushan	4.0	750	TDS, 3-Product HMC
CHN Energy Xinjiang Energy and Chemical Co., Ltd.			
Heishan Open-pit	16.0	2,740	Roller Crusher,TDS
Hongshaquan No.1 Open-pit	30.0	11,500	Roller Crusher, TDS, HMV
Hongshaquan No.2 Open-pit	20.0	5,000	Roller Crusher,TDS
Tunbao	2.7	568	Roller Crusher, Screen, HMV
Wudong	8.0	1,515	TDS
Zhundong Open-pit	35.0	19,800	Roller Crusher, Screen
Guodian Jiantou Inner Mongolia Energy Co., Ltd.			
Chahasu	10.0	3,000	TDS, HMV
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.			
Baiyinhua No.1 Open-pit	12.0	3,500	Roller Crusher, TDS
Boligou	4.0	758	TDS, HMV
Hesigewula South Open-pit	15.0	4,400	Roller Crusher, Screen
Yuanbaoshan Open-pit	10.0	2,800	Roller Crusher, Screen
Shanxi Jinshen Energy Co., Ltd.			
Ciyaogou	-	-	-
Shaping	8.0	1,400	Roller Crusher, HMV

Note:
1. HMC - Heavey Media Cyclone
2. HMV - Heavy Media Vessel
3. TDS - Intelligent Dry Separator

2.11 Environmental Overview

We have completed an overview of environmental practices and policies at the China Energy Coal mines, and opines that environmental protection plans of the operations are in compliance with relevant PRC and Provincial laws and regulations. The subject mines have made diligent efforts to incorporate responsible environmental protection policies and practices into their operations and mine designs.

2.12 Risk Assessment

Given the large number of companies and assets under review, including both producing coal mines of different scales and mining methods and non-producing exploration right areas, it is not practical to evaluate risks on a mine-by-mine/area-by-area basis. The subject portfolio comprises operations that differ in geology, mine

design, production maturity, and regional conditions; however, they generally operate under comparable technical standards and regulatory frameworks. To provide a coherent and balanced overview, this report adopts a consolidated risk assessment framework, focusing on the overall risk exposure of the project package rather than on individual sites. Based on our independent assessment of the mining operations, we concludes that the subject China Energy mines and exploration areas are medium in overall risk, with elevated risks to the high level for certain aspects in some mines, for the following reasons:

- Supportive of Medium Risk:
  - Most of the operating mines of China Energy are mature operations with extensive operational experience, and all the properties are in established coalfields where general mining conditions are known and necessary infrastructure to support coal production and marketing are in place.
  - Overall ranking of the geologic setting of the defined resources/reserves within the subject mining/exploration right areas is moderate to complex.
  - Reserves to be mined during the risk assessment period are generally reasonably explored by drilling and mining experience to date, although local abnormalities are frequently encountered during actual underground operations.
  - While not anticipated, naturally occurring events, such as flooding due to excessive rainfall or an earthquake, could occur, but their impact would be regional in extent (i.e., not unique to the subject mines).
  - Typical of all coal mining operations, production may be temporarily interrupted, which, depending on the duration and magnitude of the interruption, could significantly impact total company performance.
  - Except for routine production risks that all coal mine operators experience, we have not identified any other extraordinary risks related to the future operation of the subject mines over the assessment period. The subject underground mines are at general industry risk for fires, explosions and flooding.
  - The exploration-stage tenements are classified as presenting a medium level of risk. Although these projects are still in the resource delineation stage and have not yet reached production feasibility, the current exploration results indicate stable coal-bearing formations with continuous seam development and favorable regional geology. The exploration activities have been conducted in accordance with national standards, and no material geological or permitting issues have been identified to date. However, uncertainties remain with respect to future drilling results, resource conversion, and permitting schedules. These uncertainties are typical for projects at this stage of development and are therefore assessed as representing a medium, rather than high, level of technical and investment risk.
- Supportive of High Risk:
  - Most of the operating Wuhai Energy mines feature limited coal resource bases and long histories of coal extraction, which on one hand means limited

availability of remaining coal resources/reserves, and on the other hand implies relatively more complicated mine working systems. The Laoshidan and Lutian mines will deplete their reserves during the assessment period.

- Approximately half of the underground mines (Renjiazhuang, Huangbaici, Laoshidan, Luotuoshan, Pinggou, Tunbao and Wudong) are ranked as high-gas mines, among which Tunbao are also ranked as bump-prone mines. This had brought in strict inspection and monitoring policies, such as reduced authorized output level and higher capital expenditures/costs on degasification and bump control facilities and operations. Although these mines have made detailed plans to understand and control the gas and bump risks, accidents do not appear totally impossible. It is likely similar or more strict policies could be issued if any accidents related to gas or bump occur.
- At projected output rates and current pricing, mining of the thicker seams is generally economic. However, if coal prices were to decline, and/or mining operations enter thinner seams, some mines may not be economic for certain periods because of locally complicated geological conditions, thinner coal seams, and lower productivity.
- Many of the China Energy mines are operated to supply coal to jointly developed power plants. If the planned consumption from the power plants declines due to delayed expansion of projects, while the regional coal mines release production capacity rapidly, a substantial oversupply of thermal coal may occur in the local market. In such a case, the imbalance between supply and demand could result in a notable decline in coal prices. Prolonged price depression would directly weaken the project's profitability and cash flow, and under adverse market conditions, the mine could even operate at a loss. Therefore, the synchronization between mine operations and the commissioning of the power plants is considered a critical factor for maintaining the mines' economic viability.

Our risk assessment for the China Energy mines in the period from 2025 to 2031 is summarized in the following matrix:

	Risk Assessment		
Hazard/Risk Issue	Severity	Probability	Overall
Geologic			
Overall (General)	Minor to Major	Possible to Likely	Medium
Unforeseen Anomalies	Minor to Moderate	Possible	Low to Medium
Reserve Availability	Minor	Likely	Medium to High
Naturally Occurring Events			
Weather	Minor to Major	Possible	Low
Earthquakes	Minor to Major	Possible	Low
Operational Productional			
Routine Operational Risks	Minor to Moderate	Possible	Medium
LW Subsidence	Minor to Moderate	Possible	Low to Medium
Major Events			
Major Equipment Fire	Minor to Major	Possible	Low
Explosions	Minor to Major	Unlikely	Low
Floods	Minor to Major	Unlikely	Low
Bumps / Pit Wall Failures	Moderate to Major	Possible	Low to Medium
Flooding of Pit	Minor	Possible	Low
External – Regulation	Moderate to Major	Possible	Medium to High
Market - Commercial	Moderate to Major	Possible	Medium

2.13 Economic Analysis

The CP prepared a Discounted Cash Flow (DCF) analysis to estimate the Net Present Value (NPV) of each of the subject mining operations. Our Base Case NPV results at

a discount rate of 7.1% as of 31 July 2025 are all positive, as summarized in the following table:

Table 2-22 China Energy NPV at Different Discount Rates

	NPV Under Various Sensitivity Cases (RMB Millions)					
Mine	6.0%	7.0%	Base Case (7.1%)	8.0%	9.0%	10.0%
China Energy Guoyuan Power Co., Ltd.						
Chaoyang Open-pit	1,881	1,593	1,562	1,350	1,144	968
Dananhu No.2 Open-pit	4,540	4,015	3,958	3,571	3,195	2,873
Renjiazhuang	2,832	2,628	2,605	2,446	2,284	2,140
Sandaogou	3,792	3,493	3,460	3,228	2,992	2,781
Shangyuquan	2,263	1,913	1,875	1,620	1,373	1,163
China Energy Shaanxi Shenyan Coal Co., Ltd.						
Xiwan Open-pit	26,820	24,093	23,797	21,795	19,845	18,178
China Energy Wuhai Energy Co., Ltd.						
Gongwusu	303	49	21	(167)	(351)	(508)
Huangbaici	159	49	37	(47)	(131)	(204)
Laoshidan	53	20	16	(10)	(37)	(61)
Limin	203	56	40	(68)	(173)	(261)
Luotuoshan	97	38	31	(16)	(65)	(109)
Lutian	5	5	5	5	5	5
Pinggou	148	61	51	(7)	(59)	(98)
Suhaitu	-	-	-	-	-	-
Wuhushan	152	67	57	(6)	(68)	(120)
China Energy Xinjiang Energy and Chemical Co., Ltd.						
Heishan Open-pit	9,871	8,180	7,998	6,780	5,612	4,632
Hongshaquan No.1 Open-pit	406	51	13	(238)	(475)	(671)
Hongshaquan No.2 Open-pit	460	65	23	(243)	(484)	(671)
Tunbao	180	25	8	(101)	(202)	(284)
Wudong	307	108	86	(55)	(188)	(298)
Zhundong Open-pit	667	80	19	(378)	(737)	(1,019)
Guodian Jiantou Inner Mongolia Energy Co., Ltd.						
Chahasu	7,977	7,331	7,259	6,762	6,258	5,808
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.						
Baiyinhua No.1 Open-pit	6,233	5,371	5,277	4,650	4,043	3,529
Boligou	3,724	3,378	3,340	3,077	2,812	2,579
Hesigewula South Open-pit	13,630	12,231	12,077	11,039	10,017	9,136
Yuanbaoshan Open-pit	220	89	75	(22)	(118)	(199)
Shanxi Jinshen Energy Co., Ltd.						
Ciyaogou	2,671	2,481	2,459	2,309	2,153	2,012
Shaping	304	197	186	109	35	(26)

As a result, we conclude there is reasonable expectation that the Coal Reserves reported for the mines are economically mineable as of 31 July 2025.

2.14 Conclusions

Based on our review of the coal resource data and the methodology used to estimate the resources and reserves, which were supplemented by visits to the site and interactions with China Energy personnel, we have a high degree of confidence that the resource and reserve estimates shown in this report are a reasonable

representation for the China Energy Coal mines.

BOYD has reviewed the documentation provided by China Energy with regard to the company's coal resource holdings. To the extent supported by the documentation, we have accepted that China Energy holds the mining rights evaluated in this report for the documented periods.

3.0 GEOLOGY AND RESOURCES/RESERVES

The portfolio of 47 mining/exploration concessions detailed in this report comprises 28 mining licenses (17 underground and 11 open-pit) and 19 exploration licenses (17 potential underground and 2 potential open-pit). These deposits are situated within coalfields across northern China, specifically in the provinces of Heilongjiang, Shanxi, Shaanxi, and Ningxia, and the Xinjiang and Inner Mongolia autonomous regions.

To present the geological characteristics and resource/reserve status of these coal mines in a structured manner, this chapter is divided into two parts.

Part 1: Overview
This section provides a high-level summary, discussing the collective geological characteristics of all coal mines from an overarching perspective. It covers aspects such as regional geology, stratigraphy, coal seams, geological structures, primary data, resource/reserve classification, and the methodologies used for resource and reserve estimation.

Part 2: Detailed Analysis by Mine Grouping
This section details the geological characteristics and presents the estimation parameters and results for resources and reserves. The subject coal mines are organized into groups based on their holding company, coalfield, and mining method. This grouping allows for a focused discussion of mines sharing similar geological structures and operational practices within the same coalfield.

Part1 Overview

3.1 Geology

On a global basis, the geologic settings, or nature, of the mining/exploration rights areas included in this report are judged to vary from simple to complex. At most of the mines, the coal seams have a moderate dip of between 5 and 20 degrees. However, in some areas of the Zhundong and Zhunnan coalfields in Xinjiang Autonomous Region, the coal seams dip increases to 30 degrees due to folding. The Wudong Coal Mine is an isolated case. The coal seams within its area form a large syncline between the northern and southern regions. The coal seams in the northern region have dips between 40 and 50 degrees, whereas in the southern region the dips reach up to 85 degrees. Typically, the mines in Heilongjiang, Shanxi, Shaanxi and Erdos area of the Inner Mongolia Autonomous Region have favorable geologic settings, with gentle seam dips and less faulting and folds. The mines in other areas typically have moderate to complex geologic settings due to faulting, seam splitting and thinning and sand channel erosion. The presence of burnt areas in coal seams near outcrops is common in Xinjiang coal mines. It is also one of the factors that complicate the occurrence of coal seams.

3.1.1 Stratigraphy

The mining/exploration rights areas included in this report are located in various coalfields located spanning nine coal bearing formations from the four major coal forming periods across northern China, as shown below:

Age of Coal Bearing Strata	Coal Bearing Formation
Carboniferous and Permian	Shanxi and Taiyuan
Cretaceous	Damoguaihe
Cretaceous	Yimin and Damoguaihe
Cretaceous	Fuxin
Jurassic	Yanan
Jurassic	Xishanyao and Badaowan
Neogene and Paleogene	Fujin

The strata are typically interbedded with numerous coal seams, separated by shale, siltstone, sandstone, and limestone. The coalfields are covered by poorly consolidated Quaternary alluvial deposits ranging in depth from 0 m to 120 m, typically between 20 m and 80 m thick.

3.1.2 Coal Seams

All of the coalfields reported on in this document contain multiple coal seams. While the names of the coal seams vary across different coalfields, they generally adhere to one of two methods, as illustrated below:

- The descending stratigraphic order approach,
- The ascending stratigraphic order approach.

The descending stratigraphic order approach is used in most coalfields, except for the Zhundong and Zhunnan coalfields in the Junggar Basin and the Houxia Coalfield in Tuokexun County of Xinjiang Autonomous Region. This approach is to assign major seam groups a number in stratigraphically descending order (the upper most seam being the lowest number). Within a seam group there may be several seams which are designated a superscript number, also assigned in descending order (e.g., 5^{-1}). When a seam splits, the splits are typically labeled as upper, middle, or lower (e.g., 5^{-1U}, 3L, etc.). If there is further splitting, an additional number is then assigned in the superscript (e.g., 5^{-1U-1}).

Whilst the ascending stratigraphic order approach is used in the Zhundong, Zhunnan and Houxia coalfields. Under this approach, the major seam is labeled with a letter in stratigraphically ascending order (the lower most seam being Seam A). When a seam splits, the splits are typically labeled with a number in stratigraphically ascending order (e.g., B1, B2, etc.). If there is further splitting of the upper or lower split, an additional label of either upper, middle or lower is then assigned (e.g., B1U, B1L, etc.).

3.1.3 Structure

The structural setting in the coalfields varies from simple to moderate in the Permian and Carboniferous age coalfields, simple to moderate in the Jurassic and Cretaceous age coalfields, and moderate in the Paleogene and Neogene coalfield.

While the seams in the Permian and Carboniferous coalfields (i.e. Hedong, Helanshan, Zhunge'er, Ningdong and Zhuozishan) are typically flat lying with dips of 4 to 15 degrees (with the exception of two mines in Zhuozishan Coalfield, the 22-degree dip at Gongwusu and 17-degree dip at Hongliushu West), all the deposits are impacted by simple to moderate faulting. The Hedong Coalfield features a gently west-dipping north-south-trending monocline with secondary broad folds. Faults are sparse and small-scale, with limited fractures. In the Helanshan, Ningdong and Zhuozishan coalfields, there are major faults having vertical displacements of over 100 m that separate the mine area into mining districts. Major faults greater than 10 m were identified by seismic surveys. However, during mining many smaller faults were identified. These smaller faults have varying impacts on mining. In the thicker seam at mines in these coalfields, there is moderate impact on mining since the fault throw is less than the seam thickness. However, in the thinner seams, these faults can

completely displace the seam and therefore have a more significant impact on mining. Though the coal-bearing strata in the Zhunge'er Coalfield is favorably flat lying with a 5-degree dip, we expect the moderate faulting in the Boligou mine to impact the longwall layout in future mining operations.

The structural setting of the coal bearing strata underlying the Jurassic coalfields in the Shaanxi Province (i.e., the Dongsheng and Shaanbei coalfields) is generally simple. The seams are flat lying with a 1-to-3-degree dip, few faults, and sand erosion encountered occasionally during mining operations. The structural setting of the Jurassic coalfields in the Xinjiang Autonomous Region (i.e. the Dananhu, Zhundong, Zhunnan, Nileke and Houxia coalfields) is typically moderate. However, the Dananhu West F1 South Exploration Right area is subject to significant faulting and has a more complex structural setting. The Jurassic coal-bearing strata of the Helanshan Coalfield also has complex structures due to active faulting activities in the region.

Coal seams in the cretaceous coalfields (i.e., the Baiyinhua, Hesigewula, Yuanbaoshan and Yimin coalfields) are typically subject to moderate splitting and multiple in-seam partings. Moderate faulting is also a complicating factor for the Yimin Coalfield.

Of all the coalfields described in this report, the Baoqing Coalfield is the only one formed during the Neogene and Paleogene. Its favorable structure results from a gently northwest-dipping monocline, with minimal faulting impacting the open-pit mining operation.

To illustrate the structural setting, we have included one structure map showing cross section locations, and two cross sections for each mine. These figures are listed and contained in Appendix A.

3.2 Source Data

3.2.1 Data Defining Coal Occurrence and Quality

Typically, each mine has exploration reports from various stages of its development. Additional resource and reserve verification reports are required when applying for mining rights or during mining tenure modifications. Updated geological reports typically incorporate all essential data from previous versions. We have examined the different editions of the geological reports for each mine to ensure that our estimates utilize all valid geological data. The data used included available drill logs, quality data, and the complete exploration report with resource maps, figures, and cross sections. While we used the data as a base for our study, we prepared our own resource maps for use in our independent estimation of coal resources/reserves in accordance with the JORC Code.

Exploration drillings of each mine were conducted by exploration teams licensed by the PRC government. There are extensive written standards on all aspects of the exploration programs that must be followed. All programs must include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Exploration results are presented in reports that must be approved by the government in order for the mining company to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation.

The Chinese Geological Reports were prepared in accordance with Chinese government requirements and mining standards for use by Chinese regulatory authorities. They cannot and have not been disclosed as public reports under the JORC Code. Based on our review of these geological reports, we consider the disclosed resources to be representative or analogous to Inventory Coal. Therefore, after reviewing the reports, we have independently estimated the resources and reserves using the borehole data and coal quality data contained within them.

The types of data defining coal occurrence, and the procedures used to obtain the data, are the same for all of the subject properties. All exploration was conducted to Chinese standards and included the following procedures:

- All holes were continuously core drilled using standard Chinese drilling equipment. Core drills used water and mud media, double split core barrels with carbide bits, and core diameter was typically 6.5 -7.5 cm.
- Holes were drilled vertically in all mines except Wudong, which utilized directional inclined holes for exploring steeply dipping coal seams ranging 45 to 85 degrees.
- All core was logged and sampled by on-site geologists. The core was photographed. Select holes were geotechnically logged and geotechnical samples were taken.
- The entire core for all mineable coal seams was sampled and there was no subsampling. Partings greater than 0.01 m thick were removed from the coal seam and sampled separately. Separate parting, roof and floor samples (each 0.1 m thick) were also taken.
- Core recovery was determined by measuring the sample length and weight, which was later compared with the geophysical logs that were run after the hole was completed. According to Chinese Standards, the minimum acceptable linear and weight recovery requirements are 75% and 60%, respectively. Seam cores with lower recoveries were not analyzed per Chinese standards. While these minimum recoveries are lower than some international standards, actual core recoveries were generally higher.

- All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
- Upon completion of drilling, all drill holes were geophysically logged. Logs run include natural gamma, density, resistivity, calliper, and vertical deviation.
- Drill holes were plugged and locations were surveyed using either the 1954 Beijing Coordinate System, the 1980 Xi'an Coordinate System, or the 2000 National Coordinate System. The system used was subject to variation based on the drilling program's implementation timeline. The topographic control is appropriate for both the flat and hilly terrain.
- Samples taken for analytical testing were delivered to a licensed laboratory where individual samples were weighed, air dried, crushed, and riffled according to Chinese standards. Subsamples of the riffled samples are taken for various analyses, with the remainder of the sample retained for future analyses.
- According to Chinese Standards, the laboratories conduct quality control procedures, including sending duplicates to other labs and internal audits.

3.2.2 Other Data

In addition to the geological data described above, we were provided with mine and processing plant design reports, historical operational data, mine plans, and future projections, all of which were analyzed to derive the technical and economic parameters for reserve estimation.

Furthermore, the CP visited each subject companies and discussed current mine development plans with appropriate technical personnel. Current mine maps and plans were also provided for the purpose of this report.

3.3 Resource/Reserve Classification

In the estimation and reporting of reserves, modifying factors (mining, processing, metallurgical, infrastructure, economic, marketing, legal, environment, social, and government factors) must be considered. Two major factors typically used to classify coal resource/reserves are:

- Geologic assurance of existence.
- Economic viability.

All systems require that the degree of geological assurance of existence be separated into various categories based on the spacing of points of observation (drill holes, mine measurements, and outcrop measurements). Economic viability of resources is determined by a scoping study or preliminary economic assessment that identifies that there are reasonable prospects for eventual economic extraction. Economic viability

of reserves must be determined by a prefeasibility or feasibility study. Typically, the determination of resources is conducted first, and if warranted, is followed by the determination of reserves.

All of the subject mines had Chinese standard resource reports that were followed by mine design reports. Since our independent estimates of coal resources are being prepared after the mine design reports and development of the available mine plans, our estimates exclude some areas that may have had reasonable prospects for eventual economic extraction prior to the mining studies, but now lie in mining barriers. Therefore, the areas covered in our resource estimates do not match prior estimates prepared before the mining studies.

The CP prepared resource estimates for all subject mines in accordance with the JORC Code (2012 Edition).

The following definitions are provided by the JORC Code, and used in this report:

> 'Coal Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Coal Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Coal Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
>
> An 'Inferred Coal Resource' is that part of a Coal Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
>
> An 'Indicated Coal Resource' is that part of a Coal Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.
>
> A 'Measured Coal Resource' is that part of a Coal Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and

final evaluation of the economic viability of the deposit.

Coal Reserves are those portions of Coal Resources that, after the application of all Modifying Factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, can be the basis of a technically and economically viable project, after taking account of material relevant Modifying Factors. Deriving a Coal Reserve without a mine design or mine plan through a process of factoring of the Coal Resource is unacceptable.

A 'Probable Coal Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Coal Resource. The confidence in the Modifying Factors applying to a Probable Coal Reserve is lower than that applying to a Proved Coal Reserve.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Coal Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

The JORC Code requires that all resources must have a reasonable prospect for eventual economic extraction. The criteria used by the CP to determine resources that meet this requirement are discussed in the following resource/reserve section of this report.

In developing the appropriate drill hole spacing for reliability classification, both the structural setting and depositional setting were evaluated. As discussed in the geology section of this report, the geologic setting, or nature, of the resource areas is judged to vary from simple to complex.

The structural setting of the individual mining rights areas varies from simple to complex. The strata are mostly flat lying or moderately dipping, however moderate to severe faulting is a complicating factor. Post-sedimentary palaeochannels and coal burning along the outcrop are also complicating factors in some specific mines.

The depositional setting varies from simple to moderate. Splitting and thinning of some of the coal seams is also a complicating factor to the geologic setting.

Based on our detailed review of the geologic setting of each seam at each mine, we judge the overall geologic setting to be simple to complex and have assigned the following drill hole spacing criteria for classification of estimated resources:

Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Simple	750	1,500	<2,500
Moderate	500	1,000	<2,000
Complex	400	800	<1,600

While some areas of the deposits are considered complex due to severe faulting, most were excluded from our resource/reserve estimates, or in a few cases given a low mining recovery.

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

3.4 Resource/Reserve Estimate Approach

The estimates of coal resources/reserves presented herein have been independently prepared by the CP using drilling and other source data provided by the subject companies, and calculation procedures developed by the CP.

3.4.1 Resources

In general, our approach in preparing estimates of the coal resources included the following:

- Independent review and interpretation of the source exploration data.
- Review of seam correlation.
- Identification of coal seam occurrence greater than 0.7 m thick for metallurgical coal, 0.8 m thick for bituminous thermal coal, and 1.5 m thick for lignite for underground mines, and 0.5 m thick for open-pit mines.
- Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans.
- Preparation of coal isopach maps within the identified resource areas.
- Review of seam quality.

The seam resource maps provided were used as the starting point for our estimates, and were updated by the CP to include newer features, such as changes in the mining right area, mine barriers, etc.

Based on our economic evaluation of the past and current mining practices (see Chapter 4), the above mentioned minimum seam thickness cutoffs were selected as being appropriate to define coal resources and coal reserves.

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas for the underground mines, and Carlson SurvCADD for the open-pit mines.

3.4.2 Reserves

In general, our approach to preparing estimates of coal reserves included the following:

- A LW mine plan was developed for each underground resource area using the provided life of mine or five-year plans, the main roadway layout from the mine design report and current plans. Most panel layouts are of similar orientation as required for geotechnical considerations. A pit shell was developed for each open-pit resource area using the provided pit crest and pit bottom lines.
- Underground mine plans were not developed for resource areas that could not be logically accessed from the main roadways, nor for small or irregular resource areas that could not support a logical panel layout. Open-pit mine plans were not developed for resource areas that could not support a reasonable pit.
- Areas of inferred resources were not included in the mine plans.

After the mine plan was developed for the resource area, estimates of reserves were prepared within the defined mine plan for each coal seam, by mining rights area.

3.5 Coal Resources/Reserve Estimates

Resource estimates were prepared from the seam maps showing the resource areas and reserves for those portions of the resource areas included in the mine plan (subject to confirmation of economic mineability).

Resource estimates are inclusive of reserves as they include the entire resource area both outside and within the mine plan. Reserves are only estimated within the defined mine plan (and in accordance with the JORC Code do not include areas of inferred resource).

3.5.1 Resource Estimates

Estimates of coal resources are stated on an in-situ seam (coal plus partings) basis and assume 100% ownership of the coal. Our estimates for underground mines were prepared by defining, measuring and then aggregating areas of equal coal thickness (as defined on the coal isopach maps), by resource classification and by LW face. Our estimates for open-pit mines were prepared by data compilation, data validation, geologic modeling, classification assignment, and resource calculation.

The resource estimation for Mining/Exploration Rights considers the following key factors: coal specific gravity (S.G.), seam dip, in-seam parting thickness and parting S.G. During our resources estimates, all partings with mining potential alongside coal are included in the resource tonnages. During open-pit mining operation, partings exceeding 50 cm are typically stripped separately.

In situ coal density of each seam varies from 1.23 to 1.50. The in-seam partings are assigned a S.G. of 2.1. The reserve factor table for each subject company in Part 2 provides details of the specific additional parameters used to estimate the resources

for each mine/seam.

We have estimated coal resources for all the subject mining and exploration rights, except Suhaitu Mine and Kabuqi Deep Exploration Area. Suhaitu Mine had depleted its coal resources years ago, and is currently recovering the remaining coal pillars left by previous mining activities using open-pit method in the name of environmental protection (preventing future spontaneous combustion and prepare the mined-out area for reclamation), as approved by the local government. Kabuqi Deep Exploration Area is the deeper area located under the Pinggou Mine, while the exploration right for this area has not been approved by the time our report is prepared, according to the source data provided by Wuhai Energy, the authorized mining elevation of Pinggou Mine overlaps with the upper part of Kabuqi Deep Exploration Area, therefore the coal resources occurred in the 16-1 seam and 16-2 seam which are situated within the overlapped elevation range have been included in our resources and reserve estimation for Pinggou Mine, however the lower 17 seam and 18 seam are not included, as the drilling data of these two seams are too limited to support a resource estimation according to JORC Code.

Our resource tonnage estimates (on a 100% ownership basis) for the mines included in this report, as of 31 July 2025, are as follows:

Table 3-1 Coal Resources Estimates – All Mines

Mine	In-Place Resources (Mt)				% of
	Measured	Indicated	Inferred	Total	Resource
China Energy Baotou Mining Co., Ltd.					
Exploration Rights					
Yinminhe East Backup	215.84	118.73	995.85	1,330.43	2.7
Yinminhe East No.2	1,281.35	749.29	911.03	2,941.67	6.0
Yinminhe East Peripheral	119.27	163.94	144.66	427.87	0.9
Subtotal	1,616.46	1,031.96	2,051.54	4,699.96	9.5
China Energy Guoyuan Power Co., Ltd.					
Mining Rights					
Chaoyang Open-pit	268.05	237.92	436.42	942.39	1.9
Dananhu No.2 Open-pit	429.03	1,427.48	446.79	2,303.30	4.7
Renjiazhuang	134.24	27.17	5.07	166.48	0.3
Sandaogou	-	349.23	433.13	782.36	1.6
Shangyuquan	554.65	291.13	56.54	902.32	1.8
Exploration Rights					
Dananhu West F1 South	496.34	776.17	1,048.58	2,321.09	4.7
Dananhu West No.1 East	-	588.73	132.59	721.32	1.5
Dananhu West No.3	876.24	578.10	478.09	1,932.43	3.9
Data	36.39	150.44	204.78	391.61	0.8
Huangbai	802.04	450.91	315.08	1,568.03	3.2
Subtotal	3,596.98	4,877.28	3,557.06	12,031.33	24.3
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Mining Rights					
Xiwan Open-pit	227.65	606.12	331.85	1,165.62	2.4
Subtotal	227.65	606.12	331.85	1,165.62	2.4
China Energy Wuhai Energy Co., Ltd.					
Mining Rights					
Gongwusu	-	106.45	-	106.45	0.2
Huangbaici	41.57	4.67	8.34	54.58	0.1
Laoshidan	15.13	-	-	15.13	0.0
Limin	-	46.22	-	46.22	0.1
Luotuoshan	57.85	11.70	-	69.56	0.1
Lutian	0.58	-	-	0.58	0.0
Pinggou	-	77.67	-	77.67	0.2
Suhaitu	-	-	-	-	0.0
Wuhushan	33.89	21.68	1.87	57.43	0.1
Exploration Rights					0.0
Kabuqi Deep Exploration Area	-	-	-	-	0.0
Hongliushu West	-	45.58	21.94	67.51	0.1
Subtotal	149.02	313.97	32.14	495.14	1.0
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Mining Rights					
Heishan Open-pit	198.26	509.20	886.91	1,594.37	3.2
Hongshaquan No.1 Open-pit	1,471.17	1,332.25	607.03	3,410.45	6.9
Hongshaquan No.2 Open-pit	945.09	1,970.50	998.05	3,913.64	7.9
Tunbao	151.55	78.61	0.31	230.47	0.5
Wudong	-	597.21	225.66	822.86	1.7
Zhundong Open-pit	770.48	781.63	845.95	2,398.06	4.9
Exploration Rights					
Jiangjunmiao	941.33	1,653.18	1,256.73	3,851.24	7.8
Liuhuanggou No.4	71.45	427.92	233.09	732.47	1.5
Wucaiwan No.2	-	175.59	2,001.85	2,177.44	4.4
Wucaiwan No.3	-	1,542.53	1,504.44	3,046.96	6.2
Wucaiwan No.5	403.65	309.60	970.27	1,683.51	3.4
Subtotal	4,952.98	9,378.21	9,530.29	23,861.48	48.3
Guodian Jiantou Inner Mongolia Energy Co., Ltd.					
Mining Rights					
Chahasu	649.04	285.03	158.71	1,092.78	2.2
Subtotal	649.04	285.03	158.71	1,092.78	2.2
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Mining Rights					
Baiyinhua No.1 Open-pit	675.98	74.07	0.26	750.31	1.5
Boligou	277.84	95.10	43.33	416.26	0.8
Hesigewula South Open-pit	965.40	22.61	64.92	1,052.93	2.1
Yuanbaoshan Open-pit	191.57	42.33	67.01	300.91	0.6
Exploration Rights					
Heidaigou	187.82	543.30	29.21	760.33	1.5
Jinsanjiao East	311.47	106.43	8.65	426.56	0.9
Jirentai Youyan West	220.57	77.16	6.50	304.23	0.6
Jirentai West	691.79	731.45	147.41	1,570.64	3.2
Subtotal	3,522.44	1,692.45	367.29	5,582.18	11.3
Shanxi Jinshen Energy Co., Ltd.					
Mining Rights					
Ciyaogou	110.77	4.71	-	115.48	0.2
Shaping	340.00	37.84	-	377.84	0.8
Subtotal	450.77	42.56	-	493.32	1.0
Total	**15,165.33**	**18,227.59**	**16,028.88**	**49,421.80**	**100.0**

Note: 1. Figures may not add due to rounding.
2. The reported Coal Resources are inclusive of the Coal Reserves.

3.5.2 Reserve Estimates

The CP completed an economic analysis for all the mines to determine if the projected mine operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mines which have reasonable expectations to be economically mineable.

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process) and moisture gained during mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing and increased moisture as the result of the washing process.

All the subject mines produce coal, and all the exploration right areas plan to produce coal, either by underground LW methods or open-pit methods. Actual and planned underground mines in thick seams (greater than 6 m) use sub-level caving LWs and in thinner seams conventional LW systems are used. All open-pit mines use the shovel-truck method to extract coal seams.

Due to the lack of mine designs and authorization for mining rights, none of the exploration rights included in this report have undergone reserve estimation. We have only estimated the reserves for the mining rights areas, with the exception of Suhaitu.

Underground mine plan recovery is estimated based on the geologic complexity (both structural and depositional), the shape of the mine plan area, the coal seam thickness and mining equipment (shields and shearers) installed. Mine plans are developed in order to maximize recovery of the resources. However, 100% recovery of these theoretical plans is rarely achieved, since: (a) geologic features and mine development scheduling can result in shortening or removal of projected panel areas, and (b) selected mining equipment may not be able to cut the full seam vertically in some areas due to a change in the seam thickness.

The maximum achievable plan recovery within the underground mine LW plan areas is 95% (for LWs that have been set up, with gate roads and cuts developed). Most of the subject mines have been in production for years and projected mining is considered low risk. The reserve areas are restricted to LW areas (i.e., areas not suitable for LW mining are excluded). In assigning the estimated likely plan recoveries for each LW, we have used: (1) 75% in areas where backfill LW mining technical is applied, (2) 80% to 85% for uniform LWs with few geologic anomalies, and (3) 90% to 95% for uniform LWs that have been set up. The irregular shaped areas, which have limited coal tonnage, have been considered as resource areas, since the projected mine plan does not recover coal in these areas.

Vertical mining recovery is determined by the type of LW equipment installed on the LW face. The subject companies use two types of FM LW equipment, one with and the other without sublevel caving capabilities (FM LW SLC and FM LW. respectively), depending on seam height.

In the +6 m thick seams, FM LW SLC equipment is typically installed. When using this equipment within a developed panel, 100% of the lower ply of the seam (varies from 3.0 m to 4.5 m) is recovered by the shearer. Then doors installed in the shields are opened, and the overlying roof coal collapses through the doors. When rock roof material is seen, the doors are closed. Based on discussion with the technical personnel from each subject mine and the CP's experience on FM LW SLC mining method in China, we estimate that approximately 80% of the collapsed roof coal is recovered. Therefore, the overall coal seam recovery within a panel is the combined 100% recovery of the bottom ply and 80% of the thickness of the roof coal.

FM LW equipment having a maximum 4.5 m operating height is applied in the thinner seams where seam height warrants, as well as the lower profile equipment for thinner splits. Vertical mining recovery of the FM LW is determined by the maximum cutting height of the equipment installed on the LW face, as well as the competency of the roof rocks. If seam height changes and there are sufficient reserves, the mines routinely change to higher or lower profile equipment to maximize coal recovery. For areas that have a seam thickness greater than the height that the equipment can fully cut, the mineable coal thickness equals the maximum cutting height of the equipment. When the dilution from the roof rock of a coal seam is an identified issue, it is a common practice for an underground coal mine to leave the top 0.2 m to 0.3 m of the coal seam to avoid roof rock dilution, resulting in a lower vertical coal recovery. Based on the historical performance, the subject mines do not have this kind of issue.

When the coal seam is thinner than the minimum cutting height of the equipment installed on the LW face, OSD thickness is determined by the difference between the seam thickness and minimum cutting height. Considering the widespread faulting in the subject mines, we assumed 0.05 m, 0.1 m and 0.2 m of additional OSD for FM LW in thinner seams, FM LW SLC in thicker seams, and FM LW SLC in the very thick seams, and 3% of OSD for open-pit mines. An as received density of 2.3 S.G. is assigned to OSD. Moisture gain from mine spray water is estimated at 2% for underground mines. These factors are typical for Chinese LW and open-pit operations.

Coal produced underground or in the pit is transported to the plant, where the ROM product is screened and processed. All the active mines have 100% of the produced raw coal processed in their CPPs, except for the Renjiazhuang, Wudong and Ciyaogou mines which sell raw coal products after crushing and screening.

The flexibility of coal preparation processes and final product schemes in coal

preparation plants enables these plants to adapt to processing ROM coal from different coal seams of corresponding mines. Given that geological conditions vary across different mines and coal seams, the saleable coal yield of ROM coal from different seams also differs. To reasonably reflect the saleable coal yield of each coal seam and based on our extensive experience in Chinese coal industry, we have made a reasonable assumption that the yield of the pure coal content for each seam is 95%, with a rejection rate of waste materials at 80%. Accordingly, the product coal yield for each respective coal seam has been calculated.

All mines produce thermal coal products, except the Wuhai Energy mines, which also produce coking coal. The thermal products include both clean and mixed products. Further information on coal preparation is contained in Chapter 5 of this report.

Our reserves tonnage estimates (on a 100% ownership basis) for the mines included in this report, as of 31 July 2025, are as follows:

Table 3-2 Coal Reserves Estimates – All Mines

Mine	Recoverable Reserves (Mt)			Marketable Reserves (Mt)			% of
	Proved	Probable	Total	Proved	Probable	Total	Reserves
China Energy Guoyuan Power Co., Ltd.							
Chaoyang Open-pit	258.13	230.69	488.82	250.15	216.85	467.00	4.0
Dananhu No.2 Open-pit	314.81	1,105.52	1,420.33	299.07	1,050.24	1,349.31	11.7
Renjiazhuang	70.35	12.44	82.79	60.61	11.30	71.91	0.6
Sandaogou	-	187.62	187.62	-	180.80	180.80	1.6
Shangyuquan	296.43	136.15	432.58	210.77	117.18	327.94	2.8
Subtotal	939.72	1,672.42	2,612.14	820.59	1,576.37	2,396.96	20.8
China Energy Shaanxi Shenyan Coal Co., Ltd.							
Xiwan Open-pit	192.85	273.64	466.49	187.06	265.43	452.50	3.9
Subtotal	192.85	273.64	466.49	187.06	265.43	452.50	3.9
China Energy Wuhai Energy Co., Ltd.							
Gongwusu	-	49.96	49.96	-	39.52	39.52	0.3
Huangbaici	22.89	1.23	24.13	19.48	0.98	20.46	0.2
Laoshidan	10.07	-	10.07	7.50	-	7.50	0.1
Limin	-	31.37	31.37	-	26.07	26.07	0.2
Luotuoshan	15.38	1.64	17.02	11.05	1.24	12.28	0.1
Lutian	0.57	-	0.57	0.51	-	0.51	0.0
Pinggou	-	42.97	42.97	-	33.61	33.61	0
Suhaitu	-	-	-	-	-	-	-
Wuhushan	23.52	11.72	35.24	16.94	8.79	25.73	0.2
Subtotal	72.43	138.89	211.32	55.47	110.21	165.68	1.4
China Energy Xinjiang Energy and Chemical Co., Ltd.							
Heishan Open-pit	195.47	411.55	607.02	185.90	390.97	576.88	5.0
Hongshaquan No.1 Open-pit	1,341.20	1,195.89	2,537.09	1,274.33	1,136.10	2,410.43	20.9
Hongshaquan No.2 Open-pit	815.09	1,580.91	2,396.00	774.57	1,501.86	2,276.43	19.7
Tunbao	71.65	27.28	98.93	62.14	24.70	86.84	0.8
Wudong	-	217.84	217.84	-	193.05	193.05	1.7
Zhundong Open-pit	546.93	623.42	1,170.35	526.45	592.25	1,118.70	9.7
Subtotal	2,970.34	4,056.89	7,027.23	2,823.40	3,838.93	6,662.33	57.7
Guodian Jiantou Inner Mongolia Energy Co., Ltd.							
Chahasu	482.18	147.65	629.83	429.93	134.21	564.14	5
Subtotal	482.18	147.65	629.83	429.93	134.21	564.14	4.9
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Baiyinhua No.1 Open-pit	356.09	8.87	364.96	338.32	8.43	346.75	3.0
Boligou	111.17	14.14	125.31	87.91	10.81	98.72	0.9
Hesigewula South Open-pit	554.28	1.74	556.02	526.56	1.66	528.22	4.6
Yuanbaoshan Open-pit	136.12	13.08	149.20	129.31	12.43	141.74	1.2
Subtotal	1,157.66	37.83	1,195.49	1,082.11	33.31	1,115.43	9.7
Shanxi Jinshen Energy Co., Ltd.							
Ciyaogou	65.00	1.50	66.50	56.30	1.28	57.58	0.5
Shaping	151.33	8.65	159.98	126.72	7.68	134.40	1.2
Subtotal	216.33	10.15	226.48	183.02	8.96	191.97	1.7
Total	**6,031.50**	**6,337.47**	**12,368.97**	**5,581.58**	**5,967.42**	**11,549.01**	**100**

Note:Figures may not add due to rounding.

3.6 Coal Quality

The age of the coal-bearing strata within the mining/exploration rights areas ranges from the Late Carboniferous-Early Permian to the Jurassic and the Cretaceous, as well as the Paleogene and Neogene. Typical coal quality characteristics at each geological period are summarized in the following table:

Table 3-3 General Coal Quality by Geological Period

Geological Period	Typical Coal Rank & Type	Key Quality Characteristics	Depositional Environment & Notes
Late Carboniferous to Early Permian	Bituminous coal (Coking coal in Wuhai Area)	Variable sulfur content in the Carboniferouos seams	Coastal/Paralic, seawater influence led to higher sulfur & pyrite content
Jurassic	Low-rank bituminous coal, occasional anthracite	Low to medium ssh, generally low sulfur, high calorific value	Inland/Lacustrine, oxidizing conditions led to high inertinite and low sulfur. Excellent for power generation and gasification
Cretaceous	Primarily lignite, followed by low-rank bituminous coal	Highly variable, can range from low ash & sulfur to high volatile matter characteristic of low-rank coal.	Inland/Basin, quality is highly dependent on the specific local basin conditions
Paleogene and Neogene	Lignite	High moisture, migh volatile matter, variable ash & sulfur, low heat value	Wet, forested swamps, low thermal maturity

From an utilization perspective, the mines located in the Carboniferous-Permian Zhuozishan Coalfield in the Wuhai area of Inner Mongolia produce high-value coking coal. All other Carboniferous-Permian coalfields in various locations produce thermal coal products. The Jurassic Shaanbei and Dongsheng coalfields in the Yulin and Dongsheng areas produce high-quality thermal and chemical coal, while other Jurassic coalfields in this report yield thermal coal of satisfactory quality. All coalfields in Cretaceous Age and Paleogene-Neogene Age produce low-quality thermal coal.

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. The resource and reserve figures in this report show core holes having coal quality data.

Part 2 Detailed Analysis by Mine Grouping

This section details the geological characteristics and presents the estimation parameters and results for resources and reserves. The subject coal mines are organized into groups based on their holding company, coalfield, and mining method. This grouping allows for a focused discussion of mines sharing similar geological structures and operational practices within the same coalfield.

3.7 Baotou Mining/Exploration Rights

Baotou Mining holds three exploration rights (as shown in the following table) which are located next to each other in Yinmin Coalfield.

Table 3-4 Coalfields and Coal Bearing Strata – Baotou Mining

Mining/Exploration Right	Coalfield	Age of Coal Bearing Strata	Coal Bearing Formation
China Energy Baotou Mining Co., Ltd.			
Exploration Rights			
Yinminhe East Backup	Yimin	Cretaceous	Yimin and Damoguaihe
Yinminhe East No.2	Yimin	Cretaceous	Yimin and Damoguaihe
Yinminhe East Peripheral	Yimin	Cretaceous	Yimin and Damoguaihe

Regional Geology

The Yimin Basin is located in the eastern part of the Hailar Depression within the Neocathaysian Third Subsidence Zone. It is a fault-depression coal basin controlled by the Ajitu Yihongde Fault (F26) and the Yiminhe Fault (F19), trending northeast. The basin's primary basement consists of the Xing'anling Group, overlain by the coal-bearing Jalawur Group.The Yimin basin's internal structure comprises three secondary tectonic units, arranged from south to north: the Yimin Syncline, Wumuchang Anticline, and Menggenchulu Syncline. These subunits are separated by major faults, forming relatively independent coal-bearing basins. The Yimin Coalfield is situated within the Menggenchulu Syncline.

Structure

The Yimin Coalfield is located in the northeastern part of the Yimin Basin. The area features a broad, gentle syncline with an axial trend of northeast. Strata dips are generally around 5 degrees, increasing locally to 25 degrees near faults. Dips gradually steepen from the axial zone towards the limbs, with the southeastern limb being slightly steeper than the northwestern limb. The structure exhibits gentle undulations both along its strike and down its dip.

Stratigraphy

The stratigraphic sequence in the Eastern Yimin River Area, from oldest to youngest, comprises the Lower Cretaceous Damoguaihe and Yimin Formations of the Jalawur

Group, and the Quaternary. The primary coal-bearing strata are the Damoguaihe and Yimin Formations. The Damoguaihe Formation consists of tuffaceous clastic, coal-bearing, and mudstone members, with lithology dominated by tuffaceous-cemented clastic rocks and mudstone. The Yimin Formation is the most important coal-bearing unit in the area, characterized by sandy conglomerates and extra-thick coal seams. The formation generally thickens from west to east.

Coal Seams

The coal-bearing strata consist of the Yimin and Damoguaihe Formations, containing over 20 coal seams. More than 10 of these are primary minable seams, with the majority located in the Yimin Formation (e.g., 15-1 Upper, 16-1, 16-3), while the Damoguaihe Formation contains fewer minable seams (e.g., 26-1, 26-3 Lower).

Seam thickness varies significantly. The main seam, 16-3, averages over 10 m, classifying it as an extra-thick seam. Seam structures are mostly simple to moderately complex, typically containing up to 5 partings of mudstone or siltstone.

Burial depth differs notably between the formations: Yimin Formation seams are shallower, while Damoguaihe Formation seams are deeper. Roof and floor lithology are predominantly mudstone, siltstone, and various sandy conglomerates. The following tables show the detailed characteristics of each seam at each of the subject mine:

Table 3-5 Coal Seams of Exploration Rights in Yimin Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Yinminhe	16-1	4.3	1.26	5.5		54 - 268	5-SE	Moderate
East	16-3U	7.2	0.23	7.4	57	72 - 334	5-SE	Moderate
Backup	16-3L	12.9	0.35	13.3	55	90 - 396	5-SE	Moderate
	26-1	6.4	0.13	6.5	427	392 - 920	5-SE	Moderate
	26-2	1.5	0.05	1.5	14	511 - 805	5-SE	Eratic
	26-3L	3.6	0.24	3.9	33	424 - 856	5-SE	Moderate
	27-1	2.9	0.21	3.1	48	577 - 948	5-SE	Moderate
	27-3	10.7	0.88	11.5	63	464 - 980	5-SE	Moderate
Yinminhe	15-1U	4.3	0.60	4.9		9 - 233	5-E-W-Syncline	Moderate
East No.2	15-1L	3.7	0.26	4.0	8	46 - 251	5-E-W-Syncline	Moderate
	15-2	2.2	0.14	2.3	19	56 - 287	5-E-W-Syncline	Moderate
	15-3	2.7	0.54	3.2	10	69 - 274	5-E-W-Syncline	Moderate
	15-4	2.9	0.37	3.2	32	109 - 318	5-E-W-Syncline	Moderate
	15-5L	2.9	0.35	3.2	30	139 - 351	5-E-W-Syncline	Moderate
	16-1	4.1	0.41	4.5	131	152 - 521	5-E-W-Syncline	Moderate
	16-2	3.0	0.28	3.3	46	394 - 568	5-E-W-Syncline	Moderate
	16-3U	9.7	0.49	10.2	16	202 - 594	5-E-W-Syncline	Moderate
	16-3M	5.7	0.16	5.9	17	135 - 579	5-E-W-Syncline	Moderate
	16-3	10.0	0.38	10.4	20	63 - 639	5-E-W-Syncline	Moderate
	16-4	2.7	0.39	3.1	14	337 - 654	5-E-W-Syncline	Eratic
	16-5	3.4	0.69	4.1	10	383 - 696	5-E-W-Syncline	Eratic
	26-1	3.8	0.31	4.1	321	499 - 775	5-E-W-Syncline	Moderate
	26-3L	6.0	0.29	6.3	18	512 - 781	5-E-W-Syncline	Moderate
Yinminhe	16-3-4	7.0	0.68	7.7		35 - 167	5-E	Moderate
East	26-1	5.0	0.55	5.5	191	237 - 346	5-E	Eratic
Peripheral	26-2	2.6	0.26	2.9	6	32 - 357	5-E	Eratic
	26-3	3.3	0.62	3.9	6	44 - 421	5-E	Moderate

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with the relevant geological reports for the subject mines, as follows:

= Exploration Report for the Yiminhe East Backup, July 2010
= Exploration Report for the Yiminhe East Peripheral, May 2008
= Exploration Report for the Yiminhe East No.2 Mine, July 2009

We have reviewed these geological reports to ensure our data remains current and valid. The following table summarizes the available exploration data for each exploration right area:

Exploration Right Area	Area (km^2)	No. of Drill Holes
Yiminhe East Backup	29.94	61
Yiminhe East No.2	80.92	108
Yiminhe East Peripheral	36.02	61

Resource/Reserve Classification

Based on our detailed review of the geologic setting of the seam at each area, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Exploration Right Area	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Yiminhe East Backup	All Seams	Moderate	500	1,000	<2,000
Yiminhe East No.2	All Seams	Moderate	500	1,000	<2,000
Yiminhe East Peripheral	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Yimin Coalfield',* shows the items listed for the subject exploration rights in Yimin Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software

(AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-6 Resources Estimates Parameters – Yimin Coalfield

		Max.	S.G.		Thickness (m)	
Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Yinminhe	16-1	5.0	1.41	2.1	1.5	1.5
East	16-3U	5.0	1.42	2.1	1.5	1.5
Backup	16-3L	5.0	1.36	2.1	1.5	1.5
	26-1	5.0	1.43	2.1	1.5	1.5
	26-2	5.0	1.42	2.1	1.5	1.5
	26-3L	5.0	1.37	2.1	1.5	1.5
	27-1	5.0	1.40	2.1	1.5	1.5
	27-3	5.0	1.38	2.1	1.5	1.5
Yinminhe	15-1U	5.0	1.37	2.1	1.5	1.5
East No.2	15-1L	5.0	1.36	2.1	1.5	1.5
	15-2	5.0	1.38	2.1	1.5	1.5
	15-3	5.0	1.41	2.1	1.5	1.5
	15-4	5.0	1.39	2.1	1.5	1.5
	15-5L	5.0	1.41	2.1	1.5	1.5
	16-1	5.0	1.37	2.1	1.5	1.5
	16-2	5.0	1.41	2.1	1.5	1.5
	16-3U	5.0	1.39	2.1	1.5	1.5
	16-3M	5.0	1.36	2.1	1.5	1.5
	16-3	5.0	1.33	2.1	1.5	1.5
	16-4	5.0	1.35	2.1	1.5	1.5
	16-5	5.0	1.40	2.1	1.5	1.5
	26-1	5.0	1.39	2.1	1.5	1.5
	26-3L	5.0	1.33	2.1	1.5	1.5
Yinminhe	16-3-4	5.0	1.45	2.1	1.5	1.5
East	26-1	5.0	1.41	2.1	1.5	1.5
Peripheral	26-2	5.0	1.40	2.1	1.5	1.5
	26-3	5.0	1.40	2.1	1.5	1.5

The resources areas of exploration rights are only delineated by the property boundary since there are no elevation limits for exploration rights. Our resources

tonnage estimates (on a 100% ownership basis) for the subject exploration rights in Yimin Coalfield, as of 31 July 2025, are as follows:

Table 3-7 Coal Resources Estimates – Yimin Coalfield

									In-Situ Coal Quality				
	Average Thickness (m)			In-Place Resources (Mt)				% of	%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resources	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Exploration Right													
Yinminhe East Backup													
16-1	4.25	1.26	5.51	24.65	5.75	68.49	98.89	7.4	9.1	19.0	0.70	48.6	4,460
16-3U	7.19	0.23	7.42	30.26	15.76	68.32	114.34	8.6	9.5	16.0	0.53	45.5	4,650
16-3L	12.91	0.35	13.26	160.94	17.17	262.93	441.04	33.2	9.4	10.0	0.17	41.8	5,060
26-1	6.40	0.13	6.53	-	35.15	179.76	214.91	16.2	6.1	21.0	0.40	46.0	4,940
26-2	1.45	0.05	1.50	-	4.77	39.85	44.62	3.4	6.2	27.5	0.40	46.3	4,440
26-3L	3.63	0.24	3.87	-	7.85	130.98	138.83	10.4	5.3	24.1	0.41	45.9	4,810
27-1	2.85	0.21	3.06	-	12.40	65.52	77.91	5.9	4.6	22.4	0.48	45.8	5,140
27-3	10.66	0.88	11.54	-	19.88	180.00	199.88	15.0	4.3	20.9	0.75	47.6	5,420
Subtotal				215.84	118.73	995.85	1,330.43	100					
Yinminhe East No.2													
15-1U	4.25	0.60	4.85	149.75	157.04	12.87	319.67	10.9	10.6	16.4	0.51	48.4	4,420
15-1L	3.73	0.26	3.98	118.02	50.14	20.79	188.96	6.4	10.1	16.2	0.40	49.1	4,490
15-2	2.15	0.14	2.29	37.30	12.21	6.40	55.90	1.9	10.0	16.7	0.47	48.1	4,590
15-3	2.66	0.54	3.20	75.17	18.45	16.44	110.07	3.7	10.0	16.9	0.60	47.3	4,510
15-4	2.87	0.37	3.24	39.22	13.56	0.59	53.37	1.8	9.9	16.9	0.67	48.0	4,530
15-5L	2.86	0.35	3.21	60.40	11.89	0.09	72.38	2.5	10.4	16.2	0.76	46.5	4,540
16-1	4.09	0.41	4.50	118.46	75.80	136.32	330.58	11.2	9.5	17.1	0.61	45.7	4,670
16-2	3.00	0.28	3.28	39.34	26.93	8.77	75.05	2.6	8.5	18.0	0.65	43.8	4,690
16-3U	9.66	0.49	10.15	148.73	107.97	189.62	446.32	15.2	8.4	16.3	0.33	41.4	4,780
16-3M	5.71	0.16	5.87	53.38	10.14	8.27	71.79	2.4	7.8	17.1	0.26	41.6	4,880
16-3	10.02	0.38	10.40	411.71	188.81	143.72	744.24	25.3	8.0	12.2	0.28	85.2	5,140
16-4	2.75	0.39	3.14	29.85	29.37	32.37	91.59	3.1	6.9	18.4	0.22	40.5	4,910
16-5	3.45	0.69	4.13	-	46.98	83.18	130.16	4.4	7.3	19.5	0.31	42.6	4,790
26-1	3.77	0.31	4.07	-	-	112.36	112.36	3.8	6.9	20.3	0.37	44.0	4,830
26-3L	6.04	0.29	6.33	-	-	139.23	139.23	4.7	6.0	22.0	0.38	44.5	4,740
Subtotal				1,281.35	749.29	911.03	2,941.67	100					
Yinminhe East Peripheral													
16-3-4	7.00	0.68	7.68	107.30	63.79	65.78	236.87	55.4	8.3	15.5	0.47	45.0	4,990
26-1	4.95	0.55	5.50	11.75	13.31	17.84	42.91	10.0	8.6	21.5	0.62	46.0	4,510
26-2	2.61	0.26	2.87	-	-	24.50	24.50	5.7	8.7	22.9	0.88	45.2	4,500
26-3	3.28	0.62	3.90	0.22	86.84	36.54	123.59	28.9	9.1	19.3	0.68	45.5	4,580
Subtotal				119.27	163.94	144.66	427.87	100					
Total				1,616.46	1,031.96	2,051.54	4,699.96						

Note: 1. Figures may not add due to rounding

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

All coal seams in Yimin Coalfield are classified as lignite. The coal quality data from the various exploration right areas shown in the above table are all very similar. The sulfur content of each seam is low, belonging to low-sulfur and extra-low-sulfur coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserve estimate was conducted exclusively for mining rights and there are no reserves reported for the subject exploration rights.

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource areas for the individual coal seams.

3.8 Guoyuan Power Mining/Exploration Rights

Guoyuan Power holds seven mining rights and five exploration rights (as shown in the following table) which are located in various location across northern China in Provinces of Heilongjiang, Shanxi, Shaanxi, Ningxia and Xinjiang Autonomous Region.

Table 3-8 Coalfields and Coal Bearing Strata – Guoyuan Power

Mining/Exploration Right	Coalfield	Age of Coal Bearing Strata	Coal Bearing Formation
China Energy Guoyuan Power Co., Ltd.			
Mining Rights			
Chaoyang Open-pit	Baoqing	Neogene and Paleogene	Fujin and Baoquanling
Dananhu No.2 Open-pit	Dananhu	Jurassic	Xishanyao
Renjiazhuang	Ningdong	Carboniferous and Permian	Shanxi and Taiyuan
Shangyuquan	Hedong	Carboniferous	Taiyuan
Sandaogou	Shaanbei	Jurassic	Yanan
Exploration Rights			
Dananhu West F1 South	Dananhu	Jurassic	Xishanyao
Dananhu West No.1 East	Dananhu	Jurassic	Xishanyao
Dananhu West No.3	Dananhu	Jurassic	Xishanyao
Data	Hedong	Carboniferous and Permian	Shanxi and Taiyuan
Huangbai	Hedong	Carboniferous and Permian	Shanxi and Taiyuan

As shown in the above table, the subject Guoyuan Power mines are located in seven different coal fields formed in various geological periods.

3.8.1 Baoqing Coalfield

The Chaoyang Open-pit is the only one of the subject mines located in the youngest Baoqing Coalfield, which is formed in the Neogene and Paleogene Age. On a global basis, the geologic settings, or nature, of the Chaoyang Open-pit is judged to vary from simple to moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas.

Regional Geology

The regional area structure is a fault-bounded basin formed within a regional tectonic context. The northern sedimentary boundary is controlled by the Chaoyang-Dagushan Fault, while the southern and eastern boundaries are constrained by northeast-trending Paleozoic uplifts. The basement exhibits undulating topography. Distinct folding and faulting occurred within the Paleogene-Neogene strata. These structures had limited impact on the Neogene coal-bearing strata, generating only minor folds and small-scale dislocations. The overall morphology of the Neogene coal-bearing basin is a broad, gentle monocline, with strata striking 30 to 60 degrees and dipping at angles of 3 degrees–5 degrees.

Structure

The overall structural framework of the area is a NE-trending monocline with slight undulations. Strata dip at 3 degrees–5 degrees, exhibiting gentle and consistent attitudes with minimal variation along both strike and dip directions. Apart from the

boundary fault (Chaoyang-Dagushan Fault F1) and the central F2 fault, subordinate synclines and minor faults are developed south of mine property. Fault displacements generally range from 0 to 20 m, with limited lateral extension within the area. The coal seams are unaffected by magmatic activity.

Stratigraphy

The stratigraphic sequence in the Baoqing Coalfield is clearly defined and ascends from the bottom as follows:

- Carboniferous–Permian basement rocks, primarily composed of metamorphic siltstone and medium-grained sandstone
- The Paleogene Baoquanling Formation, which is a secondary coal-bearing stratum containing several sporadically minable coal seams, displaying an angular unconformity with the underlying basement
- The Neogene Fujin Formation, which is the primary coal-bearing stratum in the region. It hosts the extensively developed No. 10 Seam and exhibits conformable or disconformable contact with the underlying Baoquanling Formation
- The uppermost Quaternary unconsolidated deposits, ranging from 30 to 230 m in thickness

Coal Seams

The No. 10 Seam is an extra-thick, main minable seam developed throughout the entire area. It has a complex structure, containing 3 to 8 partings, and has an average thickness of 14.9 m within the resources area. The seam is thicker in the central part of the property and gradually thins towards the eastern and western sides.

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

= Chaoyang Open-pit Mine Construction Geological Report, December 2019
= Production Geology Report for the Chaoyang Open-pit Mine, May 2024

We have compared the two versions of reports to ensure our data remains current and valid. Throughout its exploration history, the Chaoyang Open-pit Mine has completed a total of 335 boreholes, all of which have been incorporated into our geological modeling.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of the No.10 Seam at Chaoyang Openpit, we judge the overall geologic setting to be simple to complex and have

assigned the following drill hole spacing criteria for classification of estimated resources:

Mining Right Area	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Chaoyang	10	Simple to Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Baoqing Coalfield',* shows the items listed for the Baoqing Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using Carlson SurvCADD for the Chaoyang Open-pit. The following parameters were used for resources reporting:

- Coal S.G.: 1.23
- Parting S.G: 2.1
- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m

The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits between +20 m to +90 m. Our resources tonnage estimates (on a 100% ownership basis) for the Chaoyang Open-pit, as of 31 July 2025, are as follows:

Table 3-9 Coal Resources Estimates – Chaoyang Open-pit

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality %				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resource	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Chaoyang Open-pit													
10	10.01	-	10.01	268.05	237.92	436.42	942.39	100	9.4	22.3	0.27	61.4	3,960
Total				268.05	237.92	436.42	942.39	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The coal quality data shown in the above table indicates that the Chaoyang Open-pit produces extra-low-sulfur lignite product. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated

in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process). Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%
- Product Yield: 96%

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese open-pit coal mining. ROM coal from Chaoyang operation is directly sold after crushing and screening. The 96% yield of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the mine's historical operations, and we believe that Chaoyang will be capable of maintaining its authorized output of 11 Mtpa. Based on the mine's historical performance and communication with the mine's technical personnel, we have developed a LOM plan to confirm the technical feasibility of the recoverable reserves. This LOM plan is presented in the accompanying DCF table following Chapter 8.

According to the Life of Mine (LOM) plan, the Chaoyang Open-pit Mine has an overall stripping ratio of 6.16 m³/t. The detailed annual stripping ratios for the 20-year period are presented below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
ROM Product (Mt)	2.67	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Stripping Ratio (m^3/t)	5.38	5.38	4.20	4.20	4.20	4.20	4.20	4.20	5.98	5.98	5.98	5.98	5.98	6.20	6.20	6.20	6.20	6.20	6.20	6.20

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Chaoyang Open-pit have reasonable

expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Chaoyang Open-pit, as of 31 July 2025, are as follows:

Table 3-10 Coal Reserves Estimates – Chaoyang Open-pit

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Chaoyang Open-pit				
10	258.13	230.69	488.82	96	250.15	216.85	467.00	100
Total	258.13	230.69	488.82	96	250.15	216.85	467.00	100

Note: 1. Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality			
%			kcal/kg
Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
25.2	49.2	0.2	2,110

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.8.2 Dananhu Coalfield

There are one mining right (Dananhu No.2 Open-pit) and three exploration rights (Dananhu West F1 South, Dananhu West No.1 East and Dananhu West No.3) located in the Dananhu Coalfield of the Jurassic Age. On a global basis, the geologic settings, or nature, of the five subject properties are judged to vary from simple to moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas.

Regional Geology

The Dananhu Coalfield is located within the Dananhu Depression, which forms part of the Turpan-Hami Intermontane Depression in the North Tianshan Geosynclinal Fold Belt. Its tectonic evolution was primarily controlled by the Yanshanian and Himalayan orogenies, resulting in an overall simple structural framework characterized by gently dipping strata. The target mines are distributed within the western section of the Dananhu area.

Structure

The overall strata attitude in the Dananhu Coalfield is gentle, with dips generally ranging from 3 to 13 degrees, and locally nearly horizontal. On the southern limb of the Nanhu Syncline, dips are typically 14° to 26°. The general structural trend is approximately east-west, dominated by EW-trending folds that control coal seam occurrence and zoning. A NE-trending normal fault, F1, with a 70° dip and a throw of 60–400 m, is developed within the area. No magmatic intrusions are observed.

Stratigraphy

Exposed strata in the area include the Jurassic and Quaternary systems, comprising, from oldest to youngest: the Lower Jurassic Sangonghe Formation, Middle Jurassic Xishanyao Formation and Toutunhe Formation, and the Quaternary.The primary coal-bearing stratum is the Middle Jurassic Xishanyao Formation, a continental coal-bearing sedimentary sequence. It is divided into three lithological members. The main coal-bearing unit is the Middle Xishanyao Formation. In contrast, the Upper Xishanyao and Lower Xishanyao exhibit poor coal content, with unstable and largely unminable seams.

Coal Seams

There are up to 22 minable coal seams in the Dananhu Coalfield. The seam structure is predominantly simple to moderately complex, with localized complex zones, and typically contains 0 to 5 partings. The immediate roof and floor strata consist mainly of siltstone, mudstone, and fine sandstone, with localized occurrences of carbonaceous mudstone and coarse sandstone. The following tables show the detailed characteristics of each seam at each of the subject mine:

Table 3-11 Coal Seams of Mining Rights in Dananhu Coalfield

Mine	Seam	Thickness (m)			Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
		Coal	Parting	Seam				
Dananhu	3	4.8	0.57	5.4	-	10 - 402	8 - Syncline	Moderate
No.2	5	3.4	0.04	3.4	15	38 - 410	8 - Syncline	Moderate
Open-pit	8	3.4	0.08	3.5	15	49 - 437	8 - Syncline	Eratic
	9	4.8	0.15	4.9	6	20 - 444	8 - Syncline	Moderate
	11	2.6	0.37	2.9	26	9 - 481	8 - Syncline	Moderate
	12	2.5	0.08	2.5	4	11 - 490	8 - Syncline	Moderate
	14	2.1	0.27	2.4	17	4 - 513	8 - Syncline	Eratic to Moderate
	15	2.6	0.51	3.1	16	115 - 533	8 - Syncline	Eratic
	16	5.3	0.11	5.4	3	6 - 537	8 - Syncline	Eratic to Moderate
	17	1.5	0.05	1.5	7	58 - 550	8 - Syncline	Eratic
	18	2.7	0.26	3.0	14	12 - 566	8 - Syncline	Moderate
	19	2.7	0.33	3.0	15	14 - 585	8 - Syncline	Moderate
	21	3.2	0.22	3.4	4	29 - 637	8 - Syncline	Eratic to Moderate
	22	5.2	0.11	5.3	9	49 - 644	8 - Syncline	Moderate
	25	13.2	0.36	13.6	15	51 - 673	8 - Syncline	Moderate
	26	1.1	0.15	1.3	4	83 - 692	8 - Syncline	Eratic to Moderate
	27	1.7	0.05	1.8	14	94 - 708	8 - Syncline	Eratic
	28	4.6	0.15	4.7	4	96 - 713	8 - Syncline	Eratic to Moderate
	29	5.6	0.05	5.6	6	68 - 719	8 - Syncline	Eratic to Moderate
	30	1.5	0.05	1.5	18	97 - 745	8 - Syncline	Eratic to Moderate

Table 3-12 Coal Seams of Exploration Rights in Dananhu Coalfield

Mine	Seam	Thickness (m)			Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
		Coal	Parting	Seam				
Dananhu West F1 South	2-4	2.0	0.0	2.0	-	8 - 458	8-Syncline	Eratic to Moderate
	2-3	2.8	0.1	2.9	5	11 - 473	8-Syncline	Eratic to Moderate
	2-2	2.7	0.1	2.8	5	8 - 482	8-Syncline	Eratic to Moderate
	2-1	1.8	0.0	1.8	6	11 - 485	8-Syncline	Eratic to Moderate
	2	2.1	0.1	2.2	21	30 - 491	8-Syncline	Eratic to Moderate
	3	3.0	0.3	3.3	28	18 - 511	8-Syncline	Eratic to Moderate
	5	3.3	0.1	3.4	42	11 - 540	8-Syncline	Eratic to Moderate
	8	1.5	0.0	1.5	14	13 - 575	8-Syncline	Eratic to Moderate
	11	1.4	0.0	1.4	27	15 - 574	8-Syncline	Eratic to Moderate
	12	2.5	0.0	2.6	6	8 - 596	8-Syncline	Eratic to Moderate
	15	4.8	0.0	4.8	37	16 - 627	8-Syncline	Eratic to Moderate
	16	1.6	0.1	1.6	13	39 - 649	8-Syncline	Eratic to Moderate
	18	5.1	0.0	5.1	25	9 - 645	8-Syncline	Eratic to Moderate
	19	2.1	-	2.1	23	10 - 707	8-Syncline	Eratic to Moderate
	19L	1.8	0.0	1.8	9	13 - 715	8-Syncline	Eratic to Moderate
	20	3.3	0.0	3.3	18	24 - 733	8-Syncline	Eratic to Moderate
	22U	1.5	0.0	1.6	-	-	8-Syncline	Eratic
	22	2.6	0.1	2.7	23	16 - 767	8-Syncline	Eratic to Moderate
	22L	1.6	0.0	1.6	6	21 - 776	8-Syncline	Eratic
	25	4.9	0.1	5.0	49	52 - 846	8-Syncline	Eratic to Moderate
	26	5.1	0.1	5.2	26	21 - 899	8-Syncline	Eratic to Moderate
	27	1.7	0.1	1.8	28	42 - 939	8-Syncline	Eratic to Moderate
	28	3.2	0.1	3.3	32	69 - 917	8-Syncline	Eratic
	29	4.3	0.2	4.5	44	93 - 931	8-Syncline	Eratic
	30	2.3	0.1	2.4	26	134 - 972	8-Syncline	Eratic to Moderate
Dananhu West No.1 East	4	1.8	-	1.8	-	24 - 86	8-N	Eratic
	5	2.9	0.1	3.0	21	14 - 157	8-N	Eratic
	6	1.3	0.3	1.6	20	16 - 184	8-N	Eratic
	11	1.2	0.1	1.4	101	69 - 289	8-N	Eratic
	12	1.3	0.2	1.5	25	73 - 303	8-N	Moderate
	13	1.5	0.2	1.6	13	90 - 312	8-N	Moderate
	14	1.8	0.4	2.2	23	110 - 285	8-N	Moderate
	15	3.2	0.3	3.5	17	128 - 361	8-N	Moderate
	16	1.7	0.4	2.1	6	133 - 367	8-N	Moderate
	17	1.7	0.1	1.7	3	76 - 370	8-N	Moderate
	18U	1.1	0.2	1.3	32	112 - 415	8-N	Eratic
	18	2.7	0.5	3.3	3	117 - 418	8-N	Moderate
	19U	1.7	0.1	1.7	18	132 - 393	8-N	Moderate
	19	2.2	0.2	2.4	9	149 - 634	8-N	Moderate
	20	2.0	0.3	2.3	25	177 - 465	8-N	Moderate
	21	1.7	0.1	1.9	18	199 - 486	8-N	Moderate
	22A	1.3	0.1	1.3	32	253 - 551	8-N	Moderate
	22	1.5	0.3	1.8	21	286 - 580	8-N	Moderate
	23	1.2	0.0	1.3	30	330 - 524	8-N	Eratic
	24	1.8	-	1.8	2	316 - 493	8-N	Eratic
	25U	2.0	0.1	2.1	5	319 - 527	8-N	Eratic
	25	10.6	1.2	11.8	11	323 - 626	8-N	Moderate
	26	1.3	0.1	1.4	10	343 - 816	8-N	Eratic
	28	1.1	0.0	1.1	17	368 - 839	8-N	Eratic
	29	2.2	0.1	2.3	21	380 - 850	8-N	Moderate

Table 3-12 Coal Seams of Exploration Rights in Dananhu Coalfield - Continued

Mine	Seam	Thickness (m)			Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
		Coal	Parting	Seam				
Dananhu West No.3	2-2	2.3	0.1	2.4	-	29 - 316	8-SW	Moderate to Uniform
	2	3.1	0.3	3.5	3	17 - 384	8-SW	Moderate to Uniform
	2-4	1.7	0.0	1.8	10	32 - 340	8-SW	Moderate to Uniform
	3	3.3	0.2	3.5	41	25 - 471	8-SW	Moderate to Uniform
	4	2.0	0.1	2.1	5	37 - 460	8-SW	Moderate to Uniform
	5	3.9	0.1	4.0	9	48 - 500	8-SW	Moderate to Uniform
	6	1.8	-	1.8	11	60 - 495	8-SW	Moderate to Uniform
	8	1.8	0.1	1.8	7	71 - 533	8-SW	Moderate to Uniform
	9	2.3	0.0	2.4	3	75 - 546	8-SW	Moderate to Uniform
	10	1.8	0.1	1.9	5	79 - 537	8-SW	Moderate to Uniform
	11	2.0	-	2.0	20	96 - 573	8-SW	Moderate to Uniform
	12	2.5	-	2.5	6	108 - 584	8-SW	Moderate to Uniform
	14	1.5	0.1	1.6	18	97 - 661	8-SW	Moderate to Uniform
	15	2.0	0.0	2.0	18	115 - 651	8-SW	Moderate to Uniform
	16	1.4	0.0	1.4	5	120 - 661	8-SW	Moderate to Uniform
	18	1.1	-	1.1	27	29 - 731	8-SW	Moderate to Uniform
	19	1.5	-	1.5	18	49 - 753	8-SW	Moderate to Uniform
	22U	1.4	0.1	1.6	59	226 - 826	8-SW	Moderate to Uniform
	22	1.8	0.1	1.9	9	101 - 833	8-SW	Moderate to Uniform
	24	3.0	0.2	3.2	31	254 - 862	8-SW	Moderate to Uniform
	25	6.6	0.2	6.8	10	159 - 875	8-SW	Moderate to Uniform
	26	1.6	-	1.6	7	187 - 891	8-SW	Moderate to Uniform
	28	3.1	0.1	3.2	21	248 - 902	8-SW	Moderate to Uniform
	29	1.7	0.1	1.8	10	319 - 922	8-SW	Moderate to Uniform

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Dananhu No.2 Open-pit:
  - = Exploration Report for the Dananhu No.2 Mine, December 2006
  - = Special Hydrogeological Exploration for the Initial Mining Area of the Northern Open-pit Coal Mine, Dananhu Mining Area, May 2011
  - = 2016 Annual Reserves Verification Report
  - = 2024 Annual Reserves Verification Report
  - = Annual Reserves Reports and Ledgers of Mined Resource Reserves for the Period 2018 to 2024 and the First Half of 2025
- Dananhu West F1 South:
  - = Exploration Report for the Dananhu West F1 South, 2022
- Dananhu West No.1 East:
  - = Exploration Report for the Dananhu West No.1 East, July 2021
- Dananhu West No.3:
  - = Exploration Report for the Dananhu West No.3, April 2018

We have compared the different versions of the provided geological reports to ensure

our data remains current and valid. The following table summarizes the available exploration data for each mining/exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
Mining Rights		
Dananhu No.2 Open-pit	40.52	204
Exploration Rights		
Dananhu West F1 South	61.09	119
Dananhu West No.1 East	15.54	22
Dananhu West No.3	42.36	80

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at each mine, we judge the overall geologic setting to be moderate to complex and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Dananhu No.2 Open-pit	All Seams	Moderate	500	1,000	<2,000
Dananhu West F1 South	All Seams	Complex	400	800	<1,600
Dananhu West No.1 East	All Seams	Moderate	500	1,000	<2,000
Dananhu West No.3	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Dananhu Coalfield',* shows the items listed for the Dananhu Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas for the underground mining/exploration

rights, and Carlson SurvCADD for the Dananhu No.2 Open-pit. The following parameters were used for resources reporting:

Table 3-13 Resources Estimates Parameters – Dananhu Coalfield

			S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Dananhu No.2 Open-pit	3	8	1.33	2.1	0.5	0.5
	5	8	1.33	2.1	0.5	0.5
	8	8	1.33	2.1	0.5	0.5
	9	8	1.34	2.1	0.5	0.5
	11	8	1.33	2.1	0.5	0.5
	12	8	1.32	2.1	0.5	0.5
	14	8	1.35	2.1	0.5	0.5
	15	8	1.32	2.1	0.5	0.5
	16	8	1.32	2.1	0.5	0.5
	17	8	1.33	2.1	0.5	0.5
	18	8	1.32	2.1	0.5	0.5
	19	8	1.32	2.1	0.5	0.5
	21	8	1.33	2.1	0.5	0.5
	22	8	1.33	2.1	0.5	0.5
	25	8	1.31	2.1	0.5	0.5
	26	8	1.28	2.1	0.5	0.5
	27	8	1.33	2.1	0.5	0.5
	28	8	1.30	2.1	0.5	0.5
	29	8	1.32	2.1	0.5	0.5
	30	8	1.33	2.1	0.5	0.5
Dananhu West F1 South	2-4	8	1.33	2.1	0.8	0.8
	2-3	8	1.33	2.1	0.8	0.8
	2-2	8	1.32	2.1	0.8	0.8
	2-1	8	1.32	2.1	0.8	0.8
	2	8	1.32	2.1	0.8	0.8
	3	8	1.32	2.1	0.8	0.8
	5	8	1.32	2.1	0.8	0.8
	8	8	1.33	2.1	0.8	0.8
	11	8	1.33	2.1	0.8	0.8
	12	8	1.32	2.1	0.8	0.8
	15	8	1.32	2.1	0.8	0.8
	16	8	1.32	2.1	0.8	0.8
	18	8	1.31	2.1	0.8	0.8
	19	8	1.31	2.1	0.8	0.8
	19L	8	1.32	2.1	0.8	0.8
	20	8	1.32	2.1	0.8	0.8
	22U	8	1.32	2.1	0.8	0.8
	22	8	1.32	2.1	0.8	0.8
	22L	8	1.32	2.1	0.8	0.8
	25	8	1.31	2.1	0.8	0.8
	26	8	1.32	2.1	0.8	0.8
	27	8	1.32	2.1	0.8	0.8
	28	8	1.32	2.1	0.8	0.8
	29	8	1.32	2.1	0.8	0.8
	30	8	1.31	2.1	0.8	0.8

Table 3-13 Resources Estimates Parameters – Dananhu Coalfield - Continued

			S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Dananhu	4	8	1.42	2.1	0.8	0.8
West No.1	5	8	1.35	2.1	0.8	0.8
East	6	8	1.35	2.1	0.8	0.8
	11	8	1.39	2.1	0.8	0.8
	12	8	1.37	2.1	0.8	0.8
	13	8	1.35	2.1	0.8	0.8
	14	8	1.36	2.1	0.8	0.8
	15	8	1.33	2.1	0.8	0.8
	16	8	1.34	2.1	0.8	0.8
	17	8	1.33	2.1	0.8	0.8
	18U	8	1.32	2.1	0.8	0.8
	18	8	1.30	2.1	0.8	0.8
	19U	8	1.33	2.1	0.8	0.8
	19	8	1.35	2.1	0.8	0.8
	20	8	1.34	2.1	0.8	0.8
	21	8	1.31	2.1	0.8	0.8
	22A	8	1.31	2.1	0.8	0.8
	22	8	1.37	2.1	0.8	0.8
	24	8	1.34	2.1	0.8	0.8
	25U	8	1.33	2.1	0.8	0.8
	25	8	1.29	2.1	0.8	0.8
	26	8	1.31	2.1	0.8	0.8
	28	8	1.35	2.1	0.8	0.8
	29	8	1.37	2.1	0.8	0.8
Dananhu	2-4	8	1.33	2.1	0.8	0.8
West	2-2	8	1.33	2.1	0.8	0.8
No.3	2	8	1.33	2.1	0.8	0.8
	3	8	1.33	2.1	0.8	0.8
	4	8	1.32	2.1	0.8	0.8
	5	8	1.31	2.1	0.8	0.8
	6	8	1.30	2.1	0.8	0.8
	8	8	1.31	2.1	0.8	0.8
	9	8	1.31	2.1	0.8	0.8
	10	8	1.33	2.1	0.8	0.8
	11	8	1.31	2.1	0.8	0.8
	12	8	1.31	2.1	0.8	0.8
	14	8	1.31	2.1	0.8	0.8
	15	8	1.31	2.1	0.8	0.8
	16	8	1.30	2.1	0.8	0.8
	18	8	1.31	2.1	0.8	0.8
	19	8	1.31	2.1	0.8	0.8
	22U	8	1.31	2.1	0.8	0.8
	22	8	1.31	2.1	0.8	0.8
	24	8	1.31	2.1	0.8	0.8
	25	8	1.30	2.1	0.8	0.8
	26	8	1.29	2.1	0.8	0.8
	28	8	1.31	2.1	0.8	0.8
	29	8	1.31	2.1	0.8	0.8

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of each mine. While the resources areas of exploration rights are only delineated by the property boundary since there are no elevation limits for exploration rights. Our resources tonnage estimates (on a 100%

ownership basis) for subject mining/exploration right areas in Dananhu coalfield, as of 31 July 2025, are as follows:

Table 3-14 Coal Resources Estimates – Dananhu Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality %				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resource	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
						Mining Right							
						Dananhu No.2 Open-pit*							
3	4.80	-	4.80	-	81.37	15.22	96.59	4.2	11.6	14.3	0.65	43.7	5,190
5	3.36	-	3.36	-	46.62	4.98	51.60	2.2	11.7	12.2	0.56	42.0	5,330
8	3.38	-	3.38	-	34.22	16.37	50.59	2.2	10.8	15.3	0.56	44.2	5,180
9	4.79	-	4.79	-	74.30	12.33	86.63	3.8	11.5	13.8	0.59	41.8	5,270
11	2.56	-	2.56	-	48.56	28.41	76.97	3.3	12.1	14.7	0.50	39.2	5,100
12	2.45	-	2.45	-	55.63	18.99	74.62	3.2	12.0	14.7	0.47	40.6	5,110
14	2.09	-	2.09	3.96	44.09	12.82	60.87	2.6	11.7	16.1	0.56	40.4	5,030
15	2.56	-	2.56	-	21.60	20.23	41.83	1.8	11.8	10.5	0.40	39.5	5,510
16	5.27	-	5.27	35.09	104.19	16.51	155.79	6.8	11.9	16.6	2.30	42.0	5,010
17	1.46	-	1.46	-	23.74	9.18	32.92	1.4	11.1	15.2	0.49	43.0	5,220
18	2.71	-	2.71	31.57	53.27	11.96	96.80	4.2	12.1	13.6	0.51	40.4	5,240
19	2.69	-	2.69	23.14	66.54	16.00	105.68	4.6	12.0	14.0	1.29	40.3	5,240
21	3.19	-	3.19	35.98	47.35	13.43	96.76	4.2	12.2	15.0	0.55	41.5	5,210
22	6.95	-	6.95	58.02	147.67	45.90	251.59	10.92	12.2	14.5	0.52	41.2	5,280
25	13.23	-	13.23	153.45	334.89	100.63	588.97	25.6	12.4	12.1	0.50	38.5	5,420
26	1.14	-	1.14	2.16	13.93	10.81	26.90	1.2	10.5	10.2	0.54	37.4	5,740
27	1.71	-	1.71	-	18.99	13.49	32.48	1.4	10.8	15.3	0.44	39.0	5,420
28	4.56	-	4.56	23.70	57.55	48.55	129.80	5.6	11.2	11.9	0.47	35.7	5,580
29	5.57	-	5.57	51.13	124.19	21.58	196.90	8.5	11.7	12.5	0.65	35.9	5,490
30	1.45	-	1.45	10.83	28.78	9.40	49.01	2.1	11.7	15.9	1.04	35.6	5,300
Total				429.03	1427.48	446.79	2303.3	100.0					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.
3.* CV is in b.ad. basis.

Table 3-14 Coal Resources Estimates – Dananhu Coalfield - Continued

Seam	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality				
	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resources	Moist. (ad) %	Ash (d) %	St (d) %	Vol (daf) %	CV (net,ad) kcal/kg
Exploration Right													
Dananhu West F1 South													
2-4	1.96	0.05	2.01	12.15	20.98	16.18	49.30	2.1	13.0	14.1	0.48	43.6	4,640
2-3	2.76	0.10	2.86	18.70	18.72	25.89	63.31	2.7	12.9	14.7	0.46	42.9	4,620
2-2	2.71	0.06	2.77	14.10	11.50	25.48	51.08	2.2	12.4	14.8	0.47	43.3	4,700
2-1	1.79	0.04	1.83	10.20	12.59	8.28	31.07	1.3	12.5	14.9	0.41	43.3	4,650
2	2.08	0.09	2.17	9.08	32.25	24.01	65.34	2.8	12.4	13.4	0.36	42.7	4,810
3	2.96	0.30	3.26	26.48	41.15	30.32	97.96	4.2	12.7	14.9	0.41	42.7	4,650
5	3.32	0.06	3.38	36.81	66.12	54.35	157.29	6.8	12.4	12.1	0.43	41.6	4,910
8	1.46	0.02	1.48	7.57	25.56	22.76	55.90	2.4	13.3	14.3	0.39	42.3	4,650
11	1.38	0.04	1.42	-	33.76	15.58	49.34	2.1	12.7	15.7	0.45	42.3	4,610
12	2.53	0.03	2.55	28.19	52.10	60.41	140.70	6.1	12.9	11.1	0.36	41.4	4,940
15	4.77	0.04	4.81	59.72	67.94	90.93	218.59	9.5	12.3	11.3	0.32	41.4	4,970
16	1.55	0.06	1.61	29.29	16.58	13.24	59.10	2.6	13.1	12.1	0.41	41.8	4,860
18	5.11	0.01	5.12	32.30	18.07	47.26	97.63	4.2	12.3	10.8	0.30	40.1	5,030
19	2.12	-	2.12	8.24	19.23	40.58	68.04	2.9	12.1	10.8	0.36	40.4	5,080
19L	1.81	0.01	1.82	9.88	14.73	16.49	41.10	1.8	11.7	11.5	0.37	40.8	5,070
20	3.31	0.01	3.32	28.59	31.78	39.93	100.30	4.3	12.1	11.4	0.30	40.0	5,060
22	2.62	0.08	2.70	52.70	24.84	18.96	96.50	4.2	11.8	10.9	0.30	40.6	5,100
22L	1.60	0.02	1.62	-	11.57	7.55	19.12	0.8	11.4	12.5	0.36	42.0	4,990
25	4.93	0.10	5.03	55.64	23.64	107.92	187.20	8.1	11.9	11.3	0.31	40.2	5,090
26	5.09	0.09	5.18	37.43	41.46	46.93	125.82	5.5	11.3	11.7	0.34	39.7	5,130
27	1.68	0.08	1.76	5.54	23.83	26.42	55.78	2.4	11.8	11.3	0.32	40.1	5,100
28	3.20	0.12	3.32	-	-	176.64	176.64	7.7	11.4	11.9	0.33	39.0	5,130
29	4.28	0.22	4.50	13.73	145.11	88.67	247.51	10.7	11.1	12.5	0.27	38.8	5,100
30	2.32	0.08	2.40	-	10.91	40.98	51.89	2.2	11.4	11.2	0.25	39.3	5,200
Subtotal				496.34	764.43	1,045.77	2,306.54	100					
Dananhu West No.1 East													
4	1.83	-	1.83	-	-	4.46	4.46	0.6	12.5	20.3	1.33	43.7	4,330
5	2.90	0.08	2.98	-	20.10	3.31	23.41	3.2	12.8	10.3	0.62	37.4	4,800
6	1.34	0.26	1.60	-	5.71	0.78	6.49	0.9	10.5	14.9	0.56	43.7	4,780
11	1.21	0.14	1.35	-	5.07	3.34	8.41	1.1	10.8	14.5	0.39	40.4	4,730
12	1.30	0.21	1.51	-	15.09	2.33	17.42	2.4	11.5	12.7	0.42	40.5	4,900
13	1.47	0.17	1.64	-	8.28	3.39	11.67	1.6	10.3	12.1	0.29	41.3	5,090
14	1.82	0.41	2.23	-	17.81	1.04	18.85	2.6	11.1	14.3	0.26	39.7	4,800
15	3.23	0.28	3.51	-	50.98	11.05	62.03	8.4	11.5	10.2	0.25	39.4	5,040
16	1.72	0.40	2.12	-	29.17	4.97	34.14	4.6	11.4	11.7	0.20	39.1	4,930
17	1.65	0.06	1.71	-	23.78	5.03	28.81	3.9	10.9	9.4	0.28	39.2	5,190
18U	1.10	0.20	1.30	-	6.14	1.70	7.84	1.1	11.7	9.6	-	-	5,380
18	2.74	0.54	3.28	-	44.13	7.88	52.00	7.1	12.2	11.2	0.25	38.0	4,960
19U	1.66	0.07	1.73	-	15.19	2.03	17.21	2.3	13.3	6.2	-	-	5,430
19	2.15	0.20	2.35	-	32.92	2.21	35.12	4.8	12.3	9.7	0.25	38.3	5,060
20	2.03	0.29	2.32	-	37.78	2.68	40.46	5.5	11.4	10.3	0.20	40.5	5,190
21	1.73	0.13	1.86	-	20.05	2.30	22.34	3.0	11.5	10.9	0.23	40.5	5,150
22A	1.28	0.06	1.34	-	16.69	4.44	21.13	2.9	11.7	12.6	0.23	40.2	5,100
22U	1.52	0.05	1.56	-	11.74	2.82	14.56	2.0	-	-	-	-	-
22	1.52	0.26	1.78	-	15.28	1.91	17.19	2.3	11.3	12.4	0.27	40.6	5,300
23	1.24	0.01	1.25	-	-	9.65	9.65	1.3	11.1	9.2	0.21	38.1	5,410
24	1.84	-	1.84	-	-	10.93	10.93	1.5	12.1	6.0	0.19	38.6	5,500
25U	1.95	0.11	2.06	-	-	14.87	14.87	2.0	13.6	6.6	0.14	38.2	5,450
25	10.58	1.20	11.78	-	189.72	26.17	215.88	29.3	11.3	9.0	0.14	39.8	5,320
26	1.25	0.10	1.35	-	11.95	0.29	12.24	1.7	11.3	17.9	0.21	38.6	4,750
28	1.10	0.03	1.13	-	-	4.82	4.82	0.7	-	-	-	-	-
29	2.22	0.09	2.31	-	22.93	1.02	23.96	3.3	11.9	15.1	0.12	35.0	4,870
Subtotal				-	600.47	135.40	735.87	100					
Dananhu West No.3													
2-4	1.74	0.02	1.76	23.91	5.77	1.54	31.22	1.6	11.6	16.1	0.58	45.8	4,610
2-2	2.26	0.12	2.38	29.57	12.41	1.77	43.75	2.3	12.4	14.0	0.53	43.6	4,630
2	3.14	0.33	3.47	55.47	10.62	1.47	67.56	3.5	12.1	14.6	0.47	44.1	4,630
3	3.31	0.24	3.55	71.49	46.55	8.91	126.95	6.6	11.8	14.2	0.65	42.6	4,760
4	2.02	0.12	2.14	37.16	14.33	1.42	52.91	2.7	12.2	12.3	0.53	41.9	4,780
5	3.88	0.10	3.98	79.20	33.01	1.99	114.21	5.9	12.0	11.0	0.68	40.9	4,940
6	1.82	-	1.82	25.52	7.04	0.95	33.51	1.7	11.9	11.0	0.63	41.7	4,950
8	1.76	0.08	1.84	23.43	30.95	8.35	62.74	3.2	11.6	12.3	0.54	41.9	4,900
9	2.35	0.02	2.37	39.09	27.26	11.13	77.47	4.0	12.1	11.2	0.64	40.6	4,970
10	1.81	0.13	1.94	35.48	18.88	4.78	59.14	3.1	11.4	13.0	0.60	41.7	4,890
11	2.05	-	2.05	35.89	14.59	5.13	55.61	2.9	12.3	10.7	0.49	38.9	4,930
12	2.54	-	2.54	43.42	33.04	6.86	83.32	4.3	12.2	10.3	0.51	39.2	4,980
14	1.52	0.11	1.62	15.07	13.91	7.04	36.02	1.9	12.2	9.9	0.35	38.6	5,000
15	1.99	0.02	2.01	33.56	18.14	4.57	56.27	2.9	11.7	9.8	0.36	37.9	5,080
16	1.41	0.01	1.42	22.69	15.79	4.92	43.41	2.2	10.6	11.4	0.41	40.1	5,080
18	1.08	-	1.08	-	5.70	0.56	6.26	0.3	11.3	9.3	0.35	37.6	5,160
19	1.53	-	1.53	16.74	11.86	9.66	38.25	2.0	11.4	10.7	0.27	38.5	5,080
22U	1.45	0.14	1.58	21.00	9.83	23.93	54.77	2.8	-	-	-	-	-
22	1.79	0.10	1.89	23.96	31.91	22.42	78.29	4.1	11.3	11.2	0.29	40.6	5,130
24	3.00	0.17	3.17	38.31	41.32	60.49	140.11	7.3	10.8	10.8	0.20	38.8	5,230
25	6.56	0.20	6.75	117.41	114.28	148.44	380.12	19.7	10.7	9.3	0.20	38.9	5,310
26	1.60	-	1.60	16.29	15.11	41.29	72.69	3.8	10.1	10.2	0.23	37.3	5,340
28	3.14	0.06	3.20	41.53	25.41	76.34	143.28	7.4	10.5	10.8	0.19	35.2	5,250
29	1.69	0.07	1.76	30.04	20.39	24.14	74.57	3.9	10.5	9.8	0.22	35.1	5,330
Subtotal				876.24	578.10	478.09	1,932.43	100					
Total				1,372.58	1,943.00	1,659.26	4,974.84						

Note: Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined. The quality data shown in the above tables indicate that all coal seams in Dananhu

Coalfield contain low to extra-low sulfur, medium ash low-rank long-flame coal and lignite. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserve estimation was conducted exclusively for mining rights. Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing.

The following parameters were used for reserves reporting for Dananhu No.2 Open-pit:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%
- Product Yield: 96%

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground and open-pit coal mining. ROM coal from Dananhu No.2 Open-pit is directly sold after crushing and screening. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the historical operations for the mine, and we believe that the mine will be capable of maintaining stable output of 13 Mtpa. Based on the mines' historical performance and communication with the mines' technical personnel, we have developed a LOM plan for each of the mining right to confirm the technical feasibility of the recoverable reserves. The LOM plans are presented in the accompanying DCF table following Chapter 8.

According to the Life of Mine (LOM) plan, the Dananhu No.2 Open-pit has an overall

stripping ratio of 4.9 m³/t. The detailed annual stripping ratios for the 20-year period are presented below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
ROM Product (Mt)	4.57	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Stripping Ratio (m^3/t)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50

The CP completed an economic analysis for the mine to determine if the projected mine operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mines have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for Dananhu No.2 Open-pit, as of 31 July 2025, are as follows:

Table 3-15 Coal Reserves Estimates –Dananhu No.2 Open-pit

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Dananhu No.2 Open-pit				
3	-	72.36	72.36	95	-	68.74	68.74	5.1
5	-	40.33	40.33	95	-	38.31	38.31	2.8
8	-	31.41	31.41	95	-	29.84	29.84	2.2
9	-	64.71	64.71	95	-	61.47	61.47	4.6
11	-	41.98	41.98	95	-	39.88	39.88	3.0
12	-	46.43	46.43	95	-	44.11	44.11	3.3
14	3.61	36.77	40.38	95	3.43	34.93	38.36	2.8
15	-	13.27	13.27	95	-	12.61	12.61	0.9
16	31.29	93.06	124.35	95	29.73	88.41	118.13	8.8
17	-	20.73	20.73	95	-	19.69	19.69	1.5
18	29.09	44.29	73.38	95	27.64	42.08	69.71	5.2
19	22.65	58.37	81.02	95	21.52	55.45	76.97	5.7
21	33.12	42.55	75.67	95	31.46	40.42	71.89	5.3
22	55.57	149.68	205.25	95	52.79	142.20	194.99	14.45
25	139.44	343.45	482.89	95	132.47	326.28	458.75	34.0
26	0.02	0.22	0.24	95	0.02	0.21	0.23	0.0
27	-	1.00	1.00	95	-	0.95	0.95	0.1
28	-	2.12	2.12	95	-	2.01	2.01	0.1
29	0.02	2.48	2.50	95	0.02	2.36	2.38	0.2
30	-	0.31	0.31	95	-	0.29	0.29	0.0
Total	314.81	1,105.52	1,420.33	95	299.07	1,050.24	1,349.31	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality

of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Dananhu No.2 Open-pit	26.1	25.8	0.62	3,370

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.8.3 Hedong Coalfield

There are three Guoyuan Power properties, including one mining right (Shangyuquan) and two exploration rights (Data and Huangbai), are located in the Hedong Coalfield of the Carboniferous and Permian Age. On a global basis, the geologic settings, or nature, of Hedong Coalfield is judged to vary from simple to moderate. While the strata are gently dipping, seam splitting, sand erosion and occasional faulting are complicating factors for the seam in Hedong Coalfield.

Regional Geology

The Hedong Coalfield is situated at the northern terminus of the Baode-Linxian Block Sag within the Ordos Depression of the North China Plate. Regional structural trends predominantly align NE-NNE, with localized NW-trending structures. Key tectonic features include: 1) the Qingshui Graben, comprising two 310 degrees striking normal faults extending southeast from Shaanxi; 2) the Fanjialiang-Xinyao Syncline, a NNW-trending broad fold with Shanxi Formation at its core; 3) the Tianqiao Horst formed by three 300 degrees striking normal faults exposing Ordovician strata; and 4) the Tiejiangpu Graben with three NEE-trending normal faults (>250 m displacement) exposing purple mudstone. The structural domain is characterized by fault-block systems and broad folds, with negligible magmatic activity.

Structure

The Hedong Coalfield forms a gently NW-dipping monocline with dip angles typically ranging from 3 degrees to 5 degrees. The southern sector develops three broad, gentle folds consisting of one syncline and two anticlines, all trending NW-SE with limb dips of approximately 2 degrees-3 degrees. These folds exhibit simple geometry and high structural reliability. A total of 25 normal faults has been identified, with 11 exposed during mining of the No. 8 Seam and 13 in the No. 13 Seam. These faults generally display displacements of 0.3-3.6 meters, characterized by limited scale and non-conductive hydrologic properties, resulting in minimal impact on mining operations. No magmatic intrusions have been documented within the mining area. Overall, the structural framework is dominated by small-scale normal faults and broad folds,

indicating low to moderate structural complexity throughout the deposit.

Stratigraphy

The stratigraphic sequence from oldest to youngest comprises: Ordovician Upper Majiagou Formation; Carboniferous Benxi and Taiyuan Formations; Permian Shanxi, Lower Shihezi, and Upper Shihezi Formations; Triassic Liujiagou Formation; Neogene Baode and Jingle Formations; and Quaternary deposits. The Taiyuan and Shanxi Formations are the principal coal-bearing units, containing stable minable seams (including No. 12, 13, 9, 10, 11, and 8). The Upper Shihezi Formation and Pleistocene strata are predominantly composed of sandstone, mudstone, and unconsolidated sediments. The entire sedimentary succession demonstrates remarkable stability with well-defined marker beds, resulting in highly predictable stratigraphic architecture.

Coal Seams

The coal-bearing strata in Hedong Coalfield contains 8 to19 coal seams with cumulative thicknesses of 20 to 40 m. The Taiyuan Formation consistently hosts the principal minable seams, particularly Nos. 10, 11, and 13, which demonstrate regional stability and significant thickness. The Shanxi Formation contains supplementary minable seams including No. 8 and locally No. 9. The following tables show the detailed characteristics of each seam at each of the subject mine:

Table 3-16 Coal Seams in Hedong Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Shangyuquan	9	2.7	0.64	3.3	-	24 - 217	7-NW	Moderate
	10U	3.4	0.37	3.7	6	47 - 215	7-NW	Moderate
	10	5.2	1.12	6.3	1	32 - 230	7-NW	Moderate
	10L	2.1	0.38	2.5	1	92 - 217	7-NW	Moderate
	11U	1.9	0.01	1.9	5	108 - 224	7-NW	Moderate
	11	2.2	0.07	2.2	4	48 - 241	7-NW	Uniform
	11L	1.9	0.07	2.0	1	118 - 243	7-NW	Moderate
	12	2.0	0.03	2.0	7	58 - 255	7-NW	Uniform
	13	12.3	1.59	13.9	6	64 - 273	7-NW	Uniform
Data	8	1.8	0.2	2.0	-	237 - 548	12-W	Moderate
	10U	2.2	0.3	2.5	24	278 - 573	12-W	Moderate
	10	3.1	0.1	3.2	3	281 - 575	12-W	Moderate
	11	5.4	0.9	6.3	14	296 - 602	12-W	Moderate
	13	7.6	1.5	9.2	19	316 - 627	12-W	Moderate
Huangbai	8	1.5	0.1	1.6	-	55 - 548	12-W	Moderate
	10U	1.9	0.2	2.1	38	173 - 484	12-W	Eratic
	10	5.5	0.6	6.1	2	108 - 575	12-W	Moderate
	11U	1.3	-	1.3	8	240 - 575	12-W	Eratic
	11	2.8	0.4	3.2	4	132 - 602	12-W	Moderate
	13	9.0	1.2	10.3	27	137 - 627	12-W	Moderate

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Shangyuquan Mine:
  - = Annual Reserves Verification Reports for Years 2021 to 2024
  - = Geological Classification Report for the Shangyuquan Mine, May 2022
  - = Geology Report for the Shangyuquan Mine, March 2022
- Data Mine:
  - = Exploration Geology Report for the Data Mine, January 2023
- Huangbai Mine:
  - = Exploration Geological Classification Report for the Huangbai Mine, May 2004
  - = Additional Exploration Geology Report for the Huangbai Mine, June 2012

We have reviewed different versions of the provided geological reports for each mine to ensure our data remains current and valid. The following table summarizes the available exploration data for each mining/exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
Mining Rights		
Shangyuquan	29.78	79
Exploration Rights		
Data	16.73	14
Huangbai	53.31	61

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at each mine, we judge the overall geologic setting to be simple to moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Shangyuquan	13	Simple	750	1,500	<2,500
	Other Seams	Moderate	500	1,000	<2,000
Data	All Seams	Moderate	500	1,000	<2,000
Huangbai	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Hedong Coalfield',* shows the items listed for the Hedong Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software

(AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-17 Resources Estimates Parameters – Hedong Coalfield

			S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Shangyuquan	9	7	1.50	2.1	0.8	0.8
	10U	7	1.54	2.1	0.8	0.8
	10	7	1.45	2.1	0.8	0.8
	10L	7	1.49	2.1	0.8	0.8
	11U	7	1.39	2.1	0.8	0.8
	11	7	1.38	2.1	0.8	0.8
	11L	7	1.38	2.1	0.8	0.8
	12	7	1.42	2.1	0.8	0.8
	13	7	1.43	2.1	0.8	0.8
Data	8	7	1.45	2.1	0.8	0.8
	10U	7	1.49	2.1	0.8	0.8
	10	7	1.50	2.1	0.8	0.8
	11	7	1.44	2.1	0.8	0.8
	13	7	1.47	2.1	0.8	0.8
Huangbai	8	7	1.48	2.1	0.8	0.8
	10U	7	1.49	2.1	0.8	0.8
	10	7	1.48	2.1	0.8	0.8
	11U	7	1.39	2.1	0.8	0.8
	11	7	1.45	2.1	0.8	0.8
	13	7	1.48	2.1	0.8	0.8

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of each mine. While the resources areas of exploration rights are only delineated by the property boundary since there are no elevation limits for exploration rights. Our resources tonnage estimates (on a 100% ownership basis) for Shangyuquan Mining Right, Data Exploration Right and Huangbai Exploration Right, as of 31 July 2025, are as follows:

Table 3-18 Coal Resources Estimates – Hedong Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality				
									%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resources	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
						Mining Right							
						Shangyuquan*							
9	2.65	0.64	3.29	-	18.35	7.85	26.20	2.9	4.8	27.3	0.64	42.9	3,500
10U	3.37	0.37	3.74	-	27.11	0.45	27.56	3.1	4.1	31.7	0.89	41.1	4,260
10	5.18	1.12	6.30	99.34	8.24	1.30	108.88	12.1	4.7	26.3	0.74	41.5	4,180
10L	2.11	0.38	2.49	-	24.08	13.72	37.80	4.2	4.5	25.8	1.30	43.4	5,190
11U	1.92	0.01	1.93	-	9.75	4.58	14.33	1.6	4.7	16.2	1.31	39.2	6,250
11	2.16	0.07	2.23	-	70.44	3.55	73.99	8.2	4.6	18.1	1.55	40.3	5,850
11L	1.89	0.07	1.96	-	14.51	5.35	19.86	2.2	4.4	22.2	1.73	40.8	5,920
12	2.01	0.03	2.04	-	60.69	9.25	69.94	7.8	4.4	21.9	1.91	41.3	5,810
13	12.30	1.59	13.89	455.31	57.97	10.48	523.76	58.0	4.1	21.1	1.83	40.4	4,130
Subtotal				554.65	291.13	56.54	902.32	100					
						Exploration Right							
						Data*							
8	1.80	0.16	1.96	-	9.51	12.80	22.32	5.7	2.9	24.0	0.88	40.0	5,390
10U	2.20	0.30	2.50	-	31.39	6.88	38.27	9.8	3.0	29.1	1.00	39.3	4,870
10	3.09	0.12	3.21	11.02	11.12	39.42	61.56	15.7	2.8	29.7	0.94	39.8	5,070
11	5.44	0.87	6.31	-	32.94	45.02	77.96	19.9	3.6	22.9	1.42	40.9	5,500
13	7.62	1.53	9.15	25.37	65.47	100.65	191.50	48.9	3.4	28.7	1.57	42.7	5,900
Subtotal				36.39	150.44	204.78	391.61	100					
						Huangbai*							
8	1.48	0.15	1.63	-	55.26	23.86	79.12	5.0	4.0	24.8	1.01	41.0	5,410
10U	1.92	0.22	2.13	-	25.81	39.53	65.34	4.2	3.8	30.8	0.71	41.4	4,800
10	5.52	0.61	6.12	290.85	82.79	66.32	439.96	28.1	4.5	22.9	0.86	40.7	5,460
11U	1.25	-	1.25	-	10.22	4.35	14.57	0.9	4.2	22.2	1.15	41.1	5,660
11	2.79	0.40	3.19	-	131.36	69.13	200.49	12.8	4.1	21.0	1.89	41.1	5,810
13	9.03	1.22	10.25	511.19	145.49	111.88	768.55	49.0	3.8	23.0	1.86	39.9	5,640
Subtotal	-	-	-	802.04	450.91	315.08	1,568.03	100					
Total				1,393.08	892.48	576.39	2,861.96						

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.
3.* CV is in b.ad. basis.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Hedong Coalfield contain medium to high ash, medium sulfur high-rank bituminous coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserve estimation was conducted exclusively for mining rights. Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the Shangyuquan Mine:

Table 3-19 Reserves Estimates Parameters – Shangyuquan Mine

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Shangyuquan	9	-	-	-	-	-	-	-	-	-	-	-
	10U	SC	2.0	3.9	1.9	3.8	3.6	80	0.05	85	2	75
	10	SC	2.0	3.9	1.9	3.8	3.6	80	0.10	85	2	65
	10L	FM	1.5	3.3	1.2	2.4	-	-	0.10	85	2	65
	11U	FM	1.5	3.3	1.2	2.4	-	-	0.10	85	2	91
	11	SC	2.0	3.9	1.9	3.8	3.6	80	0.10	85	2	91
		FM	1.5	3.3	1.2	2.4	-	-	-	-	-	-
	11L	FM	1.5	3.3	1.2	2.4	-	-	0.10	85	2	91
	12	FM	1.5	3.3	1.2	2.4	-	-	0.10	85	2	92
	13	SC	2.5	4.5	2.4	4.2	3.9	80	0.10	85	2	72

Note: Seams without parameters indicate thin thickness, for which only resources have been estimated.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground coal mining. ROM coal from Shangyuquan Mine is processed using JIG system for coarse raw coal and 3-Product HMC for fine raw coal. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed Shangyuquan Mine's historical operations, and we believe that it will be capable of maintaining stable output of 7 Mtpa in the future. Based on the mines' historical performance and communication with the mines' technical personnel, we

have developed a LOM plan for Shangyuquan Mine to confirm the technical feasibility of the recoverable reserves. This LOM plan is presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mine have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for Shangyuquan Mine, as of 31 July 2025, are as follows:

Table 3-20 Coal Reserves Estimates – Shangyuquan Mine

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Shangyuquan				
9	-	-	-	-	-	-	-	-
10U	-	17.11	17.11	75	-	12.77	12.77	3.9
10	48.35	2.38	50.73	65	31.67	1.46	33.13	10.1
10L	-	8.35	8.35	65	-	5.39	5.39	1.6
11U	-	5.81	5.81	91	-	5.26	5.26	1.6
11	-	45.83	45.83	91	-	41.92	41.92	12.8
11L	-	7.86	7.86	91	-	7.15	7.15	2.2
12	-	40.98	40.98	92	-	37.58	37.58	11.5
13	248.08	7.83	255.91	72	179.09	5.64	184.73	56.3
Total	296.43	136.15	432.58	76	210.77	117.18	327.94	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Shangyuquan	32.1	10.3	0.86	4,270

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.8.4 Ningdong Coalfield

The Renjiazhuang Mine is the only one of the subject mines located in the Ningdong Coalfield, which is located in the Shanxi and Taiyuan Formation of the Carboniferous and Permian Age. On a global basis, the geologic settings, or nature, of the Renjiazhuang Mine is judged to be moderate. While the strata are moderately dipping,

complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas.

Structure

The Ningdong Coalfield's structural system originated from Late Jurassic E-W compression, forming a predominantly S-N trending tectonic framework characterized by one major anticline, two synclines, and associated submeridional faults. The region-scale anticline traverses the entire area, preserving complete coal-bearing sequences in its southern segment. Faults align with the fold axes, with the S-N trending F3 thrust fault (displacement >300 m) defining the primary structural geometry. Secondary NE- and NW-trending normal and reverse faults (displacement 30-128 m) locally displace seams, causing thickness variations and pinch-outs. This S-N structural system fundamentally controls coal seam distribution, thickness, and stability.

Stratigraphy

The Ningdong Coalfield contains coal-bearing strata from the Carboniferous Taiyuan Formation and the Permian Shanxi and Lower Shihezi Formations. These are overlain by the Upper Shihezi and Shiqianfeng Formations, and most areas are covered by unconsolidated Tertiary-Quaternary deposits, which are 90–220 m thick. The Shanxi Formation (averaging 71 m thick), a typical continental clastic sequence, contains up to 13 coal seams, while the transitional marine-continental Taiyuan Formation (averaging 79 m thick) contains up to10 coal seams. These are underlain by the Benxi Group (approximately 416 m thick) of mudstone, sandstone and bauxite, with an Ordovician carbonate series at the base. Stratigraphic contacts are predominantly conformable or disconformable.

Coal Seams

The Shanxi and Taiyuan formations host 23 coal seams, with reserves quantified for 8 key layers. Seams 3 (avg. 3.32 m), 5 (avg. 6.03 m), and 9 (avg. 6.66 m) constitute the principal minable seams, demonstrating high stability and economic significance. Remaining seams show variable thickness and minability influenced by structural and sedimentary controls, with local thinning or unworkable sections. Therefore, our estimate of resources/reserves only includes Seams 3, 5 and 9. The following tables show the detailed characteristics of each seam:

Table 3-21 Coal Seams in Ningdong Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Renjiazhuang	3	2.9	0.05	2.9	-	203 - 651	17-E	Moderate
	5	4.6	0.21	4.8	39	204 - 1,345	17-E	Moderate
	9	4.8	0.68	5.4	71	234 - 1,270	17-E	Moderate

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Annual Reserves Verification Reports for Years 2013 to 2024
- Detailed Exploration Report for the Renjiazhuang Hongshiwan Mine, Hengcheng Exploration Area, July 2006

We have reviewed these reports provided to ensure our data remains current and valid. The Renjiazhuang Mine has completed a total of 175 drill holes, all of which have been used for our estimates.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Renjiazhuang Mine, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining Right	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Renjiazhuang	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Ningdong Coalfield',* shows the items listed for the Renjiazhuang Mine, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-22 Resources Estimates Parameters – Renjiazhuang Mine

			S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Renjiazhuang	3	17	1.44	2.1	0.8	0.8
	5	17	1.43	2.1	0.8	0.8
	9	17	1.43	2.1	0.8	0.8

The resources areas of the mine are delineated by the authorized mine boundary, with vertical mining elevation limits between +500 m to +1,100 m. Our resources tonnage

estimates (on a 100% ownership basis) for the Renjiazhuang Mine, as of 31 July 2025, are as follows:

Table 3-23 Coal Resources Estimates – Renjiazhuang Mine

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality				
									%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resources	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Renjiazhuang													
3	2.88	0.05	2.93	29.39	4.31	0.38	34.09	20.5	1.9	22.0	0.65	38.2	5,660
5	4.63	0.21	4.84	36.31	10.09	0.43	46.83	28.1	1.5	27.1	1.22	38.1	5,350
9	4.76	0.68	5.44	68.54	12.77	4.25	85.56	51.4	1.2	20.7	2.73	40.9	6,010
Total				134.24	27.17	5.07	166.48	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Ningdong Coalfield contain medium to high ash, low to high sulfur high-rank bituminous coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the Renjiazhuang Mine:

Table 3-24 Reserves Estimates Parameters – Renjiazhuang Mine

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Renjiazhuang	3	FM	2.0	3.7	1.8	3.7	-	-	0.20	85	2	90
		FM	2.5	5.2	2.3	5.0	-	-	-	-	-	-
	5	FM	2.5	5.2	2.3	5.0	-	-	0.20	85	2	90
	9	FM	2.5	5.2	2.3	5.0	-	-	0.20	85	2	83

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground mining. ROM coal from the Renjiazhuang Mine is processed by a 3-Product Heavey Media

Cyclone (HMC) system to process fine coal product, with the coarse product selling on raw basis. The product yields of saleable coal accounts for the removal of in-seam partings and OSD, and moisture gain during screening and washing, along with routine coal handling losses.

We have reviewed the historical operation data, and we believe that Renjiazhuang will be capable of maintaining stable output of 4 Mtpa in the future. Based on the mines' historical performance and communication with the mines' technical personnel, we have developed a LOM plan for Renjiazhuang Mine to confirm the technical feasibility of the recoverable reserves. It is our opinion that the reserves will be depleted by 2045. This LOM plan is presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Renjiazhuang Mine have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Renjiazhuang Mine, as of 31 July 2025, are as follows:

Table 3-25 Coal Reserves Estimates – Renjiazhuang Mine

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Renjiazhuang				
3	14.44	2.04	16.48	90	12.93	1.87	14.80	20.6
5	20.41	5.89	26.29	90	18.19	5.55	23.74	33.0
9	35.50	4.51	40.01	83	29.49	3.89	33.38	46.4
Total	70.35	12.44	82.79	87	60.61	11.30	71.91	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Renjiazhuang	33.9	4.5	2.36	4,710

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.8.5 Shaanbei Coalfield

The Sandaogou Mine is the only one of the subject Guoyuan Power mines located in the Shaanbei Coalfield, which is located in the Yan'an Formation of the Jurassic Age. On a global basis, the geologic settings, or nature, of the Sandaogou Mine is judged to be simple to moderate. While the strata are flat-lying, coal seams splitting and thinning are complicating factors for the seams in some areas.

Regional Geology

The Jurassic Shaanbei Coalfield is situated on the Northern Shaanxi Slope, which forms the eastern flank of the Ordos Syncline. Regional data indicate that the basement is influenced by several major structural trends: the Wubao–Jingbian EW-trending zone, the Baode–Wuqi NE-trending zone, and the Yulin West–Shenmu West NE-trending zone. These basement structures exerted a certain degree of control on the formation and distribution of the coalfield.

Structure

The structure of Shaanbei Coalfield is characterized by broad, gentle undulations and a series of post-depositional disconformities formed by large-scale crustal uplift. No major faults or magmatic activity have been discovered. The strata generally form a monocline gently dipping to the northwest at about 1 degree. Along the Yaozhen area following the Tuwei River, the contour lines of the coal seam floor are relatively dense, suggesting the possible presence of minor faults in this zone.

Stratigraphy

The coalfield's stratigraphic sequence, from oldest to youngest, comprises:

- the Upper Triassic Yongping Formation
- Lower Jurassic Fuxian Formation
- Middle Jurassic Yan'an Formation
- Zhiluo Formation
- Anding Formation
- Lower Cretaceous Luohe Formation
- Neogene, and Quaternary

The primary coal-bearing stratum is the Middle Jurassic Yan'an Formation. It is predominantly composed of sandstone, siltstone, sandy mudstone, mudstone, coal seams, and carbonaceous mudstone. Yan'an formation contains 7 to 8 layers of minable coal seams, with 4 being the principal minable layers.

Coal Seams

The major seam is 5-2, which is minable across the entire area. It has a thickness of 2.0 to 7.0 m and a simple structure. Secondary minable seams include 4-3, 4-4, and 5-2U, with average thicknesses ranging from 0.80 to 1.91 m. The immediate roof and

floor of the coal seams are predominantly composed of mudstone and silty mudstone, providing relatively stable ground conditions. The following tables show the detailed characteristics of each seam:

Table 3-26 Coal Seams of Sandaogou Mine in Shaanbei Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Sandaogou	4-3	1.3	-	1.3	-	11 - 1,290	2-W	Eratic
	4-4	1.1	-	1.1	14	12 - 1,306	2-W	Eratic
	5-2U	2.2	0.07	2.2	14	2 - 1,307	2-W	Uniform
	5-2	4.4	0.21	4.6	19	19 - 1,305	2-W	Uniform

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

= Exploration Report for the Sandaogou Mine, November 2002
= Reserves Verification Report for the Sandaogou Mine, August 2011

We have reviewed the two different versions of the geological reports provided to ensure our data remains current and valid. The Sandaogou Mine has completed a total of 164 drill holes, all of which have been used for our estimates.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Sandaogou Mine, we judge the overall geologic setting to be simple to moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mine	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Sandaogou	4-3	Moderate	500	1,000	<2,000
	4-4	Moderate	500	1,000	<2,000
	5-2U	Moderate	500	1,000	<2,000
	5-2	Simple	750	1,500	<2,500

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Shaanbei Coalfield',* shows the items listed for the Sandaogou Mine in the Shaanbei Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-27 Resources Estimates Parameters – Sandaogou Mine

			S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Sandaogou	4-3	2	1.29	2.1	0.8	0.8
	4-4	2	1.31	2.1	0.8	0.8
	5-2U	2	1.32	2.1	0.8	0.8
	5-2	2	1.31	2.1	0.8	0.8

The resources areas of the mine are delineated by the authorized mine boundary, with vertical mining elevation limits between +1,033 m to +1,258 m. Our resources tonnage estimates (on a 100% ownership basis) for the Sandaogou Mine, as of 31 July 2025, are as follows:

Table 3-28 Coal Resources Estimates – Sandaogou Mine

									In-Situ Coal Quality				
	Average Thickness (m)			In-Place Resources (Mt)				% of	%				CV (net,ad
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resources	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
						Mining Right							
						Sandaogou							
4-3	1.29	-	1.29	-	-	59.80	59.80	7.6	8.9	7.3	0.29	34.7	6,400
4-4	1.03	-	1.03	-	-	35.93	35.93	4.6	8.8	7.7	0.27	35.1	6,310
5-2U	2.18	0.07	2.25	-	51.67	8.30	59.97	7.7	8.4	8.2	0.26	35.1	6,640
5-2	4.68	0.21	4.89	-	297.56	329.10	626.66	80.1	8.2	7.7	0.20	34.6	6,400
Total				-	349.23	433.13	782.36	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined. The quality data shown in the above tables indicate that all coal seams in Sandaogou Mine contain low ash, low sulfur, high heating value long-flame coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the saleable tonnage and include allowances for losses during coal handling and processing. The following

parameters were used for reserves reporting for the Sandaogou Mine:

Table 3-29 Reserves Estimates Parameters – Sandaogou Mine

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Sandaogou	4-3	-	-	-	-	-	-	-	-	-	-	-
	4-4	-	-	-	-	-	-	-	-	-	-	-
	5-2U	FM	1.5	3.3	1.4	2.8	-	-	0.10	85	2	97
	5-2	FM	1.5	3.3	1.4	2.8	-	-	0.20	85	2	96

Note: 1. Seams without parameters indicate thin thickness, for which only resources have been estimated.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground mining. ROM coal from the Sandaogou Mine is sold on raw basis after crushing and screening. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the historical operation data, and we believe that Sandaogou will be capable of maintaining stable output of 9 Mtpa in the future. Based on the mines' historical performance and communication with the mines' technical personnel, we have developed a LOM plan for Sandaogou Mine to confirm the technical feasibility of the recoverable reserves. This LOM plan is presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Sandaogou Mine have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Sandaogou Mine, as of 31 July 2025, are as follows:

Table 3-30 Coal Reserves Estimates – Sandaogou Mine

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Sandaogou				
4-3	-	-	-	-	-	-	-	-
4-4	-	-	-	-	-	-	-	-
5-2U	-	16.87	16.87	97	-	16.28	16.28	9.0
5-2	-	170.75	170.75	96	-	164.52	164.52	91.0
Total	-	187.62	187.62	96	-	180.80	180.80	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with

past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Sandaogou	13.8	13.3	0.20	5,570

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.9 Shenyan Coal Mining Right

Shenyan Coal holds the rights to the open-pit Xiwan mine, which is located in the eastern part of the Yushen Mining Area in the Jurassic Shaanbei Coalfield. On a global basis, the geologic settings, or nature, of the Xiwan Open-pit is judged to vary from simple to moderate. The strata are flat-lying with minimal thickness variations and a simple structure.

Regional Geology

The Shaanbei Coalfield is situated on the eastern limb of the Ordos Syncline. The basement of the coal-bearing basin is dominated by several major structural zones: the Wubao-Jingbian E-W trending zone, the Baode-Wuqi NE-trending zone, and the Yulin West-Shenmu West NE-trending zone. These structural zones exerted a discernible control on the formation and spatial distribution of the coalfield.

Structure

The Xiwan Open-pit area exhibits gently inclined strata, forming a monocline with a general north-northeast strike and northwest dip direction, and dip angles of approximately 1 degree. This monocline is superimposed by broad, gentle undulations. The area lacks significant fault development and shows no evidence of magmatic activity.

Stratigraphy

The stratigraphic sequence in Xiwan Open-pit area is clearly defined and ascends from the bottom as follows:

- Middle Jurassic Yan'an Formation
- Middle Jurassic Zhiluo Formation
- Neogene Pliocene Baode Formation
- Middle Pleistocene Lishi Formation
- Upper Pleistocene Salawusu Formation
- Holocene aeolian sand and alluvium

The Middle Jurassic Yan'an Formation constitutes the principal coal-bearing stratum in the area. The open-pit operation currently targets minable 2-2 Seam contained within top section of the Yan'an Formation.

Coal Seams

The Yan'an Formation hosts 11 coal seams, with 5 minable seams (seams 2-2, 3-1, 4-3, 5-3 ,5-3L). Currently, only the 2-2 seam is being extracted by open-pit methods. The remaining minable seams represent potential targets for future underground mining operations.

The No. 2-2 Seam is a thick, main minable seam developed throughout the entire area. It has a simple structure, containing 1 to 3 partings, and has an average thickness of 9.84 m within the resources area. The seam thickness exhibits minimal yet systematic variation. The following tables show the detailed characteristics of each seam:

Table 3-31 Coal Seams in Shenyan Coal Mining Right

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
China Energy Shaanxi Shenyan Coal Co., Ltd.								
Xiwan	2-2	10.80	0.21	11.01		20 - 280	1-NW	Uniform
Open-pit	3-1	2.18	2.78	4.96	45	80 - 320	1-NW	Uniform
	4-3	1.75	0.14	1.89	50	150 - 380	1-NW	Uniform
	5-3U	2.07	0.32	2.39	40	220 - 450	1-NW	Uniform
	5-3L	1.63	0.25	1.88	5	230 - 450	1-NW	Eratic
	5-4	0.83	0.38	1.21	15	240 - 460	1-NW	Eratic

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- = Exploration Report for the Xiwan Open-pit Mine, September 2007
- = Geological Classification Report for the Xiwan Open-pit Mine, December 2024
- = 2024 Annual Reserves Verification Report for the Xiwan Mine
- = Hydrogeological Survey Report for the Xiwan Mine, October 2024
- = Production Geology Report for the Xiwan Open-pit Mine, November 2024

We have compared the different versions of the provided geological reports to ensure our data remains current and valid. Throughout its exploration history, the Xinwan Open-pit Mine has completed a total of 382 boreholes, all of which have been incorporated into our geological modeling.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Xiwan Openpit,

we judge the overall geologic setting to be simple to complex and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mine	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Xiwan	2-2	Simple	750	1,500	<2.500
Open-pit	3-1	Moderate	500	1,000	<2,000
	4-3	Moderate	500	1,000	<2,000
	5-3U	Moderate	500	1,000	<2,000
	5-3L	Moderate	500	1,000	<2,000
	5-4	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Shaanbei Coalfield',* shows the items listed for the Xiwan Mine, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using Carlson SurvCADD for the Xiwan open-pit. The following parameters were used for resources reporting:

- Coal S.G.: 1.23
- Parting S.G: 2.1
- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m

The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits between +873 m to +1099 m. Our resources tonnage estimates (on a 100% ownership basis) for the Xiwan Open-pit, as of 31 July 2025, are as follows:

Table 3-32 Coal Resources Estimates – Xiwan Open-pit

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality				
									%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Xiwan Open-pit													
2-2	10.80	0.21	11.01	193.11	273.83	127.59	594.53	51.0	6.7	6.6	0.65	38.9	6,670
3-1	2.18	2.78	4.96	34.54	67.93	76.40	178.87	15.3	6.4	7.1	0.62	39.2	6,700
4-3	1.75	0.14	1.89	-	75.07	45.98	121.05	10.4	6.2	7.6	0.29	35.8	6,740
5-3U	2.07	0.32	2.39	-	63.71	26.77	90.48	7.8	5.5	8.3	0.39	37.4	6,700
5-3L	1.63	0.25	1.88	-	84.69	43.12	127.81	11.0	5.1	10.2	0.39	36.4	6,570
5-4	0.83	0.38	1.21	-	40.89	11.99	52.88	4.5	5.3	13.3	0.50	37.5	6,420
Total				227.65	606.12	331.85	1,165.62	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Shaanbei Coalfield contain low ash, low sulfur, high heating value long-flame coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

According to the provided open-pit mine design, coal seams below the 2-2 Seam will be designed for underground mining methods after the closure of the open-pit mine, due to their significant depth. Therefore, our reserve estimation for the Xiwan Open-pit is limited solely to the 2-2 Seam.

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process). Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%
- Product Yield: 97%

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese open-pit coal mining. ROM coal from Xiwan operation is directly sold after crushing. The 97% yield of saleable coal accounts for routine coal handling losses.

We have reviewed the mine's historical operations, and we believe that Xiwan will be capable of maintaining its authorized output of 13 Mtpa. Based on the mine's historical performance and communication with the mine's technical personnel, we have developed a LOM plan to confirm the technical feasibility of the recoverable reserves. Based on the LOM plan the overall stripping ratio of the Xiwan Open-pit is 9.4 m^3/t. The 20-year LOM details are shown as below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
ROM Product (Mt)	5.01	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Stripping Ratio (m^3/t)	8.71	8.71	8.71	10.03	10.03	10.17	10.17	10.17	11.29	11.29	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This

analysis concludes that the identified reserves at Xiwan Open-pit have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Xiwan Open-pit, as of 31 July 2025, are as follows:

Table 3-33 Coal Reserves Estimates – Xiwan Open-pit

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
Xiwan Open-pit								
2-2	192.85	273.64	466.49	97	187.06	265.43	452.50	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to theoretically predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality			
%			kcal/kg
Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
8.3	11.4	0.67	6,160

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.10 Wuhai Energy Mining/Exploration Rights

Wuhai Energy holds nine mining rights and two exploration rights (as shown in the following table) which are all located in the Wuhai area of the Inner Mongolia Autonomous Region.

Table 3-34 Coalfields and Coal Bearing Strata – Wuhai Energy

Mining/Exploration Right	Coalfield	Age of Coal Bearing Strata	Coal Bearing Formation
China Energy Wuhai Energy Co., Ltd.			
Mining Rights			
Gongwusu	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan
Huangbaici	Helanshan	Carboniferous and Permian	Shanxi and Taiyuan
Laoshidan	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan
Limin	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan
Luotuoshan	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan
Lutian	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan
Pinggou	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan
Suhaitu	Helanshan	Carboniferous and Permian	Shanxi and Taiyuan
Wuhushan	Helanshan	Carboniferous and Permian	Shanxi and Taiyuan
Exploration Rights			
Kaqibu Deep Exploration Area	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan
Hongliushu West	Zhuozishan	Carboniferous and Permian	Shanxi and Taiyuan

As shown in the above table, the subject Guoyuan Power mines are located in two different coal fields formed in the same geological periods.

3.10.1 Helanshan Coalfield

There are three Wuhai Energy mining rights, i.e. Huangbaici Coal Mine, Wushushan Coal Mine and Suhaitu Coal Mine, located in the Helanshan Coalfield. On a global basis, the geologic settings, or nature, of these mines are judged to be moderate. While the strata are gently dipping, complex faulting and folding structure are the complicating factors for the seams in Helanshan Coalfield.

Regional Geology

The three subject mines are situated within the Wuda Mining Area, which was developed near NS-trending structures by the late Mesozoic Yanshanian movement. The subsequent Cenozoic Himalayan orogeny superimposed roughly EW-trending structures, which cut the earlier systems, forming multiple isolated coal-bearing synclines, including the Wuda syncline. Thrust by the Wuda reverse fault, the syncline's western limb forms an east-dipping monocline. Central strata strike NS and dip east, bending eastward and closing at the ends.

Structure

The three subject mines are located in the central western limb of the Wuda Syncline. Due to truncation by the Wuda thrust fault on the eastern side, the field forms a broadly east-dipping monoclinal structure, striking approximately north-south with dips of 3–13°, increasing to 12–17° near the fault.

The structure of the subject mines is dominated by faults, with folds mainly developed in the eastern area near the Wuda thrust fault. These folds have roughly north-south trending axes and are generally normal and slightly asymmetric, with local overturning. Major folds include the Liangjiagou (striking over1000 m, symmetrical), Bei 111 (striking over 400 m, locally tight and overturned), and Chenjiagou (striking over 600 m, tight in the north, gentle in the south).

Stratigraphy

The Helanshan Coalfield is located between the Alxa and Ordos Blocks, representing a marginal depression-type coalfield. The stratigraphic division of this area is similar to that of the North China Region. Exposed strata include the Qingbaikou, Sinian, Cambrian, Ordovician, Carboniferous, Permian, Tertiary, and Quaternary Systems.

The Upper Carboniferous Taiyuan Formation and Lower Permian Shanxi Formation constitute the primary coal-bearing strata in the region. These formations are dominated by continental and transitional facies deposits, with marine facies being underdeveloped.

Coal Seams

Although the Helanshan Coalfield contains coal seams in both the Taiyuan and Shanxi Formations, the upper Shanxi Formation seams within the subject mining areas have been largely mined out. Current mining operations are exclusively targeting the deeper coal seams within the Taiyuan Formation. Suhaitu Mine had depleted its coal resources years ago and is currently recovering the remaining coal pillars left by previous mining activities using open-pit method in the name of environmental protection (prevent future spontaneous combustion and prepare the mined-out area for reclamation), as approved by the local government. Therefore, the current operation at Suhaitu is not a mining project from the perspective of mining economics, but an environmental remediation project. Consequently, we did not perform resource and reserve estimation for Suhaitu.

The following tables show the detailed characteristics of each seam at Huangbaici and Wushushan mines:

Table 3-35 Coal Seams of Mining Rights in Helanshan Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Huangbaici	10	2.0	0.07	2.1	-	58 -253	7-E	Moderate
	12	3.8	0.61	4.4	28	104 -283	7-E	Moderate
	13U2	1.3	0.10	1.4	14	116 -292	7-E	Eratic
	13	0.9	0.07	1.0	16	137 -309	7-E	Moderate
	15	1.6	0.13	1.8	17	151 -324	7-E	Moderate
	16	1.2	0.07	1.3	15	192 -342	7-E	Eratic
	17	1.0	0.09	1.1	3	197 -347	7-E	Eratic
Wuhushan	9	2.6	0.03	2.6	-	12 -293	10-E	Moderate
	10	1.8	0.03	1.8	4	29 -297	10-E	Moderate
	12	4.0	0.55	4.6	24	48 -323	10-E	Moderate
	13U2	1.4	0.05	1.4	16	77 -342	10-E	Moderate
	13	0.9	0.08	1.0	16	91 -358	10-E	Eratic
	15	1.4	0.12	1.5	14	105 -371	10-E	Moderate
	16	1.1	0.18	1.3	16	126 -387	10-E	Moderate
	17	1.5	0.18	1.6	3	132 -390	10-E	Moderate

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Huangbaici Mine:
  - Reserves Verification Report for the Huangbaici Mine，2019
  - Annual Reserves Verification Reports for the Huangbaici Mine for Years 2020 to 2025
- Wuhushan Mine:
  - Detailed Exploration Report for the Wuhushan No.1 Mine, Wuda Mining Area, Northern Helan Mountain Coalfield, October 1964
  - Supplementary Hydrogeological Exploration Report for the Wuda Mining Area, April 2011
  - Reserves Verification Report for the Wuhushan Mine, Wuda Mining Area, Helan Mountain Coalfield, February 2019
  - Production Geology Report for the Wuhushan Mining Company, China Energy Wuhai Energy, November 2024
  - Annual Reserves Verification Reports for the Wuhushan Mine for Years 2020 to 2024

We have compared the different versions of the provided geological reports to ensure our data remains current and valid. The following table summarizes the available exploration data for each mining/exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
China Energy Wuhai Energy Co., Ltd.		
Mining Rights		
Huangbaici	5.79	28
Wuhushan	8.08	50

Resource/Reserve Classification

Based on our detailed review of the geologic setting of these Wuhai Energy mines located in the Helanshan Coalfield, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Huangbaici	All Seams	Moderate	500	1,000	<2,000
Wuhushan	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Helanshan Coalfield',* shows the items listed for the Helanshan Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software

(AutoCAD) for all mapped resource areas for the underground mines. The following parameters were used for resources reporting:

Table 3-36 Resources Estimates Parameters – Helanshan Coalfield

Mining/Exploration Right	Seam	Max. Dip	S.G. Coal	S.G. Parting	Thickness (m) Min. Coal	Thickness (m) Max. Parting
Huangbaici	10	7	1.45	2.1	0.7	0.7
	12	7	1.39	2.1	0.7	0.7
	13U2	7	1.50	2.1	0.7	0.7
	13	7	1.35	2.1	0.7	0.7
	15	7	1.45	2.1	0.7	0.7
	16	7	1.35	2.1	0.7	0.7
	17	7	1.35	2.1	0.7	0.7
Wuhushan	9	10	1.29	2.1	0.7	0.7
	10	10	1.31	2.1	0.7	0.7
	12	10	1.36	2.1	0.7	0.7
	13U2	10	1.50	2.1	0.7	0.7
	13	10	1.40	2.1	0.7	0.7
	15	10	1.40	2.1	0.7	0.7
	16	10	1.55	2.1	0.7	0.7
	17	10	1.50	2.1	0.7	0.7

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of each mine. Our resources tonnage estimates (on a 100% ownership basis) for Huangbaici Mining Right and Wuhushan Mining Right, as of 31 July 2025, are as follows:

Table 3-37 Coal Resources Estimates – Helanshan Coalfield

Seam	Average Thickness (m) Coal	Parting	Seam	In-Place Resources (Mt) Measured	Indicated	Inferred	Total	% of Resouces	In-Situ Coal Quality % Moist. (ad)	Ash (d)	St (d)	Vol (daf)	CV (net,ad) kcal/kg
Mining Right													
Huangbaici*													
10	2.02	0.07	2.09	5.21	0.32	-	5.53	10.1	0.6	17.4	4.39	28.2	7,370
12	3.87	0.64	4.51	13.49	0.99	-	14.49	26.5	0.7	25.8	2.54	27.8	6,350
13U2	1.31	0.10	1.41	5.08	1.73	-	6.81	12.5	0.7	28.5	0.63	25.0	6,250
13	0.93	0.07	1.00	-	-	3.66	3.66	6.7	0.7	23.0	0.77	26.5	6,490
15	1.63	0.13	1.76	11.99	1.00	-	12.99	23.8	0.7	24.7	1.70	24.8	6,480
16	1.22	0.07	1.29	5.80	0.63	0.11	6.53	12.0	0.8	41.2	1.49	29.0	5,070
17	1.03	0.09	1.12	-	-	4.57	4.57	8.4	0.7	35.2	2.28	26.9	5,840
Subtotal				41.57	4.67	8.34	54.58	100					
Wuhushan													
9	2.61	0.03	2.64	0.67	0.70	0.20	1.57	2.7	0.6	12.3	3.88	28.1	7,040
10	1.78	0.03	1.81	1.93	1.88	0.14	3.95	6.9	0.7	17.8	3.98	28.9	6,620
12	4.02	0.55	4.57	7.98	5.28	0.63	13.89	24.2	0.6	22.1	2.24	27.8	6,170
13U2	1.39	0.05	1.44	3.64	5.17	0.27	9.08	15.8	0.8	24.9	0.65	27.0	6,160
13	0.92	0.08	0.99	3.95	1.53	0.21	5.70	9.9	0.8	22.7	1.20	28.6	5,830
15	1.38	0.12	1.50	2.94	2.83	0.11	5.88	10.2	0.6	25.6	2.50	25.7	6,480
16	1.13	0.18	1.31	6.65	2.65	0.30	9.60	16.7	0.8	36.1	1.46	29.4	5,110
17	1.46	0.18	1.63	6.12	1.64	-	7.76	13.5	0.7	32.9	2.45	28.5	5,330
Subtotal				33.89	21.68	1.87	57.43	100					
Total				75.46	26.35	10.21	112.01						

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.
3.* CV is in b.ad. basis.

From the perspective of mining economics, Suhaitu is not a mining project, and according to JORC 2012, there is no resource.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Helanshan Coalfield contain medium to high ash, low to high sulfur coking coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the Huangbaici Coal Mine and Wushushan Coal Mine:

Table 3-38 Reserves Estimates Parameters – Huangbaici and Wuhuhan Mine

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Huangbaici	10	FM	2.0	4.0	1.7	3.5	-	-	0.05	85	2	86
	12	FM	2.0	4.0	1.7	3.5	-	-	0.10	85	2	82
	13U2	FM	1.4	3.0	1.0	2.4	-	-	0.05	85	2	84
	13	-	-	-	-	-	-	-	-	-	-	-
	15	FM	1.4	3.0	1.0	2.4	-	-	0.05	85	2	86
	16	FM	1.4	3.0	1.0	2.4	-	-	0.05	85	2	86
	17	-	-	-	-	-	-	-	-	-	-	-
Wuhushan	9	FM	2.0	4.0	1.7	3.5	-	-	0.10	85	2	86
	10	FM	2.0	4.0	1.7	3.5	-	-	0.05	85	2	82
	12	FM	2.5	4.8	2.4	5.0	-	-	0.20	85	2	82
	13U2	FM	2.0	4.0	1.7	3.5	-	-	0.05	85	2	71
	13	-	-	-	-	-	-	-	-	-	-	-
	15	FM	2.0	4.0	1.7	3.5	-	-	0.05	85	2	71
	16	FM	2.0	4.0	1.7	3.5	-	-	0.05	85	2	60
	17	FM	2.0	4.0	1.7	3.5	-	-	0.05	85	2	72

Note: 1. Seams without parameters indicate thin thickness, for which only resources have been estimated.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground coal mining. ROM coal from Huangbaici and Wuhushan are mixed for processing at Wuhai Energy's five coal processing plants (Hainan CPC Gongwusu Plant, Hainan CPC Laoshidan Plant, Limin Processing Plant, Luotuoshan Processing Plant and Wuda Processing Plant) based on clients' requirements on product coal quality, while the majority of the

ROM from Huangbaici and Wuhushan are processed at Wuda Processing Plant. The Gongwusu Plant and Wuda Plant employ TDS systems for refuse removing and the processed material enter into 3-Product HMC system to produce final commercial product, while at the other three plants, coal are processed with Drum Crusher or Roller Crusher before being conveyed to the 3-Product HMC systems. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the historical operations of the Wuhai Energy's mines located within the Helanshan Coalfield, and we believe that the mines will be capable of maintaining stable output of current production level in the future. Based on the mines' historical performance and communication with the mines' technical personnel, we have developed the LOM plans for the subject mines to confirm the technical feasibility of the recoverable reserves. These LOM plans are presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for the mines to determine if the projected mine operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mines have reasonable

expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the subject mines, as of 31 July 2025, are as follows:

Table 3-39 Coal Reserves Estimates – Huangbaici and Wuhushan Mines

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Huangbaici				
10	3.28	0.15	3.43	86	2.84	0.12	2.96	14.5
12	6.70	0.28	6.98	82	5.53	0.23	5.75	28.1
13U2	3.52	0.54	4.06	84	2.99	0.43	3.42	16.7
13	-	-	-	-	-	-	-	-
15	7.12	0.23	7.35	86	6.17	0.18	6.35	31.1
16	2.27	0.03	2.31	86	1.94	0.03	1.97	9.6
17	-	-	-	-	-	-	-	-
Subtotal	22.89	1.23	24.13	85	19.48	0.98	20.46	100
				Wuhushan				
9	0.17	0.44	0.60	86	0.13	0.39	0.52	2.0
10	1.59	1.46	3.05	82	1.29	1.21	2.50	9.7
12	4.56	2.53	7.10	82	3.70	2.10	5.80	22.6
13U2	3.86	3.43	7.28	71	2.75	2.40	5.15	20.0
13	-	-	-	-	-	-	-	-
15	2.19	1.70	3.89	71	1.50	1.26	2.76	10.7
16	4.32	0.27	4.60	60	2.61	0.16	2.77	10.8
17	6.83	1.89	8.72	72	4.96	1.28	6.23	24.2
Subtotal	23.52	11.72	35.24	73	16.94	8.79	25.73	100
Total	46.41	12.95	59.36		36.41	9.78	46.19	

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Huangbaici	9.0	10.5	2.00	6,600
Wuhushan	9.0	10.5	2.00	6,600

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.10.2 Zhuozishan Coalfield

There are eight Wuhai Energy properties located in the Zhuozishan Coalfield, which is

formed in the Carboniferous and Permian Age. On a global basis, the geologic settings, or nature, of these mines is judged to be moderate. While the strata are mostly gently dipping, seam splitting and complex faulting are the complicating factors for the seams in Zhuozishan Coalfield.

Regional Geology

The region is located on the eastern limb of the Gongwusu Anticline, characterized by an east-dipping monoclinal structure. Strata strike SN–NNE with dips of 10–30°, generally steeper at shallow depths and gentler in deeper sections. Folding is weakly developed, featuring only three minor structures: the Gongwusu Anticline (NNE-trending, about 7 km long, shallow seams at the axis suitable for open-pit mining), the A1 Anticline (approximately 2.5 km long, disrupted by the F10 thrust fault), and the S1 Syncline.

Structure

Faults are the dominant structural feature, with 62 identified (31 confirmed, 22 basically confirmed, 1 preliminarily controlled). These include 19 thrust and 43 normal faults, mostly with throws <30 m. Early NS-trending thrust faults strongly control structure, while later EW-trending normal faults often cut them. Major thrusts include Xilaifeng (throw 100 to 500 m, significantly influencing coal seams and Ordovician groundwater), Hongliushu and its branches (35 to 220 m), and F10 (0 to 110 m). Key normal faults (e.g., F11, F12, XF1, DF10) mostly dip east with throws of 10–40 m. No magmatic activity is observed. Overall, the structure is dominated by monocline, with minor folds and numerous but controllable faults, moderately impacting mining layout. The structural complexity is rated as moderate.

Stratigraphy

The Zhuozishan Coalfield is situated on the western margin of the Ordos Syncline, at the northern terminus of the Helanshan Fold Belt. The stratigraphic sequence ranges from the Ordovician Zhuozishan Formation to the Quaternary, with the Ordovician limestone as the basement. Overlying strata include the Carboniferous Benxi Formation and Taiyuan Formation, Permian Shanxi Formation, Lower Shihezi Formation, Upper Shihezi Formation, Triassic Shiqianfeng Formation, Neogene, and Quaternary. The primary coal-bearing strata are the Taiyuan and Shanxi Formations.

Coal Seams

Although the Zhuozishan Coalfield contains coal seams in both the Taiyuan and Shanxi Formations, the upper Shanxi Formation seams within the subject mining areas have been largely mined out. Current mining operations are exclusively targeting the deeper

coal seams within the Taiyuan Formation. The following tables show the detailed characteristics of each seam at subject mines in Zhuozishan Coalfield:

Table 3-40 Coal Seams of Mining/Exploration Rights in Zhuozishan Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Gongwusu	9	3.1	0.75	3.9	-	25 - 857	22-SE	Moderate
	12	0.9	0.03	1.0	38	9 - 892	22-SE	Eratic
	16	6.0	1.24	7.3	31	19 - 919	22-SE	Moderate
	17	0.9	0.03	0.9	4	31 - 768	22-SE	Eratic
	26-2	1.5	0.05	1.5	14	511 - 805	5-SE	Eratic
	26-3L	3.6	0.24	3.9	33	424 - 856	5-SE	Moderate
	27-1	2.9	0.21	3.1	48	577 - 948	5-SE	Moderate
	27-3	10.7	0.88	11.5	63	464 - 980	5-SE	Moderate
Laoshidan	16-4	6.6	2.77	9.4	-	37 -423	7-NW	Eratic to Moderate
Limin	9-1	3.1	0.30	3.4	-	145 - 437	8-SW	Moderate
	9-2	1.2	0.08	1.3	3	153 - 441	8-SW	Moderate
	16	4.9	0.85	5.8	37	58 - 474	8-SW	Moderate
Luotuoshan	9-2	2.3	0.43	2.7	-	125 - 637	9-SW	Moderate
	10	1.0	-	1.0	2	130 - 643	9-SW	Moderate
	16-1	3.2	0.18	3.4	52	181 - 693	9-SW	Moderate
	16-2	1.6	0.28	1.9	2	185 - 700	9-SW	Moderate
Lutian	17	1.1	-	1.1	-	8 - 1161	15-E	Moderate
Pinggou	9	2.7	0.65	3.4	-	11 - 533	10-W	Moderate
	10	1.1	-	1.1	3	18 - 540	10-W	Eratic
	16-1	1.7	0.25	1.9	50	12 - 590	10-W	Eratic
	16-2	1.7	0.29	2.0	1	16 - 594	10-W	Moderate
Hongliushu West	12	1.7	0.09	1.8	-	294 - 1190	17-E	Moderate
	14	1.2	0.11	1.3	44	343 - 1237	17-E	Eratic
	17	3.9	0.94	4.8	80	424 - 424	17-E	Moderate

Kabuqi Deep Exploration Area is the deeper area located under the Pinggou Mine, while the exploration right for this area has not been approved by the time our report is prepared, according to the source data provided by Wuhai Energy, the authorized mining elevation of Pinggou Mine overlaps with the upper part of Kabuqi Deep Exploration Area, therefore the coal resources occurred in the 16-1 seam and 16-2 seam which are situated within the overlapped elevation range have been included in our resources and reserve estimation for Pinggou Mine, however the lower 17 seam and 18 seam are not included, as the drilling data of these two seams are too limited to support a resource estimation according to JORC Code.

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Gongwusu Mine:
  - = Detailed Exploration Report for the Gongwusu Mining Area, Zhuozishan Coalfield, November 1965
  - = Supplementary Production Geology Exploration Report for the Gongwusu Open-pit Mine, November 1989
  - = Reserves Verification Report for the Gongwusu Mine, February 2019
  - = Annual Reserves Verification Reports for the Gongwusu Mine for Years 2020 to 2024

- Laoshidan Mine:
  - = Production Geology Report for the Laoshidan Mine, April 2019
  - = 2019 Reserves Verification Report for the Laoshidan Mine, May
  - = Laoshidan Mine Production Construction Geological Report, June 2019
  - = Production Geology Report for the Laoshibdan Mine, July 2023
  - = Annual Reserves Verification Reports for the Laoshibdan Mine for Years 2020 to 2024
- Luotuoshan Mine:
  - = Detailed Exploration Report for the Luotuoshan Mining Area, Zhuozishan Coalfield, December 1972
  - = Detailed Exploration Report for the Luotuoshan Mine, November 1984
  - = Luotuoshan Mine Construction Geological Report, September 2024
- Lutian Mine:
  - = Reserves Verification Report for the Lutian Mine, April 2012
  - = Lutian Mine No.4 Mining Area Construction Geological Report, June 2003
  - = Production Geology Report for the Lutian Mine, August 2024
  - = Annual Reserves Verification Reports for the Lutian Mine for Years 2020 to 2024
- Pinggou Mine:
  - = Detailed Geological Report for Pinggou and Jiudonggou Mine, February 1964
  - = Reserve Assessment Report for Pinggou Mine, 2007
  - = Geological Report for Pinggou Mine, January 2013
  - = Geological Report for Extended Exploration for Pinggou Mine, July 2013
  - = Resource/Reserve Assessment Report for Pinggou Mine, 2019
  - = Pinggou Mine Production Geological Report, July 2024
- Hongliushu Mine:
  - = Coal Exploration Report for Hongliushu Mine, June 2006

We have compared the different versions of the geological reports provided to ensure our data remains current and valid. The following table summarizes the available exploration data for each mining/exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
China Energy Wuhai Energy Co., Ltd.		
Mining Rights		
Gongwusu	14.76	92
Laoshidan	9.78	106
Limin	7.99	53
Luotuoshan	11.57	92
Lutian	6.75	145
Pinggou	15.65	127
Exploration Rights		
Hongliushu West	6.10	15

Resource/Reserve Classification

Based on our detailed review of the geologic setting of these Wuhai Energy mines

located in the Zhuozishan Coalfield, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Gongwusu	All Seams	Moderate	500	1,000	<2,000
Laoshidan	All Seams	Moderate	500	1,000	<2,000
Limin	All Seams	Moderate	500	1,000	<2,000
Luotuoshan	All Seams	Moderate	500	1,000	<2,000
Lutian	All Seams	Moderate	500	1,000	<2,000
Pinggou	All Seams	Moderate	500	1,000	<2,000
Hongliushu West	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Zhuozishan Coalfield',* shows the items listed for each mine in the Zhuozishan Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software

(AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-41 Resources Estimates Parameters – Zhuozishan Coalfield

		Max.	S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Gongwusu	9	22	1.52	2.1	0.7	0.7
	12	22	1.44	2.1	0.7	0.7
	16	22	1.50	2.1	0.7	0.7
	17	22	1.47	2.1	0.7	0.7
				2.1	0.7	0.7
Laoshidan	9-2	7	1.35	2.1	0.7	0.7
	16-4	7	1.50	2.1	0.7	0.7
				2.1	0.7	0.7
Limin	9-1	8	1.52	2.1	0.7	0.7
	9-2	8	1.47	2.1	0.7	0.7
	16	8	1.54	2.1	0.7	0.7
				2.1	0.7	0.7
Luotuoshan	9-2	9	1.45	2.1	0.7	0.7
	10	9	1.45	2.1	0.7	0.7
	16-1	9	1.40	2.1	0.7	0.7
	16-2	9	1.40	2.1	0.7	0.7
				2.1	0.7	0.7
Lutian	17	15	1.39	2.1	0.7	0.7
				2.1	0.7	0.7
Pinggou	9	10	1.59	2.1	0.7	0.7
	10	10	1.46	2.1	0.7	0.7
	16-1	10	1.51	2.1	0.7	0.7
	16-2	10	1.49	2.1	0.7	0.7
				2.1	0.7	0.7
Hongliushu	12	17	1.49	2.1	0.7	0.7
West	14	17	1.45	2.1	0.7	0.7
	17	17	1.45	2.1	0.7	0.7

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of each mine. While the resources areas of exploration rights are only delineated by the property boundary since there are no elevation limits for exploration rights. Our resources tonnage estimates (on a 100% ownership basis) for Gongwusu Mining Right, Laoshidan Mining Right, Limin Mining

Right, Luotuoshan Mining Right, Lutian Mining Right, Pinggou Mining Right and Hongliushu West Exploration Right, as of 31 July 2025, are as follows:

Table 3-42 Coal Resources Estimates – Zhuozishan Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality %			
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)
Mining right												
Gongwusu												
9	3.14	0.75	3.89	-	18.89	-	18.89	17.7	0.9	28.3	1.31	32.4
12	0.96	0.03	0.99	-	5.73	-	5.73	5.4	1.0	22.2	1.96	33.5
16	6.03	1.24	7.27	-	72.53	-	72.53	68.1	0.7	26.7	2.99	29.4
17	0.86	0.03	0.89	-	9.30	-	9.30	8.7	0.7	23.9	2.98	31.6
Subtotal				-	106.45	-	106.45	100				
Laoshidan												
9-2	3.03	-	3.03	1.26	-	-	1.26	8.3	-	-	-	-
16-4	5.45	2.01	7.46	13.87	-	-	13.87	91.7	0.8	27.9	1.56	27.7
Subtotal				15.13	-	-	15.13	100				
Linmin												
9-1	3.05	0.30	3.35	-	11.98	-	11.98	25.9	0.9	27.3	1.01	32.6
9-2	1.17	0.07	1.24	-	2.67	-	2.67	5.8	0.8	29.3	1.02	34.0
16	4.96	0.77	5.73	-	31.56	-	31.56	68.3	0.8	26.6	2.16	31.7
Subtotal				-	46.22	-	46.22	100				
Luotuoshan												
9-2	2.30	0.43	2.74	17.39	3.30	-	20.68	29.7	0.9	30.9	0.58	31.1
10	1.00	-	1.00	5.57	1.44	-	7.01	10.1	0.8	21.6	1.50	30.8
16-1	3.24	0.18	3.42	21.70	4.82	-	26.52	38.1	0.7	23.6	1.77	29.5
16-2	1.64	0.28	1.92	13.20	2.15	-	15.34	22.1	0.7	30.1	1.79	30.0
Subtotal				57.85	11.70	-	69.56	100				
Lutian												
17	1.09	-	1.09	0.58	-	-	0.58	100	0.8	21.8	3.17	32.0
Subtotal				0.58	-	-	0.58	100				
Pinggou												
9	2.73	0.63	3.36	-	29.30	-	29.30	37.7	0.9	31.2	0.70	30.4
10	1.05	-	1.05	-	8.35	-	8.35	10.8	0.8	22.7	1.67	30.1
16-1	1.70	0.26	1.96	-	17.07	-	17.07	22.0	0.8	25.6	2.05	29.3
16-2	1.57	0.54	2.11	-	22.95	-	22.95	29.6	0.7	29.1	1.59	29.1
Subtotal				-	77.67	-	77.67	100				
Exploration right												
Hongliushu West												
12	1.73	0.09	1.82	-	12.27	2.68	14.95	22.1	0.4	28.0	1.45	31.9
14	1.21	0.11	1.33	-	-	7.14	7.14	10.6	0.4	27.7	1.20	32.3
16	3.90	0.94	4.84	-	33.30	12.12	45.42	67.3	0.3	25.4	1.47	31.0
Subtotal				-	45.58	21.94	67.51	100				
Total				73.56	287.63	21.94	383.13					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Zhuozishan Coalfield contain medium to high ash, low to high sulfur coking coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the Gongwusu Coal Mine, Laoshidan Coal Mine, Limin Coal Mine, Luotuoshan Coal Mine, Lutian Coal Mine and Pinggou Coal Mine:

Table 3-43 Reserves Estimates Parameters – Zhuozishan Coalfield

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Gongwusu	9	SC	0.6	3.5	1.6	3.5	3.0	80	0.10	85	2	78
	12	FM	0.8	1.6	0.9	1.5	-	-	0.05	85	2	86
	16	SC	0.6	3.5	1.6	3.5	3.0	80	0.20	85	2	78
	17	FM	0.8	1.6	0.9	1.5	-	-	0.05	85	2	84
Laoshidan	9-2	SC	2.3	4.0	2.2	4.2	3.0	80	0.10	85	2	94
	16-4	SC	2.3	4.0	2.2	4.2	3.0	80	0.20	85	2	72
Limin	9-1	FM	3.0	5.3	2.6	5.5	-	-	0.10	85	2	84
	9-2	FM	3.0	5.3	2.6	5.5	-	-	0.05	85	2	77
	16	FM	3.0	5.3	2.6	5.5	-	-	0.20	85	2	83
Luotuoshan	9-2	FM	2.5	5.0	2.5	5.0	-	-	0.10	85	2	74
	10	FM	1.4	3.0	1.0	2.4	-	-	0.05	85	2	69
	16-1	FM	2.5	5.0	2.5	5.0	-	-	0.10	85	-	-
	16-2	FM	1.4	3.0	1.0	2.4	-	-	0.05	85	-	-
Lutian	17	FM	1.4	3.0	1.0	2.4	-	-	0.12	95	2	90
Pinggou	9	FM	2.5	5.0	2.5	5.0	-	-	0.10	85	2	78
	10	FM	2.5	5.0	2.5	5.0	-	-	0.05	85	2	92
	16-1	FM	2.5	5.0	2.5	5.0	-	-	0.05	85	2	83
	16-2	FM	2.5	5.0	2.5	5.0	-	-	0.05	85	2	70

Note: 1. Seams without parameters indicate thin thickness, for which only resources have been estimated.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground coal mining. ROM coal from Gongwusu Coal Mine, Laoshidan Coal Mine, Limin Coal Mine, Luotuoshan Coal Mine, Lutian Coal Mine and Pinggou Coal Mine are mixed for processing at Wuhai Energy's five coal processing plants (Hainan CPC Gongwusu Plant, Hainan CPC Laoshidan Plant, Limin Processing Plant, Luotuoshan Processing Plant and Wuda Processing Plant) based on clients' requirements on product coal quality. The Gongwusu Plant and Wuda Plant employ TDS systems for refuse removing and the processed material enter into 3-Product HMC system to produce final commercial product, while at the other three plants, coal is processed with Drum Crusher or Roller Crusher before being conveyed to the 3-Product HMC systems. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the historical operations of the Wuhai Energy's mines located within the Zhuozishan Coalfield, and we believe that the mines will be capable of maintaining stable output of current production level in the future. Based on the mines' historical

performance and communication with the mines' technical personnel, we have developed the LOM plans for the subject mines to confirm the technical feasibility of the recoverable reserves. These LOM plans are presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for the mines to determine if the projected mine operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mines have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the subject mines, as of 31 July 2025, are as follows:

Table 3-44 Coal Reserves Estimates – Zhuozishan Coalfield

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Gongwusu				
9	-	9.05	9.05	78	-	7.02	7.02	17.8
12	-	2.64	2.64	86	-	2.27	2.27	5.7
16	-	34.06	34.06	78	-	26.68	26.68	67.5
17	-	4.21	4.21	84	-	3.55	3.55	9.0
Subtotal	-	49.96	49.96	78	-	39.52	39.52	100
				Laoshidan				
9-2	1.14	-	1.14	94	1.07	-	1.07	14.2
16-4	8.93	-	8.93	72	6.43	-	6.43	85.8
Subtotal	10.07	-	10.07	74	7.50	-	7.50	100
				Linmin				
9-1	-	9.84	9.84	84	-	8.31	8.31	31.9
9-2	-	2.47	2.47	77	-	1.89	1.89	7.3
16	-	19.06	19.06	83	-	15.86	15.86	60.9
Subtotal	-	31.37	31.37	83	-	26.07	26.07	100
				Luotuoshan				
9-2	10.34	1.12	11.47	74	7.57	0.87	8.44	68.7
10	5.04	0.52	5.55	69	3.48	0.37	3.85	31.3
16-1	-	-	-	-	-	-	-	-
16-2	-	-	-	-	-	-	-	-
Subtotal	15.38	1.64	17.02	72	11.05	1.24	12.28	100
				Lutian				
17	0.57	-	0.57	90	0.51	-	0.51	100
Subtotal	0.57	-	0.57	90	0.51	-	0.51	100
				Pinggou				
9	-	16.30	16.30	78	-	12.75	12.75	37.9
10	-	4.47	4.47	92	-	4.12	4.12	12.3
16-1	-	9.29	9.29	83	-	7.67	7.67	22.8
16-2	-	12.91	12.91	70	-	9.07	9.07	27.0
Subtotal	-	42.97	42.97	78	-	33.61	33.61	100
Total	26.02	125.94	151.95		19.05	100.43	119.49	

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Gongwusu	10.5	9.8	2.50	5,860
Laoshidan	11.0	10.8	1.80	5,880
Limin	11.7	9.4	0.89	6,010
Luotuoshan	12.9	10.0	0.71	5,890
Lutian	11.7	9.4	0.89	6,010

Pinggou Mine is starting a mine technical upgrade and the product coal quality is not available. It's our opinion that Pinggou's product quality will be close to its adjacent Luotuoshan Mine.

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.11 Xinjiang Energy Mining/Exploration Rights

Xinjiang Energy holds six mining rights and five exploration rights (as shown in the following table) which are located in various locations in Xinjiang Autonomous Region.

Table 3-45 Coalfields and Coal Bearing Strata – Xinjiang Energy

Mining/Exploration Right	Coalfield	Age of Coal Bearing Strata	Coal Bearing Formation
China Energy Xinjiang Energy and Chemical Co., Ltd.			
Mining Rights			
Heishan Open-pit	Houxia	Jurassic	Xishanyao
Hongshaquan No.1 Open-pit	Zhundong	Jurassic	Xishanyao and Badaowan
Hongshaquan No.2 Open-pit	Zhundong	Jurassic	Xishanyao and Badaowan
Tunbao	Zhunnan	Jurassic	Xishanyao
Wudong	Zhunnan	Jurassic	Xishanyao
Zhundong Open-pit	Zhundong	Jurassic	Xishanyao
Exploration Rights			
Jiangjunmiao	Zhundong	Jurassic	Xishanyao and Badaowan
Liuhuanggou No.4	Zhunnan	Jurassic	Xishanyao
Wucaiwan No.2	Zhundong	Jurassic	Xishanyao and Badaowan
Wucaiwan No.3	Zhundong	Jurassic	Xishanyao and Badaowan
Wucaiwan No.5	Zhundong	Jurassic	Xishanyao and Badaowan

As shown in the above table, the subject Xinjiang Energy mines are located in three different Jurassic coal fields.

3.11.1 Houxia Coalfield

The Heishan Open-pit is the only one of the subject mines located in the Houxia Coalfield. On a global basis, the geologic settings, or nature, of the Heishan Open-pit is judged to vary from simple to moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas.

Regional Geology

The Houxia Coalfield is situated at the junction of the North Tianshan Orogenic Belt and the southern margin of the Junggar Basin, belonging to an intermontane depression-type coalfield. Its formation and evolution were primarily controlled by the Yanshanian and Himalayan tectonic movements. The regional structural trend is nearly east-west, consistent with the tectonic grain of the North Tianshan.

Based on sedimentary basin and structural characteristics, the coalfield can be subdivided into several mining areas, including the Heishan Mining Area. The Heishan Open-pit Mine is located within this Heishan Mining Area.

Structure

The Houxia Coalfield features a simple geological structure, primarily a south-dipping monocline (dipping at 13 to 25 degrees). Several reliably identified faults are present. A combustion metamorphic rock (burned rock) belt, formed from ancient coal seam ignition, trends east-west. It reaches a maximum depth of 240 m, as confirmed by drilling and geophysical surveys. No magmatic rocks are found within the coal measures. Overall, the geological structure of the mining area is classified as simple.

Stratigraphy

The Heishan Mining Area contains strata ranging from the Paleozoic (Silurian, Carboniferous, Permian) to the Mesozoic (Triassic, Jurassic) and Cenozoic (Neogene, Quaternary) from oldest to youngest. The coal-bearing strata are specifically the Lower Jurassic Badaowan Formation and the Middle Jurassic Xishanyao Formation. In the Houxia Coalfield, all mineable coal seams are in the Xishanyao Formation.

Coal Seams

The Xishanyao Formation contains 15 coal seams, 9 of which are minable.

The major seams are Nos. 9, 13-1 and No. 13-2. These are stable to relatively stable seams, minable across the entire area, with No. 13-1 and No. 13-2 being extra-thick. The seam structure ranges from simple to complex, typically containing 0 to12 layers of carbonaceous mudstone partings. The immediate roof and floor strata are predominantly siltstone, fine-grained sandstone, and coarse-grained sandstone, with

localized carbonaceous mudstone. The following tables show the detailed characteristics of each seam:

Table 3-46 Coal Seams of Heishan Open-pit in Houxia Coalfield

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Heishan	6	1.34	2.66	4	-	11 - 274	20-S	Eratic
Open-pit	7	1.46	3.31	4.77	10	6 - 274	20-S	Moderate
	8	2.35	4.78	7.13	16	5 - 310	20-S	Eratic
	9	6.85	2.72	9.57	48	5 - 365	20-S	Moderate
	11	4.32	5.74	10.06	45	4 - 422	20-S	Moderate
	12-1	1.75	0.8	2.55	31	4 - 471	20-S	Eratic
	13-1	17.15	0.32	17.47	71	234 - 581	20-S	Uniform
	13-2	28.4	2.32	30.72	90	10 - 665	20-S	Uniform

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- = Detailed Exploration Report for the Xiao'erbulake (Heishan)-Tixiong Gou Area, March 2007
- = Exploration Report for the Xiao'erbulake-Tixiong Gou Open-pit Mine, Heishan Mining Area, April 2009
- = Geohazard Risk Assessment Report for the Heishan Open-pit Mine Construction Project, Ltd., December 2012
- = Slope Engineering Geological Exploration Report for the Initial Mining Area of the Tuokexun Heishan Open-pit Mine, October 2014
- = Special Hydrogeological Exploration Report for the Heishan Open-pit Mine, March 2015
- = 2016 Reserves Verification Report for the Heishan Mine

We have compared the different versions of the provided geological reports to ensure our data remains current and valid. A total of 164 drill holes has been completed at the Heishan Open-pit during historical exploration and mine operations, and all of these have been used for our estimates.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Heishan Open-pit, we judge the overall geologic setting to be simple to moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mine	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Heishan	6	Moderate	500	1,000	<2,000
Open-pit	7	Moderate	500	1,000	<2,000
	8	Moderate	500	1,000	<2,000
	9	Moderate	500	1,000	<2,000
	11	Moderate	500	1,000	<2,000
	12-1	Moderate	500	1,000	<2,000
	13-1	Simple	750	1,500	<2,500
	13-2	Simple	750	1,500	<2,500

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Houxia Coalfield',* shows the items listed for the Heishan Open-pit in Houxia Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using Carlson SurvCADD for the Heishan Open-pit. The following parameters were used for resources reporting:

Table 3-47 Resources Estimates Parameters – Heishan Open-pit

		Max.	S.G.		Thickness (m)	
Mine	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Heishan	6	20	1.33	2.1	0.8	0.8
Open-pit	7	20	1.33	2.1	0.8	0.8
	8	20	1.31	2.1	0.8	0.8
	9	20	1.32	2.1	0.8	0.8
	11	20	1.33	2.1	0.8	0.8
	12-1	20	1.34	2.1	0.8	0.8
	13-1	20	1.31	2.1	0.8	0.8
	13-2	20	1.31	2.1	0.8	0.8

The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits between +1,600 m to +3,023 m. Our resources tonnage estimates (on a 100% ownership basis) for the Heishan Open-pit, as of 31 July 2025, are as follows:

Table 3-48 Coal Resources Estimates – Heishan Open-pit

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality %				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
						Mining Right							
						Heishan Open-pit							
6	1.69	-	1.69	5.18	16.45	29.20	50.83	3.2	3.7	8.6	-	40.6	6,770
7	2.92	-	2.92	1.79	9.65	45.28	56.72	3.6	3.8	11.5	-	41.7	6,450
8	4.58	-	4.58	5.66	22.08	78.00	105.74	6.6	3.5	10.1	-	40.3	6,190
9	8.07	-	8.07	28.91	79.81	129.67	238.39	15.0	3.9	10.3	-	40.4	6,400
11	6.43	-	6.43	16.35	44.47	117.30	178.12	11.2	3.5	11.9	-	40.5	6,490
12-1	2.59	-	2.59	6.30	16.52	48.44	71.26	4.5	3.2	9.8	-	38.6	6,750
13-1	8.53	-	8.53	-	0.23	96.68	96.91	6.1	2.1	4.8	-	38.5	7,290
13-2	26.35	-	26.35	134.07	319.99	342.34	796.40	50.0	3.1	7.9	-	37.5	6,800
Total				198.26	509.20	886.91	1,594.37	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Houxia Coalfield contain medium to high ash, high heating value long-flame and non-caking coal. According to China's coal exploration standards, in-situ coal samples typically do

not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process). Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%
- Product Yield: 95%

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese open-pit coal mining. ROM coal from Heishan operation is directly sold after crushing and screening. The 95% yield of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the mine's historical operations, and we believe that Heishan will be capable of maintaining its authorized output of 16 Mtpa. Based on the mine's historical performance and communication with the mine's technical personnel, we have developed a LOM plan to confirm the technical feasibility of the recoverable reserves. This LOM plan is presented in the accompanying DCF table following Chapter 8.

According to the Life of Mine (LOM) plan, the Heishan Open-pit Mine has an overall stripping ratio of 9.37 m³/t. The detailed annual stripping ratios for the 20-year period are presented below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
ROM Product (Mt)	6.05	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
Stripping Ratio (m^3/t)	8.90	8.90	8.90	8.90	8.90	8.90	8.90	10.10	10.10	10.10	10.10	10.10	10.10	10.50	10.50	10.50	10.50	10.50	10.50	10.50

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Heishan Open-pit have reasonable

expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Heishan Open-pit, as of 31 July 2025, are as follows:

Table 3-49 Coal Reserves Estimates – Heishan Open-pit

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Heishan Open-pit				
6	7.05	12.40	19.45	96	6.90	11.78	18.68	3.2
7	5.05	9.36	14.41	95	4.80	8.89	13.69	2.4
8	10.65	18.16	28.81	95	10.12	17.25	27.37	4.7
9	32.59	62.40	94.99	95	30.96	59.28	90.24	15.6
11	17.81	38.15	55.96	95	16.92	36.24	53.16	9.2
12-1	6.39	13.83	20.22	95	6.07	13.14	19.21	3.3
13-1	-	-	-	-	-	-	-	-
13-2	115.93	257.25	373.18	95	110.13	244.39	354.52	61.5
Total	195.47	411.55	607.02	95	185.9	391.0	576.9	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to theoretically predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality			
%			kcal/kg
Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
9.8	7.3	0.62	6,290

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.11.2 Zhundong Coalfield

Zhundong Coalfield is one of the major coalfields in Xinjiang Autonomous Region. There are three mining rights (Hongshaquan No.1, Hongshaquan No.2 and Zhundong Open-pits) and four exploration rights (Jiangjunmiao, Wucaiwan No.2, Wucaiwan No.3, Wucaiwan No.5) are located in the Zhundong Coalfield of the Jurassic Age. On a global basis, the geologic settings, or nature, of the subject properties are judged to be moderate. While the strata are moderately dipping and the major seams are favorably thick, the complex structure containing folds and faults is a complicating factor for the seams in each of the mine areas.

Regional Geology

Located in the Kalamaili foredeep belt on the eastern margin of the Junggar Basin, the Zhundong Coalfield constitutes an independent tectonic-sedimentary unit. Its structural

framework was shaped by multiple tectonic cycles, with the Yanshanian movement playing a decisive role in reforming the Jurassic coal measures and forming the present structural and coal accumulation framework. The region features a Variscan folded basement and sedimentary cover from Carboniferous to Quaternary, with primary coal-bearing strata in the Jurassic Xishanyao and Badaowan Formations. Multi-phase tectonic events ultimately created the current structural pattern of interwoven uplifts and depressions.

Structure

The Zhundong Coalfield exhibits a complex internal structure, where folds and faults of varying scales govern the spatial distribution of coal seams. Three typical coal-controlling structural types have developed: compound synclinal folds, imbricate thrust structures, and nappe structures, forming a unique structural control pattern. Overall, coal seam distribution follows a "three-zone" differentiation trend: thicker in the west and thinner in the east, deeper in the north and shallower in the south.

- Western Thick-Seam Zone (Wucaiwan-Jiangjunmiao): Dominated by the Xishanyao Formation's B1 coal seam, with single-layer thickness generally exceeding 50m. Simple structure, primarily monoclinal, suitable for large-scale open-pit mining. All the subject properties of Xinjiang Energy are located in this zone.
- Eastern Thin-Seam Zone (Laojunmiao-Xiheishan): Seam thickness reduces to 20 to 40m, split into 2 to 3 layers, with dip angles increasing to 8 to 13 degrees.
- Northern Deep Zone (Dajing-Zhangpenggou): Burial depth increases to 500 to 700m, requiring underground mining methods.

Stratigraphy

The coalfield contains a complete continental sedimentary sequence from the Permian to the Quaternary, including Permian, Triassic, Jurassic, Cretaceous, and Quaternary strata. The coal-bearing formations are Jurassic, specifically the Middle Jurassic Xishanyao Formation (Coal Group B) and the Lower Jurassic Badaowan Formation (Coal Group A). These were deposited in continental environments, predominantly fluvial, lacustrine, and swamp facies. The Xishanyao Formation is the primary coal-bearing unit, characterized by thick, widely distributed, and stable seams, making it the main target for current mining. The Badaowan Formation also contains coal, but the seams are thinner (avg. 10 to 15 m) and often deeply buried (partly over 500 m deep), limiting extraction to localized underground mining.

Coal Seams

The Zhundong Coalfield is primarily hosted in the Middle-Lower Jurassic Xishanyao Formation, with the Badaowan Formation containing locally workable seams. The Xishanyao Formation contains multiple thick to extra-thick seams, such as the widely

distributed and stable B1 and B2 seams, which average 20 to24 m and 8 to19 m in thickness respectively. Seam structures are generally simple, with roofs and floors mainly composed of mudstone, siltstone, and sandstone. Overall, the coalfield features stable, thick coal seams suitable for large-scale mining. The following tables show the detailed characteristics of each seam at each subject property:

Table 3-50 Coal Seams of Mining Rights in Zhundong Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Hongshaquan	B6	1.2	0.8	2.0	-	76 - 521	7-S, 25-N	Eratic
No.1 Open-pit	B5	1.2	0.7	1.9	-	37 - 529	7-S, 25-N	Eratic
	B4	19.2	1.1	20.3	9	0 - 577	7-S, 25-N	Uniform
	B4'	2.8	1.7	4.5	11	21 - 600	7-S, 25-N	Eratic
	B3	7.5	1.3	8.8	12	0 - 641	7-S, 25-N	Uniform
	B3'	2.2	1.1	3.3	-	1 - 553	7-S, 25-N	Eratic
	B2	4.5	1.9	6.5	36	3 - 669	7-S, 25-N	Uniform
	B2'	12.0	1.1	13.1	-	0 - 726	7-S, 25-N	Moderate
	B1	10.9	0.9	11.8	-	17 - 773	7-S, 25-N	Uniform
Hongshaquan	B6	1.8	0.8	2.5	0	76 - 521	7-S, 25-N	Eratic
No.2 Open-pit	B5	1.4	0.7	2.1	10	37 - 529	7-S, 25-N	Eratic
	B4	13.8	1.1	14.8	14	0 - 577	7-S, 25-N	Uniform
	B4'	3.0	1.7	4.7	29	21 - 600	7-S, 25-N	Moderate
	B3	6.5	1.3	7.8		0 - 641	7-S, 25-N	Moderate
	B3'	2.5	1.1	3.6	-	1 - 553	7-S, 25-N	Moderate
	B2	14.0	1.9	15.9		3 - 669	7-S, 25-N	Uniform
	B2'	5.9	1.1	6.9	-	0 - 726	7-S, 25-N	Moderate
	B1	10.6	0.9	11.6	32	17 - 773	7-S, 25-N	Moderate
Zhundong	C2	0.6	0.0	0.6	-	185 - 244	23-NW, 5-NW	Eratic
Open-pit	C1	0.5	0.0	0.5	11	194 - 256	23-NW, 5-NW	Eratic
	BM	66.6	0.8	67.4	153	15 - 420	23-NW, 5-NW	Uniform
	B2	38.6	0.7	39.3	187	11 - 4382	23-NW, 5-NW	Uniform
	B2'	2.1	0.6	2.6	2	253 - 439	23-NW, 5-NW	Moderate
	B12	12.6	1.5	14.1	13	19 - 469	23-NW, 5-NW	Moderate
	B11	4.0	1.7	5.7	6	38 - 481	23-NW, 5-NW	Moderate
	B1	22.1	0.8	22.9	6	166 - 427	23-NW, 5-NW	Uniform

Table 3-51 Coal Seams of Exploration Rights in Zhundong Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Jiangjunmiao	B4	8.39	0.44	8.83	-	16 - 666	2-N,S 30-N,S	Moderate
	B3	2.68	0.37	3.05	16	48 - 620	2-N,S 30-N,S	Moderate
	B22	3.26	0.62	3.88	30	53 - 695	2-N,S 30-N,S	Moderate
	B21	1.62	0.42	2.04	3	61 - 561	2-N,S 30-N,S	Eratic
	B2	18.59	0.84	19.43	15	69 - 726	2-N,S 30-N,S	Uniform
	B1	5.98	0.51	6.49	23	103 - 692	2-N,S 30-N,S	Moderate
Wucaiwan	A2	7.7	0.0	7.8	-	152 - 755	4-SW	Moderate
No.2	B0	1.7	0.0	1.8	8	173 - 780	4-SW	Eratic
	B1	24.1	1.0	25.1	11	213 - 688	4-SW	Uniform
	B2	10.2	0.4	10.6	228	176 - 1071	4-SW	Moderate
Wucaiwan	A2	8.2	0.0	8.2	-	152 - 755	4-S	Eratic
No.3	B1	21.6	0.7	22.4	8	173 - 780	4-S	Uniform
	B2	7.6	0.2	7.8	248	176 - 1071	4-S	Moderate
Wucaiwan	1	0.8	0.7	0.8	-	171 - 418	4-SW	Eratic
No.5	B2U	2.6	0.72	2.6	184	169 - 463	4-SW	Eratic
	B2	11.3	1.28	11.3	127	118 - 552	4-SW	Moderate
	B1	70.4	0.94	70.4	44	126 - 597	4-SW	Uniform

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the

geological reports for the subject mines, as follows:

- Hongshaquan No.1 Open-pit:
  - = Supplementary Exploration Report for the Hongshaquan No.1 Open-pit Mine, Xiheishan Mining Area, May 2025
- Hongshaquan No.2 Open-pit:
  - = Exploration for the Hongshaquan No.2 Open-pit Mine, August 2010
  - = Supplementary Exploration Report for the Hongshaquan No.2 Open-pit Mine, September 2022
  - = 2024 Annual Reserves Verification Report for the Hongshaquan No.2 Open-pit Mine
  - = Monitoring Statement for the Hongshaquan No.2 Open-pit Mine, Xiheishan Mining Area, First Half of 2025
- Jiangjunmiao Exploration Right:
  - = Exploration Report for the Jiangjunmiao Open-pit Mine, September 2013
- Wucaiwan No.2 Exploration Right:
  - = Exploration Report for the Lucaogou Exploration Area (Underground Mining Section), December 2012
- Wucaiwan No.3 Exploration Right:
  - = Exploration Report for the Lucaogou Exploration Area (Underground Mining Section), December 2012
- Wucaiwan No.5 Exploration Right:
  - = Exploration Report for the Wucaiwan No.5 Open-pit Mine, November 2011
  - = Feasibility Study Report for the Wucaiwan No.5 Open-pit Mine, April 2025

We have compared the different versions of the provided geological reports to ensure our data remains current and valid. The following table summarizes the available exploration data for each mining/exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
Mining Rights		
Hongshaquan No.1 Open-pit	74.19	731
Hongshaquan No.2 Open-pit	102.98	731
Zhundong Open-pit	40.08	113
Exploration Rights		
Jiangjunmiao	121.63	264
Wucaiwan No.2	43.80	282
Wucaiwan No.3	68.14	282
Wucaiwan No.5	0.09	83

Xinjiang Energy holds 48.42% of Xinjiang Shenxing Energy Company Limited (Shenxing Energy). Shenxing Energy is currently applying to the government authorities for the modification of the Wucaiwan No. 5 Open-pit Exploration License to larger area of 55.10 km^2. In June 2025, the Natural Resources Bureau of Changji Prefecture, Xinjiang, issued an "Official Reply on Soliciting Opinions Regarding the Exploration Change and Renewal of the Wucaiwan No. 5 Open-pit Mining Field in Zhundong Coalfield, Jimsar County, Xinjiang Autonomous Region" stating that the

bureau has consented to process the change and renewal procedures for the exploration license. After reviewing the provided documentation, we have reasonably assumed that the exploration license will be successfully modified, and accordingly, we have conducted a resource estimate for applied area of 55.10 km^2, which includes 83 drill holes.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at each mine, we judge the overall geologic setting to be simple to moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seams	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Hongshaquan No.1 Open-pit	B1, B4	Simple	750	1500	<2,500
	Other Seams	Moderate	500	1000	<2,000
Hongshaquan No.2 Open-pit	B2, B4	Simple	750	1500	<2,500
	Other Seams	Moderate	500	1000	<2,000
Zhundong Open-pit	BM, B2, B1	Simple	750	1500	<2,500
	Other Seams	Moderate	500	1000	<2,000
Jiangjunmiao	B2	Simple	750	1500	<2,500
	Other Seams	Moderate	500	1000	<2,000
Wucaiwan No.2	B1	Simple	750	1500	<2,500
	Other Seams	Moderate	500	1000	<2,000
Wucaiwan No.3	B1	Simple	750	1500	<2,500
	Other Seams	Moderate	500	1000	<2,000
Wucaiwan No.5	B1	Simple	750	1500	<2,500
	Other Seams	Moderate	500	1000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Zhundong Coalfield',* shows the items listed for the Zhundong Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas for the underground mining/exploration

rights, and Carlson SurvCADD for the open-pit mining/exploration rights. The following parameters were used for resources reporting:

Table 3-52 Resources Estimates Parameters – Zhundong Coalfield

		Max.	S.G.		Thickness (m)	
Mine	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Hongshaquan	B6	7, 25	1.32	2.1	0.8	0.8
No.1 Open-pit	B5	7, 25	1.32	2.1	0.8	0.8
	B4	7, 25	1.33	2.1	0.8	0.8
	B4'	7, 25	1.36	2.1	0.8	0.8
	B3	7, 25	1.32	2.1	0.8	0.8
	B3'	7, 25	1.35	2.1	0.8	0.8
	B2	7, 25	1.34	2.1	0.8	0.8
	B2'	7, 25	1.31	2.1	0.8	0.8
	B1	7, 25	1.32	2.1	0.8	0.8
Hongshaquan	B6	7, 25	1.32	2.1	0.8	0.8
No.2 Open-pit	B5	7, 25	1.34	2.1	0.8	0.8
	B4	7, 25	1.34	2.1	0.8	0.8
	B4'	7, 25	1.33	2.1	0.8	0.8
	B3	7, 25	1.37	2.1	0.8	0.8
	B3'	7, 25	1.37	2.1	0.8	0.8
	B2	7, 25	1.35	2.1	0.8	0.8
	B2'	7, 25	1.33	2.1	0.8	0.8
	B1	7, 25	1.32	2.1	0.8	0.8
Zhundong	BM	5, 23	1.27	2.1	0.8	0.8
Open-pit	B2	5, 23	1.27	2.1	0.8	0.8
	B2'	5, 23	1.27	2.1	0.8	0.8
	B12	5, 23	1.29	2.1	0.8	0.8
	B11	5, 23	1.29	2.1	0.8	0.8
	B1	5, 23	1.29	2.1	0.8	0.8
Jiangjunmiao	B4	2, 30	1.32	2.1	0.8	0.8
	B3	2, 30	1.36	2.1	0.8	0.8
	B22	2, 30	1.38	2.1	0.8	0.8
	B21	2, 30	1.40	2.1	0.8	0.8
	B2	2, 30	1.32	2.1	0.8	0.8
	B1	2, 30	1.35	2.1	0.8	0.8
Wucaiwan	A2	4	1.31	2.1	0.8	0.8
No.2	B0	4	1.45	2.1	0.8	0.8
	B1	4	1.34	2.1	0.8	0.8
	B2	4	1.37	2.1	0.8	0.8
Wucaiwan	A2	4	1.31	2.1	0.8	0.8
No.3	B1	4	1.34	2.1	0.8	0.8
	B2	4	1.37	2.1	0.8	0.8
Wucaiwan	1	4	1.33	2.1	0.8	0.8
No.5	B2U	4	1.37	2.1	0.8	0.8
	B2	4	1.32	2.1	0.8	0.8
	B1	4	1.30	2.1	0.8	0.8

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of each mine. While the resources areas of exploration rights are only delineated by the property boundary since there are no elevation limits for exploration rights. Our resources tonnage estimates (on a

100% ownership basis) for the subject mining/exploration rights, as of 31 July 2025, are as follows:

Table 3-53 Coal Resources Estimates – Zhundong Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality %				CV (net,ad
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Hongshaquan No.1 Open-pit													
B6	0.89	-	0.89	6.36	1.37	0.74	8.47	0.2	7.4	16.0	0.25	35.3	5,200
B5	1.12	-	1.12	15.09	3.26	9.32	27.67	0.8	7.2	16.4	0.23	36.0	5,180
B4	19.46	-	19.46	519.84	262.89	114.07	896.80	26.30	7.5	12.1	0.34	33.4	5,460
B4'	2.33	-	2.33	15.25	29.15	15.01	59.41	1.7	-	-	-	-	-
B3	12.16	-	12.16	224.11	386.55	124.37	735.03	21.55	7.7	17.3	0.33	35.0	5,140
B3'	4.04	-	4.04	42.80	17.30	17.21	77.31	2.27	-	-	-	-	-
B2	6.32	-	6.32	67.99	78.02	38.97	184.98	5.42	7.9	13.7	0.24	34.1	5,340
B2'	16.40	-	16.40	181.04	278.19	133.30	592.53	17.37	7.4	13.9	0.25	34.0	5,460
B1U	1.07	-	1.07	6.02	1.14	0.87	8.03	0.2	6.7	19.5	0.20	35.5	5,160
B1	14.98	-	14.98	398.69	275.52	154.04	828.25	24.29	7.4	13.5	0.24	33.8	5,500
Subtotal				1,471.17	1,332.25	607.03	3,410.45	100					
Hongshaquan No.2 Open-pit													
B6	1.76	-	1.76	7.88	58.93	51.64	118.45	3.0	7.4	16.0	0.25	35.3	5,200
B5	1.41	-	1.41	6.53	40.60	58.79	105.92	2.7	7.2	16.4	0.23	36.0	5,180
B4	15.31	-	15.31	268.92	547.45	240.12	1,056.49	27.00	7.5	12.1	0.34	33.4	5,460
B4'	2.97	-	2.97	5.03	36.06	62.75	103.84	2.7	-	-	-	-	-
B3	7.39	-	7.39	58.88	34.18	60.23	153.29	3.92	7.7	17.3	0.33	35.0	5,140
B3'	5.77	-	5.77	7.17	14.97	46.93	69.07	1.76	-	-	-	-	-
B2U	1.12	-	1.12	7.86	3.62	2.88	14.36	0.4	-	-	-	-	-
B2	16.27	-	16.27	192.10	480.02	200.97	873.09	22.31	8.4	21.5	0.35	35.9	4,720
B2'	8.81	-	8.81	167.62	221.13	71.81	460.56	11.77	7.4	13.9	0.25	34.0	5,460
B1	14.69	-	14.69	230.96	537.16	204.81	972.93	24.86	7.4	13.5	0.24	33.8	5,500
Subtotal				945.09	1,970.50	998.05	3,913.64	100					
Zhundong Open-pit													
BM	54.26	-	54.26	234.77	157.85	268.27	660.89	27.6	-	-	-	-	-
B2	35.93	-	35.93	310.89	460.94	280.85	1,052.68	43.9	13.2	6.6	0.64	32.8	5,150
B2'	2.16	-	2.16	8.47	5.45	11.76	25.68	1.1	13.5	11.3	0.46	35.4	4,920
B12	9.18	-	9.18	73.89	76.73	103.49	254.11	10.6	-	-	-	-	-
B11	7.78	-	7.78	49.42	16.05	121.99	187.46	7.8	-	-	-	-	-
B1	22.23	-	22.23	93.04	64.61	59.59	217.24	9.1	13.8	8.0	0.68	33.1	5,050
Subtotal				770.48	781.63	845.95	2,398.06	100					
Exploration Right													
Jiangjunmiao*													
B4	7.73	-	7.73	260.79	432.92	333.95	1,027.66	26.7	8.0	12.2	0.32	31.3	6,010
B3	3.76	-	3.76	45.05	151.17	24.89	221.11	5.7	7.5	16.6	0.30	33.6	5,680
B22	3.32	-	3.32	74.93	44.44	36.02	155.39	4.0	7.2	20.5	0.28	34.1	5,400
B21	0.88	-	0.88	13.75	0.39	-	14.14	0.4	7.0	21.8	0.29	34.8	5,270
B2	16.41	-	16.41	513.94	732.96	598.38	1,845.28	47.9	7.5	11.4	0.28	32.2	6,170
B1	8.37	-	8.37	32.87	291.30	263.49	587.66	15.3	8.3	14.1	0.22	34.0	5,950
Subtotal				941.33	1,653.18	1,256.73	3,851.24	100					
Wucaiwan No.2													
A2	7.73	0.03	7.76	-	-	43.54	43.54	2.0	6.9	10.6	0.49	46.1	5,800
B0	1.74	0.03	1.77	-	-	39.87	39.87	1.8	5.6	12.9	0.58	34.8	5,570
B1	24.06	1.05	25.11	-	123.41	1,392.40	1,515.81	69.6	9.2	8.3	0.53	33.3	5,750
B2	10.23	0.39	10.61	-	52.18	526.04	578.22	26.6	9.5	11.6	0.66	32.9	5,300
Subtotal				-	175.59	2,001.85	2,177.44	100					
Wucaiwan No.3													
A2	8.20	0.04	8.24	-	-	380.84	380.84	12.5	6.9	10.6	0.49	46.1	5,800
B1	21.64	0.74	22.38	-	1,231.46	799.18	2,030.64	66.6	9.2	8.3	0.53	33.3	5,750
B2	7.58	0.17	7.75	-	311.07	324.41	635.48	20.9	9.5	11.6	0.66	32.9	5,300
Subtotal				-	1,542.53	1,504.44	3,046.96	100					
Wucaiwan No.5													
1	0.83	-	0.83	-	-	9.67	9.67	1					
B2U	2.56	-	2.56	3.43	15.79	66.68	85.90	5	7.3	15.1	0.79	34.4	5,190
B2	11.30	-	11.30	119.27	94.92	313.80	527.98	31	7.1	10.4	0.74	33.8	5,440
B1	70.75	-	70.75	280.95	198.89	580.12	1,059.96	63	7.0	8.3	0.64	33.5	5,680
Subtotal				403.65	309.60	970.27	1,683.51	100					
Total				4,531.72	7,765.27	8,184.31	20,481.30						

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.
3.* CV is in b.ad. basis.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Zhundong Coalfield contain medium ash, low to extra-low sulfur, high heating value low-rank bituminous coal (long-flame and non-caking coal). According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserve estimate was conducted exclusively for mining rights. Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the Hongshaquan No.1, Hongshaquan No.2 and Zhundong open-pits:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%
- Product Yield: 95% for Hongshaquan No.1 and Hongshaquan No.2, and 96% for Zhundong Open-pit.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese open-pit coal mining. ROM coal from the three open-pit mines is crushed and screened before being processed by the Intelligent Dry Separator (TDS) system. Raw coal produced by TDS system is further processed with HMV at Hongshanquan No.1, but is sold on a raw basis at Hongshanquan No.2 and Zhundong open-pits. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the historical operations for all the three open-pits, and we believe that they will be capable of maintaining stable outputs at the same level as in history. Based on the mines' historical performance and communication with the mines'

technical personnel, we have developed a LOM plan for each of the properties to confirm the technical feasibility of the recoverable reserves. The LOM plans are presented in the accompanying DCF table following Chapter 8.

According to the Life of Mine (LOM) plan, the overall stripping ratio of the subject open-pits are as follows:

Open-Pit	Overall Stipping Ratio (m^3/t)
Hongshanquan No.1	4.76
Hongshanquan No.2	7.07
Zhundong	5.45

The detailed annual stripping ratios for the 20-year period are presented below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
								Hongshaquan No.1												
ROM Product (Mt)	11.91	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Stripping Ratio (m3/t)	3.20	3.20	3.20	3.20	3.20	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.90
								Hongshaquan No.2												
ROM Product (Mt)	2.63	10.00	20.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Stripping Ratio (m3/t)	5.41	4.57	4.57	4.57	4.57	4.14	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
								Zhundong												
ROM Product (Mt)	11.02	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Stripping Ratio (m^3/t)	3.80	3.80	4.50	4.50	5.00	5.00	6.00	6.00	6.00	6.50	6.50	6.50	6.50	6.96	6.96	6.96	7.05	7.05	7.05	7.05

The CP completed an economic analysis for the mines to determine if the projected open-pit operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mining rights have reasonable expectations to be economically mineable. Our reserves tonnage

estimates (on a 100% ownership basis) for Hongshaquan No.1, Hongshaquan No.2 and Zhundong open-pits, as of 31 July 2025, are as follows:

Table 3-54 Coal Reserves Estimates – Xinjiang Energy Open-pits in Zhundong Coalfield

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
Hongshaquan No.1 Open-pit								
B6	6.59	1.36	7.95	97	6.45	1.29	7.75	0.3
B5	15.08	3.29	18.37	95	14.33	3.13	17.45	0.7
B4	491.26	257.31	748.57	95	466.70	244.44	711.14	29.50
B4'	15.33	26.83	42.16	95	14.56	25.49	40.05	1.7
B3	213.96	363.21	577.17	95	203.26	345.05	548.31	22.75
B3'	41.65	16.57	58.22	95	39.57	15.74	55.31	2.29
B2	57.53	73.26	130.79	95	54.65	69.60	124.25	5.15
B2'	162.79	232.98	395.77	95	154.65	221.33	375.98	15.60
B1	337.01	221.08	558.09	95	320.16	210.03	530.19	22.00
Subtotal	1,341.20	1,195.89	2,537.09		1,274.33	1,136.10	2,410.43	100
Hongshaquan No.2 Open-pit								
B6	7.87	58.22	66.09	95	7.71	55.31	63.02	2.8
B5	5.99	41.55	47.54	95	5.69	39.47	45.16	2.0
B4	242.85	453.92	696.77		230.71	431.22	661.93	29.08
B4'	4.62	34.83	39.45	95	4.39	33.09	37.48	1.6
B3	52.78	8.95	61.73		50.14	8.50	58.64	2.58
B3'	5.60	9.79	15.39		5.32	9.30	14.62	0.64
B2	177.41	436.20	613.61		168.54	414.39	582.93	25.61
B2'	145.06	207.64	352.70		137.81	197.26	335.07	14.72
B1	172.91	329.81	502.72		164.26	313.32	477.58	20.98
Subtotal	815.09	1,580.91	2,396.00		774.57	1,501.86	2,276.43	100
Zhundong Open-pit								
BM	233.78	117.66	351.44	97	228.96	111.78	340.74	30.5
B2	212.54	410.24	622.78	95	201.91	389.73	591.64	52.9
B2'	1.72	4.00	5.72	95	1.63	3.80	5.43	0.5
B12	28.06	61.22	89.28	95	26.66	58.16	84.82	7.6
B11	8.62	10.11	18.73	95	8.19	9.60	17.79	1.6
B1	62.21	20.19	82.40	95	59.10	19.18	78.28	7.0
Subtotal	546.93	623.42	1,170.35	96	526.45	592.25	1,118.70	100
Total	2,703.22	3,400.22	6,103.44		2,575.35	3,230.21	5,805.56	

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality

of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Hongshaquan No.1 Open-pit	7.5	23.6	0.41	4,950
Hongshaquan No.2 Open-pit	9.5	23.0	0.85	4,730
Zhundong Open-pit	7.2	28.5	0.63	4,270

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.11.3 Zhunnan Coalfield

There are two mining rights (Tunbao and Wudong) and one exploration right (Liuhuanggou No.4) are located in the Jurassic Zhunnan Coalfield. On a global basis, the geologic settings, or nature, of the Tunbao Mine is judged to be moderate. While the strata are moderately dipping, seam splitting, sand erosion and moderate faulting are complicating factors for the seam in most of the mine areas. The geological setting of the Wudong Mine is considered complex due to the significant dip of the seams on both sides of the major syncline, which divides the mine into two sub-areas.

Regional Geology

The Zhunnan Coalfield is tectonically located on the southern margin of the Junggar Block, within the mid-eastern part of the North Tianshan Foreland Depression. It is bounded to the north by the Central Uplift of the Junggar Basin and to the south by the North Tianshan Orogenic Belt, forming a typical foreland basin coal-accumulating unit. The basin initiated from the Permian to Triassic, entered a major coal-forming period during the Jurassic, and experienced intense tectonic compression and modification from the Cretaceous to the Cenozoic. During the Himalayan Orogeny, the collision between the Indian and Eurasian plates caused the North Tianshan to thrust strongly over the Junggar Basin. This formed the present structural pattern -steep in the south and gentle in the north - and led to deep burial and complex deformation of the coal measures.

Structure

The formation of the Zhunnan Coalfield is primarily controlled by the North Tianshan Fault Zone and its associated foreland thrust-nappe system. The coalfield's structure is dominated by thrust faults, accompanied by associated strike-slip and normal faults. Folds are commonly linked to the thrusts, forming a thrust-fold belt. Fold axial traces generally trend NWW, consistent with the regional structural grain.

Based on structural complexity, the Zhunnan coalfield can be divided into three zones:

- Southern Foreland Strong Deformation Zone: adjacent to the North Tianshan, this zone is extremely complex, featuring dense faulting, steep dips (often >60 degrees), and intensely crumpled coal seams or tectonic coal.
- Central Thrust-Fold Zone: moderately complex, characterized by broad anticlines/synclines and thrust faults. This is the main area for current coal mining.
- Northern Monocline Zone: structurally simple, with gentle strata dips and stable coal seams.

The Tunbao Mining Right and the Liuhuanggou Exploration Right are adjacent to each other, featuring a northwest-dipping monocline with a dip angle of approximately 18 degrees. The Wudong Mine is divided into northern and southern sections by the NE-SW trending Badaowan Syncline, with the southern limb dipping at 83 to 89 degrees and the northern limb dipping at 43 to 51 degrees.

Stratigraphy

The coalfield's stratigraphic sequence, from oldest to youngest, includes the Permian, Triassic, Jurassic, Cretaceous, and Quaternary systems. The primary coal-bearing strata are the Lower Jurassic Badaowan Formation and the Middle Jurassic Xishanyao Formation. The Xishanyao Formation serves as the principal coal-bearing unit, typically containing thick coal seams. These seams are predominantly medium to thick and range from simple to complex in structure, commonly incorporating multiple partings.

Coal Seams

Due to the structural variations as described in the previous structural section, many of the coal seams present in the Wudong Mine do not extend into the Tunbao and Liuhuanggou No. 4 mining areas. As a result, the Wudong Mine contains significantly more coal seams than the latter. The following tables show the detailed characteristics of each seam at each subject property:

Table 3-55 Coal Seams of Mining/Exploration Rights Areas in Zhunnan Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Tunbao	5	6.9	1.4	8.3	-	117 - 1213	18-NW	Moderate
	7	1.6	0.2	1.8	12	129 - 1226	18-NW	Eratic to Moderate
	9	4.0	0.2	4.2	17	140 - 1251	18-NW	Moderate
	10	5.5	0.6	6.2	3	141 - 1260	18-NW	Moderate
	14-1	1.6	0.4	2.0	26	270 - 1064	18-NW	Eratic
	14-2	6.0	0.1	6.1	4	182 - 1275	18-NW	Moderate
	15-1	10.4	0.6	10.9	7	200 - 1284	18-NW	Moderate
	15-2	4.9	0.5	5.3	5	210 - 1292	18-NW	Eratic
Wudong	B39	2.1	0.5	2.6		11 - 724	44-S	Eratic
(North)	B37	3.1	0.5	3.6	27	5 - 510	44-S	Eratic
	B36	1.7	0.4	2.1	6	1 - 758	44-S	Eratic
	B33	3.1	0.5	3.6		18 - 420	44-S	Moderate
	B32	3.1	0.5	3.6	20	61 - 452	44-S	Moderate
	B31	2.1	0.3	2.4	21	22 - 805	44-S	Moderate
	B30	1.8	0.1	1.9	8	137 - 446	44-S	Eratic
	B28-29	1.3	0.1	1.4	29	15 - 576	44-S	Eratic
	B20	3.9	0.5	4.4		1 - 571	44-S	Moderate
	B19	4.0	0.5	4.5	5	4 - 605	44-S	Moderate
	B18	3.2	0.6	3.8	4	10 - 613	44-S	Moderate
	B17	4.6	1.0	5.6	4	8 - 624	44-S	Moderate
	B16	4.0	0.6	4.6	34	1 - 652	44-S	Moderate
	B15	2.0	0.2	2.3	19	8 - 561	44-S	Moderate
	B14-2	1.1	0.0	1.1	8	11 - 572	44-S	Moderate
	B14-1	2.0	0.2	2.2	14	14 - 584	44-S	Moderate
	B14	1.1	0.1	1.2	6	29 - 591	44-S	Eratic
	B13	1.3	0.1	1.4	4	15 - 596	44-S	Eratic
	B12	1.3	0.2	1.5	31	34 - 572	44-S	Eratic
	B9	2.4	0.2	2.6	2	30 - 596	44-S	Moderate
	B8	2.1	0.2	2.2	13	19 - 604	44-S	Moderate
	B6-1	5.7	0.4	6.1	54	44 - 664	44-S	Moderate
	B5-6	16.5	2.5	19.0	26	1 - 645	44-S	Uniform
	B3-4	3.5	0.3	3.9	2	34 - 699	44-S	Moderate
	B1-2	29.1	1.8	30.8	98	0 - 774	44-S	Uniform
Wudong	B34	1.4	0.3	1.8		18 - 771	85-N	Eratic
(South)	B33	3.6	0.2	3.8	8	18 - 420	85-N	Moderate
	B30-32	5.9	0.2	6.1			85-N	Moderate
	B21-29	19.1	0.5	19.6			85-N	Moderate
	B20	7.5	0.4	7.8		1 - 571	85-N	Moderate
	B19	6.0	0.3	6.3	3	4 - 605	85-N	Moderate
	B18	3.5	0.2	3.6	2	10 - 613	85-N	Moderate
	B17	3.4	0.3	3.7	4	8 - 624	85-N	Moderate
	B16	2.3	0.1	2.4	34	1 - 652	85-N	Moderate
	B15	2.6	0.0	2.6	4	8 - 561	85-N	Moderate
	B13-14	3.8	0.0	3.8			85-N	Moderate
	B11-12	3.0	-	3.0			85-N	Moderate
	B10	3.0	0.2	3.2	1	90 - 607	85-N	Moderate
	B9	2.5	0.2	2.6	33	30 - 596	85-N	Moderate
	B8	1.6	0.0	1.6	7	19 - 604	85-N	Moderate
	B7	1.0	-	1.0	9	30 - 583	85-N	Eratic
	B3-6	39.5	1.5	41.0	6	57 - 615	85-N	Moderate
	B1-2	30.5	2.0	32.5	98	0 - 774	85-N	Moderate
Liuhuanggou	4	1.5	0.3	1.8	-	114 - 1203	18-NW	Eratic
No.4	5	5.9	1.4	7.3	1	201 - 1213	18-NW	Moderate
	7	1.2	0.3	1.5	15	129 - 1226	18-NW	Eratic to Moderate
	9	4.1	0.1	4.2	20	140 - 1251	18-NW	Moderate
	10	6.3	0.6	6.9	2	32 - 1260	18-NW	Moderate
	14-1	1.5	0.3	1.8	22	270 - 1064	18-NW	Eratic
	14-2	6.5	0.4	6.9	2	57 - 1275	18-NW	Moderate
	15-1	7.4	0.3	7.7	3	65 - 1284	18-NW	Moderate
	15-2	5.2	0.6	5.8	2	69 - 1292	18-NW	Eratic

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves

estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Tunbao Mine:
  - = Reserves Verification Report for the Changjitunbao Mine, May 2022
  - = 2024 Annual Reserves Verification Report for the Tunbao Mine
  - = Production Geology and Geological Classification Report, October 2024
- Wudong Mine:
  - = Production Geology Report for the Xiaohonggou Mine, October 2005 (part of Wudong Mine)
  - = Reserves Verification Report for the Tiechanggou Mine, November 2005 (part of Wudong Mine)
  - = Exploration Geological Report for the Tiechanggou Mine, February 2006 (part of Wudong Mine)
  - = Production Geology Exploration Report for the Jiangou Mine, July 2005 (part of Wudong Mine)
  - = Reserves Verification Report for the Wudong No.4 Mine, December 2007
  - = Reserves Splitting Report for the Wudong Mine, May 2011
  - = Wudong Mine Construction Geological Report, May 2018
  - = Production Geology Report for the Wudong Mine, February 2022
  - = Annual Reserves Verification Reports for the Wudong Mine for Years 2013 to 2024
- Liuhuanggou No.4 Exploration Right:
  - = Exploration Report for the Liuhuanggou No.4 Mine, 2009

We have compared the different versions of the geological reports provided to ensure our data remains current and valid. The following table summarizes the available exploration data for each mining/exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
Mining Rights		
Tunbao	6.14	88
Wudong	19.94	1,012
Exploration Rights		
Liuhuanggou No.4	15.66	28

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at each mine, we judge the geologic setting of coal seams vary between moderate to complex and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Tunbao	All Seams	Moderate	500	1,000	<2,000
Wudong	All Seams	Complex	400	800	<1,600
Liuhuanggou No.4	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Zhunnan Coalfield',* shows the items listed for each mining/exploration right in the Zhunnan Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-56 Resources Estimates Parameters – Zhunnan Coalfield

		Max.	S.G.		Thickness (m)	
Mine	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Tunbao	5	18	1.28	2.1	0.8	0.8
	7	18	1.30	2.1	0.8	0.8
	9	18	1.32	2.1	0.8	0.8
	10	18	1.33	2.1	0.8	0.8
	14-1	18	1.35	2.1	0.8	0.8
	14-2	18	1.34	2.1	0.8	0.8
	15-1	18	1.38	2.1	0.8	0.8
	15-2	18	1.34	2.1	0.8	0.8
Wudong	B1-2	44	1.24	2.1	0.8	0.8
(North)	B3-4	44	1.26	2.1	0.8	0.8
	B5-6	44	1.26	2.1	0.8	0.8
	B6-1	44	1.26	2.1	0.8	0.8
	B8	44	1.28	2.1	0.8	0.8
	B9	44	1.29	2.1	0.8	0.8
	B12	44	1.25	2.1	0.8	0.8
	B13	44	1.30	2.1	0.8	0.8
	B14	44	1.28	2.1	0.8	0.8
	B14-1	44	1.30	2.1	0.8	0.8
	B14-2	44	1.29	2.1	0.8	0.8
	B15	44	1.30	2.1	0.8	0.8
	B16	44	1.29	2.1	0.8	0.8
	B17	44	1.32	2.1	0.8	0.8
	B18	44	1.33	2.1	0.8	0.8
	B19	44	1.31	2.1	0.8	0.8
	B20	44	1.32	2.1	0.8	0.8
	B28-29	44	1.32	2.1	0.8	0.8
	B30	44	1.30	2.1	0.8	0.8
	B31	44	1.30	2.1	0.8	0.8
	B32	44	1.35	2.1	0.8	0.8
	B33	44	1.35	2.1	0.8	0.8
	B36	44	1.38	2.1	0.8	0.8
	B37	44	1.33	2.1	0.8	0.8
	B39	44	1.36	2.1	0.8	0.8
Wudong	B1-2	85	1.29	2.1	0.8	0.8
(South)	B3-6	85	1.32	2.1	0.8	0.8
	B7	85	1.28	2.1	0.8	0.8
	B8	85	1.28	2.1	0.8	0.8
	B9	85	1.28	2.1	0.8	0.8
	B10	85	1.27	2.1	0.8	0.8
	B11-12	85	1.27	2.1	0.8	0.8
	B13-14	85	1.34	2.1	0.8	0.8
	B15	85	1.27	2.1	0.8	0.8
	B16	85	1.32	2.1	0.8	0.8
	B17	85	1.32	2.1	0.8	0.8
	B18	85	1.31	2.1	0.8	0.8
	B19	85	1.30	2.1	0.8	0.8
	B20	85	1.34	2.1	0.8	0.8
	B21-29	85	1.31	2.1	0.8	0.8
	B30-32	85	1.35	2.1	0.8	0.8
	B33	85	1.35	2.1	0.8	0.8
	B34	85	1.33	2.1	0.8	0.8
Liuhuanggou	4	18	1.27	2.1	0.8	0.8
No.4	5	18	1.28	2.1	0.8	0.8
	7	18	1.30	2.1	0.8	0.8
	9	18	1.32	2.1	0.8	0.8
	10	18	1.33	2.1	0.8	0.8
	14-1	18	1.35	2.1	0.8	0.8
	14-2	18	1.34	2.1	0.8	0.8
	15-1	18	1.38	2.1	0.8	0.8
	15-2	18	1.34	2.1	0.8	0.8

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of each mine. While the resources areas of exploration rights are only delineated by the property boundary since there are no elevation limits for exploration rights. Our resources tonnage estimates (on a 100% ownership basis) for Tunbao and Wudong mining rights and Liuhuanggou No.4 Exploration right, as of 31 July 2025, are as follows:

Table 3-57 Coal Resources Estimates – Zhunnan Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality %				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Tunbao													
5	6.86	1.41	8.26	22.90	14.50	-	37.39	16.2	5.6	11.3	0.67	42.6	5,940
7	1.65	0.17	1.82	7.94	1.82	0.31	10.07	4.4	5.7	12.7	0.62	41.9	5,960
9	3.98	0.21	4.18	16.64	7.66	-	24.29	10.5	5.4	13.5	0.47	36.7	5,750
10	5.54	0.63	6.16	25.88	12.61	-	38.49	16.7	5.7	14.5	0.39	34.2	5,640
14-1	1.60	0.37	1.97	2.02	2.64	-	4.66	2.0	4.8	17.8	0.46	38.0	5,510
14-2	5.98	0.11	6.10	27.73	9.50	-	37.23	16.2	5.1	16.8	0.39	35.8	5,650
15-1	10.36	0.55	10.91	44.85	24.89	-	69.74	30.3	5.3	15.6	0.27	33.8	5,910
15-2	4.85	0.49	5.34	3.59	5.01	-	8.60	3.7	5.2	13.9	0.44	37.9	5,890
Subtotal				151.55	78.61	0.31	230.47	100					
Wudong (North)													
B1-2	29.05	1.79	30.84	-	89.64	-	89.64	22.0	2.7	8.4	0.57	35.2	6,740
B3-4	3.53	0.32	3.85	-	14.40	-	14.40	3.5	3.5	10.8	0.78	33.7	-
B5-6	16.47	2.52	18.99	-	67.83	-	67.83	16.6	3.1	9.8	0.68	36.5	-
B6-1	5.69	0.40	6.09	-	27.63	-	27.63	6.8	3.8	8.8	0.98	34.8	-
B8	2.06	0.18	2.24	-	8.72	-	8.72	2.1	3.5	19.6	0.74	39.5	-
B9	2.39	0.16	2.55	-	11.88	-	11.88	2.9	3.6	15.7	1.02	41.3	6,150
B12	1.28	0.17	1.45	-	1.92	-	1.92	0.5	3.1	25.1	1.86	42.1	-
B13	1.26	0.10	1.36	-	4.08	-	4.08	1.0	3.9	19.4	1.60	43.4	-
B14	1.11	0.08	1.19	-	1.40	1.81	3.21	0.8	3.9	11.7	1.98	42.5	-
B14-1	2.03	0.17	2.20	-	10.26	-	10.26	2.5	4.1	17.2	1.61	42.8	-
B14-2	1.08	0.01	1.09	-	4.48	-	4.48	1.1	4.0	16.2	1.18	40.2	6,310
B15	2.02	0.24	2.26	-	10.21	-	10.21	2.5	4.1	21.0	1.27	42.4	6,260
B16	4.00	0.62	4.62	-	20.23	-	20.23	5.0	4.2	17.8	1.62	42.6	5,820
B17	4.58	0.97	5.55	-	24.14	-	24.14	5.9	3.9	20.7	1.99	45.0	6,460
B18	3.19	0.61	3.80	-	16.86	-	16.86	4.1	4.1	21.3	2.13	45.0	6,080
B19	3.95	0.51	4.46	-	19.08	-	19.08	4.7	4.0	20.5	2.02	45.3	6,140
B20	3.92	0.47	4.39	-	17.71	-	17.71	4.3	4.1	19.5	2.18	44.8	5,980
B28-29	1.33	0.09	1.42	-	3.54	-	3.54	0.9	4.6	19.9	2.38	44.4	5,320
B30	1.81	0.08	1.89	-	3.98	-	3.98	1.0	3.9	23.3	3.23	44.9	5,240
B31	2.09	0.32	2.41	-	9.14	-	9.14	2.2	4.6	21.3	2.55	44.0	5,730
B32	3.14	0.46	3.60	-	12.49	-	12.49	3.1	4.5	26.8	1.67	44.5	4,880
B33	3.12	0.45	3.57	-	10.93	-	10.93	2.7	4.8	19.8	1.96	44.4	5,380
B36	1.66	0.40	2.06	-	4.11	-	4.11	1.0	4.9	22.5	3.68	43.8	-
B37	3.06	0.53	3.59	-	7.19	-	7.19	1.8	5.0	23.5	2.95	44.4	-
B39	2.11	0.51	2.62	-	4.63	-	4.63	1.1	4.7	25.3	2.7	47.4	-
Subtotal				-	406.48	1.81	408.29	100					
Wudong (South)													
B1-2	30.49	2.00	32.49	-	75.94	-	75.94	18.3	2.7	8.4	0.57	35.2	6,740
B3-6	39.46	1.50	40.96	-	17.20	-	17.20	4.1	1.8	15.6	0.65	38.3	6,340
B7	1.01	-	1.01	-	-	2.86	2.86	0.7	3.1	33.9	0.49	40.6	-
B8	1.55	0.01	1.56	-	-	5.60	5.60	1.4	3.5	19.6	0.74	39.5	-
B9	2.45	0.18	2.63	-	-	11.95	11.95	2.9	3.6	15.7	1.02	41.3	6,150
B10	3.00	0.17	3.17	-	-	13.73	13.73	3.3	-	-	-	-	-
B11-12	2.97	-	2.97	-	-	5.79	5.79	1.4	-	-	-	-	-
B13-14	3.80	0.04	3.84	-	-	12.99	12.99	3.1	-	-	-	-	-
B15	2.57	0.04	2.61	-	-	13.28	13.28	3.2	4.1	21.0	1.27	42.4	6,260
B16	2.31	0.10	2.41	-	-	11.19	11.19	2.7	4.2	17.8	1.62	42.6	5,820
B17	3.39	0.26	3.65	-	-	17.47	17.47	4.2	3.9	20.7	1.99	45.0	6,460
B18	3.46	0.18	3.64	-	-	17.05	17.05	4.1	4.1	21.3	2.13	45.0	6,080
B19	6.04	0.28	6.32	-	-	28.87	28.87	7.0	4.0	20.5	2.02	45.3	6,140
B20	7.45	0.38	7.83	-	-	37.21	37.21	9.0	4.1	19.5	2.18	44.8	5,980
B21-29	19.14	0.48	19.62	-	97.57	-	97.57	23.5	-	-	-	-	-
B30-32	5.93	0.21	6.14	-	-	30.41	30.41	7.3	-	-	-	-	-
B33	3.59	0.21	3.80	-	-	11.56	11.56	2.8	4.8	19.8	1.96	44.4	5,380
B34	1.42	0.34	1.76	-	-	3.88	3.88	0.9	4.6	25.7	2.31	43.6	5,220
Subtotal				-	190.72	223.85	414.57	100					
Exploration Right													
Liuhuanggou No.4													
4	1.53	0.27	1.80	-	-	10.05	10.05	1.4	5.0	12.5	0.62	43.0	5,640
5	5.89	1.37	7.26	15.20	81.08	37.49	133.78	18.3	5.6	11.0	0.66	42.7	5,960
7	1.25	0.28	1.52	2.53	2.30	15.07	19.90	2.7	5.5	13.0	0.61	42.0	5,950
9	4.11	0.12	4.23	6.84	42.13	34.31	83.28	11.4	5.4	12.6	0.50	36.3	5,880
10	6.32	0.59	6.91	14.17	67.32	61.69	143.18	19.5	5.5	14.5	0.38	34.9	5,720
14-1	1.52	0.30	1.83	0.04	5.20	5.47	10.71	1.5	4.6	17.2	0.43	38.2	5,590
14-2	6.51	0.40	6.90	10.88	91.47	-	102.35	14.0	5.0	16.6	0.36	36.3	5,620
15-1	7.41	0.28	7.68	21.47	94.89	54.20	170.55	23.3	4.9	16.0	0.27	34.5	5,860
15-2	5.15	0.61	5.76	0.32	43.54	14.82	58.67	8.0	4.8	15.3	0.27	35.0	5,880
Subtotal				71.45	427.92	233.09	732.47	100					
Total				223.00	1,103.74	459.06	1,785.80						

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicates that all coal seams in Zhunnan Coalfield contain medium to high ash, medium sulfur high-rank bituminous coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserve estimation was conducted exclusively for mining rights. Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the Tunbao and Wudong mines:

Table 3-58 Reserves Estimates Parameters – Zhunnan Coalfield

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Tunbao	5	SC	1.8	3.2	2.0	3.5	3.5	80.0	0.20	85	2	80
	9	SC	1.8	3.2	2.0	3.5	3.5	80.0	0.10	85	2	81
	10	SC	1.8	3.2	2.0	3.5	3.5	80.0	0.10	85	2	81
	14-2	SC	1.8	3.2	2.0	3.5	3.5	80.0	0.05	85	2	94
	15-1	SC	1.8	3.2	2.0	3.5	3.5	80.0	0.20	85	2	92
Wudong	B1-2	SC	2.3	4.0	2.2	4.2	3.0	80	0.20	85	2	89
(North)	B3-4	-	-	-	-	-	-	-	-	-	-	-
	B5-6	SC	2.3	4.0	2.2	4.2	3.0	80	0.20	85	2	81
Wudong	B1-2	SC	2.3	4.0	2.2	4.2	3.0	80	0.20	85	2	88
(South)	B3-6	SC	2.3	4.0	2.2	4.2	3.0	80	0.20	85	2	92
	B21-29	SC	2.3	4.0	2.2	4.2	3.0	80	0.20	85	2	93

Note: Seams without parameters indicate thin thickness, for which only resources have been estimated.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground coal mining. ROM coal from Tunbao Mine is processed by Telligent Dry Separator (TDS) system, followed by HMV system. ROM coal from Wudong is processed TDS only. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the historical operations for both mines, and we believe that they will be capable of maintaining stable outputs at the same level as in history. Based on

the mines' historical performance and communication with the mines' technical personnel, we have developed a LOM plan for each of the two mining rights to confirm the technical feasibility of the recoverable reserves. The LOM plans are presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for each of the mines to determine if the projected mine operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mines have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for Tunbao and Wudong mines, as of 31 July 2025, are as follows:

Table 3-59 Coal Reserves Estimates – Tunbao Mine and Wudong Mine

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Tunbao				
5	11.30	4.17	15.47	80	8.89	3.52	12.41	14.3
9	6.54	1.52	8.05	81	5.28	1.24	6.51	7.5
10	12.61	4.14	16.74	81	10.07	3.58	13.64	15.7
14-2	16.29	4.67	20.97	94	15.20	4.53	19.73	22.7
15-1	24.91	12.79	37.69	91.65	22.71	11.84	34.55	39.8
Subtotal	71.65	27.28	98.93	88	62.14	24.70	86.84	100
				Wudong (North)				
B1-2	-	55.76	55.76	89.23	-	49.76	49.76	62.63
B5-6	-	36.85	36.85	80.57	-	29.69	29.69	37.37
Subtotal	-	92.61	92.61	86	-	79.45	79.45	100
				Wudong (South)				
B1-2	-	50.13	50.13	88	-	44.13	44.13	38.8
B3-6	-	12.34	12.34	92	-	11.33	11.33	10.0
B21-29	-	62.76	62.76	93	-	58.14	58.14	51
Subtotal	-	125.23	125.23	91	-	113.60	113.60	100
Total	71.65	245.12	316.77			217.75	279.89	

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Tunbao	23.5	11.6	0.01	4,940
Wudong	26.5	7.8	0.74	5,160

Figures listed at the end of this chapter and contained in Appendix A show the structure,

cross-sections and resource/reserve areas for the individual coal seams.

3.12 Inner Mongolia Construction Investment Mining Right

Inner Mongolia Construction Investment only holds the Chahasu mining right which is located in Ordos City of central Inner Mongolia Autonomous Region.

The Chahasu Mine is situated in the eastern part of Dongsheng Coalfield, which is formed in the Jurassic Period. On a global basis, the geologic settings, or nature, of the Chahasu Mine is judged to vary from simple to moderate. While the strata are flat-lying, sand erosion and coal seam thinning are complicating factors in some mine areas.

Structure

The Dongsheng Coalfield is an intracontinental coal-accumulating basin, which located in the northern sector of the Dongsheng–Jingbian Monocline, within the Yishan Monocline Zone of the Ordos Basin. The Ordos Basin forms a broad, gently sloping asymmetrical syncline characterized by a wide, gently dipping eastern limb and a comparatively steeper western limb. Structural complexity is largely confined to the margins of the basin, while the interior remains tectonically simple.

Stratigraphy

The basement of the Dongsheng coal-bearing basin is composed of the Upper Triassic Yanchang Formation. Successively overlying the basement, in ascending order, are Jurassic, Cretaceous, Neogene Pliocene, and Quaternary strata.

The coal-bearing strata belong to the Jurassic system and include, from bottom to top, the Lower–Middle Jurassic Fuxian Formation, Yan'an Formation, and Middle Jurassic Zhiluo Formation, the Yan'an Formation serves as the primary coal-bearing unit. The Jurassic System exhibits a parallel unconformity with the underlying Triassic strata.

Coal Seams

The Yan'an Formation hosts 21 coal seams, with reserves quantified for 8 key layers. Seams 3-1 and 5-2U are the principal minable seams, demonstrating high stability and

economic significance. The following tables show the detailed characteristics of each seam in the Chahasu Mining Right:

Table 3-60 Coal Seams of Chahasu Mine in Dongsheng Coalfield

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Chahasu	2-2U	2.2	0.01	2.2	-	221 - 449	2-NW	Moderate
	3-1	4.0	0.21	4.2	39	258 - 485	2-NW	Moderate
	4-1	1.7	0.11	1.8	20	288 - 513	2-NW	Moderate
	5-1	1.5	0.05	1.5	28	317 - 524	2-NW	Moderate
	5-2	1.2	0.09	1.3	8	326 - 551	2-NW	Moderate
	6-1M	1.0	0.05	1.1	20	343 - 536	2-NW	Eratic
	6-2U	3.7	0.15	3.9	22	361 - 592	2-NW	Eratic
	6-2M	1.4	0.07	1.5	5	364 - 543	2-NW	Uniform

Data Defining Coal Occurrence and Quality

For the purpose of resources and reserves estimates, Chahasu Mine provided us with the following geological report for our review:

= Reserves Verification Report for the Chahasu Mine, 2024

We have reviewed the report to ensure our data remains current and valid. The Chahasu Mine has completed a total of 214 drill holes, all of which have been used for our estimates

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Chahasu Mine, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mine	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Chahasu	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Dongsheng Coalfield',* shows the items listed for the Chahasu Mine, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software

(AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-61 Resources Estimates Parameters – Chahasu Mine

		Max.	S.G.		Thickness (m)	
Mine	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Chahasu	2-2U	2	1.29	2.1	0.8	0.8
	3-1	2	1.31	2.1	0.8	0.8
	4-1	2	1.30	2.1	0.8	0.8
	5-1	2	1.31	2.1	0.8	0.8
	5-2	2	1.30	2.1	0.8	0.8
	6-1M	2	1.31	2.1	0.8	0.8
	6-2U	2	1.31	2.1	0.8	0.8
	6-2M	2	1.29	2.1	0.8	0.8

The resources areas of the mine are delineated by the authorized mine boundary, with vertical mining elevation limits between +740m to +1,040 m. Our resources tonnage estimates (on a 100% ownership basis) for the Chahasu Mine, as of 31 July 2025, are as follows:

Table 3-62 Coal Resources Estimates – Chahasu Mine

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality				
									%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Chahasu													
2-2U	2.19	0.01	2.20	38.22	35.46	26.24	99.92	9.1	6.8	8.4	0.54	33.8	6,340
3-1	3.96	0.21	4.17	219.90	26.50	5.81	252.21	23.1	6.8	8.2	0.42	34.8	6,360
4-1	1.68	0.11	1.79	36.34	61.06	24.80	122.20	11.2	6.9	7.7	0.41	34.3	6,390
5-1	1.47	0.05	1.52	46.25	49.47	21.45	117.17	10.7	6.6	7.8	0.48	33.4	6,440
5-2	1.23	0.09	1.32	27.64	36.48	8.39	72.50	6.6	6.6	8.2	0.45	33.5	6,440
6-1M	1.02	0.05	1.07	-	0.17	14.11	14.27	1.3	6.2	8.6	0.45	34.8	6,500
6-2U	3.71	0.15	3.86	261.92	56.58	39.26	357.76	32.7	6.5	7.1	0.45	33.2	6,530
6-2M	1.39	0.07	1.46	18.77	19.32	18.66	56.75	5.2	6.5	7.9	0.45	33.4	6,460
Total				649.04	285.03	158.71	1,092.78	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Dongsheng Coalfield contain low ash, low to extra-low sulfur, high heating value low-rank bituminous coal (long-flame and non-caking coal). According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis.

Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the Chahasu Mine:

Table 3-63 Reserves Estimates Parameters – Chahasu Mine

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Chahasu	2-2U	FM	1.8	3.8	1.8	3.5	-	-	0.05	85	2	90
		FM	3.2	6.3	3.0	6.3	-	-				
	3-1	FM	1.1	2.2	1.2	2.2	-	-	0.10	85	2	90
		FM	1.8	3.8	1.8	3.5	-	-				
		FM	3.2	6.3	3.0	6.3	-	-				
	4-1	FM	1.1	2.2	1.2	2.2	-	-	0.05	85	2	90
	5-1	FM	1.1	2.2	1.2	2.2	-	-	0.05	85	2	90
	5-2	FM	1.1	2.2	1.2	2.2	-	-	0.05	85	2	86
	6-1M	-	-	-	-	-	-	-	-	-		-
	6-2U	FM	1.8	3.8	1.8	3.5	-	-	0.10	85	2	90
		FM	3.2	6.3	3.0	6.3	-	-				
	6-2M	FM	1.1	2.2	1.2	2.2	-	-	0.05	85	2	89

Note: 1. Seams without parameters indicate thin thickness, for which only resources have been estimated.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground mining. ROM coal from the Chahasu Mine is processed by a Heavy Media Vessel (HMV) system to produce fine coal products, and by a Telligent Dry Separator (TDS) system to produce coarse product. The product yields of saleable coal accounts for the removal of in-seam partings and OSD, and moisture gain during screening and washing, along with routine coal handling losses.

We have reviewed the historical operation data, and we believe that Chahasu Mine will be capable of maintaining its authorized output of 8 Mtpa in the future. Based on the mines' historical performance and communication with the mines' technical personnel, we have developed a LOM plan for Chahasu Mine to confirm the technical feasibility of the recoverable reserves.

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Chahasu Mine have reasonable

expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Chahasu Mine, as of 31 July 2025, are as follows:

Table 3-64 Coal Reserves Estimates – Chahasu Mine

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Chahasu				
2-2U	30.91	18.28	49.19	90	27.35	16.76	44.11	7.8
3-1	165.88	15.64	181.52	90	148.65	14.29	162.94	28.9
4-1	20.71	33.92	54.63	90	18.39	30.64	49.02	8.7
5-1	34.18	24.59	58.77	90	30.55	22.47	53.02	9.4
5-2	16.96	7.67	24.63	86	14.96	6.22	21.18	3.8
6-1M	-	-	-	-	-	-	-	-
6-2U	200.77	39.94	240.71	90	178.66	37.02	215.69	38.2
6-2M	12.75	7.62	20.37	89	11.38	6.80	18.18	3.2
Total	482.18	147.65	629.83	90	429.9	134.2	564.1	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Chahasu	7.1	15.2	0.39	5,830

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.13 Pingzhuang Coal Mining /Exploration Rights

Pingzhuang Coal holds five mining rights and five exploration rights (as shown in the following table) which are located in various location across Inner Mongolia Autonomous Region and Xinjiang Autonomous Region.

Table 3-65 Coalfields and Coal Bearing Strata – Pingzhuang Coal

Mining/Exploration Right	Coalfield	Age of Coal Bearing Strata	Coal Bearing Formation
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.			
Mining Rights			
Baiyinhua No.1 Open-pit	Baiyinhua	Cretaceous	Damoguaihe
Boligou	Zhunge'er	Carboniferous and Permian	Shanxi and Taiyuan
Hesigewula South Open-pit	Hesigewula	Cretaceous	Damoguaihe
Yuanbaoshan Open-pit	Yuanbaoshan	Cretaceous	Fuxin
Exploration Rights			
Heidaigou	Jungar	Carboniferous and Permian	Shanxi and Taiyuan
Jinsanjiao East	Nileke	Jurassic	Xishanyao and Badaowan
Jirentai Youyan West	Nileke	Jurassic	Xishanyao and Badaowan
Jirentai West	Nileke	Jurassic	Xishanyao and Badaowan

As shown in the above table, the subject Pingzhuang Coal mines are located in six different coal fields formed in various geological periods.

3.13.1 Baiyinhua Coalfield

The Baiyinhua No.1 Open-pit is the only one of the subject mines located in the Baiyinhua Coalfield, which is formed in the Cretaceous Period. On a global basis, the geologic settings, or nature, of the Baiyinhua No.1 Open-pit is judged to be moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas.

Regional Geology

The Baiyinhua Coalfield occupies the northeastern segment of the Wunit Faulted Depression at the eastern termination of the Erlian Basin. The coalfield constitutes a classic graben-style rift basin system. The NE-trending Wunit Faulted Depression extends approximately 326 km in length and 9 to16 km in width. It is bounded to the north by the Chagan Aobao–Arongqi Deep Fault Zone, to the south by the Xilaimiao–Daqing Pasture Major Fault, to the west by the Sonid Uplift, and to the east by the Greater Khingan Range Uplift Belt.

Structure

The Baiyinhua No.1 Open-pit is located in the southwestern part of the Baiyinhua Coalfield. The mine area is characterized by a NE-trending, WS-plunging asymmetrical syncline, measuring approximately 4.65 km in axial length and 4.3 km in width. The northwestern limb of the syncline exhibits gentler dips of around 5 degrees, while the southeastern limb is slightly steeper, with dips ranging from 5 to 9 degrees. Local undulations are present along both limbs. A limited number of small-scale normal faults, all striking NW–SE with displacements under 20 m, are developed within the mine area.

No magmatic intrusions have been identified within the coal-bearing strata.

Stratigraphy

The stratigraphic column within the mine area comprises, in ascending order, the Lower Cretaceous Damoguaihe Formation, Neogene Pliocene series, and Quaternary deposits. The characteristics are as follows:

- Damoguaihe Formation: Averaging 261.17 m in thickness, this unit consists predominantly of dark gray mudstone and lignite, interbedded with fine-grained sandstone and pebbly coarse-grained sandstone.
- Neogene: With an average thickness of 11.23 m, this succession is composed of semi-consolidated mudstone and sandy conglomerate.
- Quaternary: Averaging 11.18 m thick, these are unconsolidated sediments dominated by sandy soil and loam.

The Damoguaihe Formation represents the sole coal-bearing unit, hosting three coal seam groups.

Coal Seams

The Damoguaihe Formation hosts 13 coal seams, with reserves quantified for 11 key layers. Seams 1, 2 and 3-1 constitute the principal minable seams, demonstrating high stability and economic significance. The following tables show the detailed characteristics of each seam:

Table 3-66 Coal Seams of Mining Rights in Baiyinhua Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Baiyinhua	1-1	2.1	0.40	2.5	-	10 - 180	4-NW, 7-SE	Eratic
No.1	1	5.1	0.85	5.9	25	0 - 190	4-NW, 7-SE	Moderate
Open-pit	2U	2.2	4.92	7.1	45	30 - 240	4-NW, 7-SE	Eratic
	2	14.9	2.05	16.9	35	0 - 270	4-NW, 7-SE	Uniform
	2L	1.2	1.90	3.1	5	10 - 250	4-NW, 7-SE	Eratic
	3-1-1	6.5	0.66	7.2	60	30 - 330	4-NW, 7-SE	Moderate
	3-1-2	1.9	0.56	2.4	20	60 - 330	4-NW, 7-SE	Eratic
	3-1	14.4	2.37	16.8	70	60 - 390	4-NW, 7-SE	Eratic
	3-1L	1.6	6.09	7.7	10	90 - 390	4-NW, 7-SE	Eratic
	3-2U	1.6	2.35	4.0	20	140 - 390	4-NW, 7-SE	Eratic
	3-2	6.7	1.32	8.0	20	110 - 400	4-NW, 7-SE	Eratic

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

= Exploration Report for the Baiyinhua No.1 Open-pit Mine, October 2004
= Supplementary Exploration Report for the Baiyinhua No.1 Open-pit Mine, August 2008
= Supplementary Exploration Report for the Baiyinhua No.1 Open-pit Mine, August 2024

We have reviewed the different versions of the geological reports provided to ensure our data remains current and valid. The Baiyinhua No.1 Open-pit has completed a total of 166 drill holes, all of which have been used for our estimates.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Baiyinhua No.1 Open-pit, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Baiyinhua No.1 Open-pit	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Baiyinhua Coalfield',* shows the items listed for the Baiyinhua No.1 Open-pit, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using Carlson SurvCADD for the Baiyinhua No.1 Open-pit. The following parameters were used for resources reporting:

Table 3-67 Resources Estimates Parameters – Baiyinhua Coalfield

			S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Baiyinhua	1-1	4, 7	1.32	2.1	0.5	0.5
No.1	1	4, 7	1.35	2.1	0.5	0.5
Open-pit	2U	4, 7	1.33	2.1	0.5	0.5
	2	4, 7	1.33	2.1	0.5	0.5
	2L	4, 7	1.33	2.1	0.5	0.5
	3-1-1	4, 7	1.34	2.1	0.5	0.5
	3-1-2	4, 7	1.34	2.1	0.5	0.5
	3-1	4, 7	1.34	2.1	0.5	0.5
	3-1L	4, 7	1.34	2.1	0.5	0.5
	3-2U	4, 7	1.33	2.1	0.5	0.5
	3-2	4, 7	1.33	2.1	0.5	0.5

The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits between +650 m to +1050 m. Our resources tonnage estimates (on a

100% ownership basis) for the Baiyinhua No.1 Open-pit, as of 31 July 2025, are as follows:

Table 3-68 Coal Resources Estimates – Baiyinhua Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality %				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Baiyinhua No.1 Open-pit													
1-1	4.40	-	4.40	16.50	4.05	-	20.55	2.74	14.7	17.3	0.60	46.5	4,560
1	5.53	-	5.53	39.11	5.37	-	44.48	5.93	13.9	19.8	0.65	47.0	4,520
2U	2.26	-	2.26	11.53	3.48	-	15.01	2.0	-	-	-	-	-
2	13.91	-	13.91	209.95	28.10	0.01	238.06	31.7	14.0	21.7	0.69	46.6	4,340
2L	1.12	-	1.12	1.97	0.97	-	2.94	0.4	-	-	-	-	-
3-1-1	6.74	-	6.74	36.98	4.96	0.25	42.19	5.6	11.8	27.0	0.69	46.5	4,240
3-1-2	1.86	-	1.86	4.11	0.26	-	4.37	0.6	14.3	29.0	0.53	46.2	3,740
3-1	15.24	-	15.24	237.68	14.29	-	251.97	33.58	14.0	20.3	0.82	46.3	4,440
3-1L	1.89	-	1.89	10.39	1.86	-	12.25	1.6	-	-	-	-	-
3-2U	1.47	-	1.47	4.14	1.07	-	5.21	0.7	-	-	-	-	-
3-2	7.94	-	7.94	103.62	9.66	-	113.28	15.10	13.8	23.6	1.17	44.7	4,390
Total				675.98	74.07	0.26	750.31	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Baiyinhua Coalfield contain medium to high ash, low sulfur lignite. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process). Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%
- Product Yield: 95%

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese open-pit coal mining. ROM coal from Baiyinhua No.1 operation is processed by Telligent Dry Separator (TDS)

system and crushing system. The 95% yield of saleable coal accounts for routine coal handling losses.

We have reviewed the mine's historical operations, and we believe that Baiyinhua No.1 will be capable of maintaining its authorized output of 12 Mtpa. Based on the mine's historical performance and communication with the mine's technical personnel, we have developed a LOM plan to confirm the technical feasibility of the recoverable reserves. The LOM plans are presented in the accompanying DCF table following Chapter 8.

According to the Life of Mine (LOM) plan, the Baiyinhua No.1 Open-pit has an overall stripping ratio of 5.41 m³/t. The detailed annual stripping ratios for the 20-year period are presented below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
ROM Product (Mt)	6.22	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Stripping Ratio (m^3/t)	4.60	4.60	4.60	4.60	4.60	4.60	4.77	4.90	5.00	5.08	5.15	5.20	5.25	5.29	5.32	5.35	5.38	5.40	5.40	5.40

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Baiyinhua No.1 Open-pit have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Baiyinhua No.1 Open-pit, as of 31 July 2025, are as follows:

Table 3-69 Coal Reserves Estimates – Baiyinhua No.1 Open-pit

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
Baiyinhua No.1 Open-pit								
1-1	14.89	0.34	15.23		14.18	0.32	14.50	4.2
1	36.00	0.80	36.80		34.20	0.76	34.96	10.1
2U	6.86	0.12	6.98	95	6.52	0.11	6.63	1.9
2	150.47	6.91	157.38	95	142.95	6.56	149.51	43.1
2L	0.77	0.28	1.05	95	0.73	0.27	1.00	0.3
3-1-1	24.40	0.42	24.82	95	23.18	0.40	23.58	6.8
3-1-2	1.32	-	1.32	95	1.25	-	1.25	0.4
3-1	90.84	0.01	90.85	95.00	86.30	0.01	86.31	24.9
3-1L	2.63	-	2.63	95	2.50	-	2.50	0.7
3-2U	0.52	-	0.52	95	0.49	-	0.49	0.1
3-2	27.39	-	27.39	95	26.02	-	26.02	7.5
Total	356.09	8.87	364.96	95	338.3	8.4	346.75	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality

	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Baiyinhua No.1 Open-pit	25.8	30.4	0.67	3,260

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.13.2 Hesigewula Coalfield

The Hesigewula South Open-pit is the only one of the subject mines located in the Hesigewula Coalfield, which was formed in the Cretaceous Period. On a global basis, the geologic settings, or nature, of the Hesigewula South Open-pit is judged to be moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas.

Regional Geology

The Hesigewula Coalfield is situated within the Hesigewula Pasture Coal Basin, a fault-depression basin with a distinct NE-trending, S-shaped elongated planform. The basin is tectonically affiliated with the Siberian Plate, specifically the Southeast Siberian Continental Margin Accretionary Belt and the Dong Ujimqin–Zhalantun Volcanic Passive Continental Margin. The basin is primarily controlled by NNE-trending structures. Its western, northern, and southern margins are defined by erosional boundaries, while the eastern margin is bounded by the F1 Fault.

Structure

The Hesigewula South Open-pit Mining Area is located in the southern part of the Hesigewula Coalfield. The area is characterized by a broad, gentle syncline with an axial orientation of NE and a slightly eastern-offset axis. Both limbs of the syncline generally dip at approximately 10°. Fault development within the mining area is limited. Only two oblique-slip normal faults, designated F5 and F6, have been identified. No intrusive igneous rocks have been observed in the area.

Stratigraphy

The mining area exposes, in ascending order, the following principal stratigraphic units:

- Upper Jurassic Manketou'ebo Formation

- Upper Jurassic Baiyingaolao Formation
- Lower Cretaceous Damoguaihe Formation
- Quaternary System

The Lower Cretaceous Damoguaihe Formation serves as the exclusive coal-bearing unit in the area. It maintains unconformable contact with the underlying Baiyingaolao Formation.

Coal Seams

The Damoguiaihe Formation hosts 19 coal seams, with 14 minable seams. Currently, Seam 3-4 and other seams above are being extracted by open-pit methods. The remaining minable seams represent potential targets for future underground mining operations. The following tables show the detailed characteristics of each seam:

Table 3-70 Coal Seams of Mining Rights in Hesigewula Coalfield

Mine	Seam	Thickness (m)			Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
		Coal	Parting	Seam				
Hesigewula	1-1	29.0	4.29	33.3	-	12 - 138	10-NW, SE	Eratic
South	2-1	32.1	1.53	33.6	105	0 - 277	10-NW, SE	Uniform
Open-pit	2-2	5.9	1.83	7.7	40	17 - 336	10-NW, SE	Moderate
	2-3	2.0	1.05	3.1	20	3 - 342	10-NW, SE	Eratic
	3-1	11.4	1.50	12.9	80	6 - 430	10-NW, SE	Uniform
	3-3	2.0	0.48	2.5	15	35 - 436	10-NW, SE	Eratic
	3-4	4.0	0.66	4.6	15	14 - 462	10-NW, SE	Moderate
	3-5	1.7	0.63	2.4	15	26 - 491	10-NW, SE	Moderate
	3-7	1.6	0.43	2.0	15	77 - 507	10-NW, SE	Eratic
	3-8	1.6	0.35	2.0	5	53 - 476	10-NW, SE	Eratic
	4-1	5.9	1.16	7.1	25	37 - 540	10-NW, SE	Moderate
	4-2	2.1	0.6	2.7	20	92 - 546	10-NW, SE	Eratic
	4-6	2.0	0.3	2.3	130	48 - 516	10-NW, SE	Eratic
	4-7	2.0	0.4	2.4	40	90 - 465	10-NW, SE	Eratic

The primary minable coal seams within the designed open-pit limit are the 2-1 and 3-1 seams. The 2-1 seam has an average thickness of 33.6 m and exhibits a relatively simple structure. It is predominantly a single or simple seam, typically containing 0 to 7 partings. The 3-1 Seam averages 12.9 m in thickness but displays a complex internal structure, generally containing 1 to 5 partings.

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

= Exploration Report for the Hesigewula South Open-pit Mine, 2006
= 2024 Reserves Verification Report for the Hesigewula South Open-pit Mine

We have compared the two reports to ensure our data remains current and valid. Throughout its exploration history, the Hesigewula South Open-pit has completed a total of 390 boreholes, all of which have been incorporated into our geological modeling.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Hesigewula South Open-pit, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Hesigewula South Open-pit	All Seams	Moderate	500	1000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Hesigewula Coalfield',* shows the items listed for the Hesigewula South Open-pit, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using Carlson SurvCADD for the Hesigewula South Open-pit. The following parameters were used for resources reporting:

Table 3-71 Resources Estimates Parameters – Hesigewula Coalfield

		Max.	S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Hesigewula	1-1	10	1.28	2.1	0.5	0.5
South	2-1	10	1.28	2.1	0.5	0.5
Open-pit	2-2	10	1.28	2.1	0.5	0.5
	2-3	10	1.40	2.1	0.5	0.5
	3-1	10	1.32	2.1	0.5	0.5
	3-3	10	1.30	2.1	0.5	0.5
	3-4	10	1.32	2.1	0.5	0.5
	3-5	10	1.32	2.1	0.5	0.5
	3-7	10	1.30	2.1	0.5	0.5
	3-8	10	1.21	2.1	0.5	0.5
	4-1	10	1.34	2.1	0.5	0.5
	4-2	10	1.31	2.1	0.5	0.5
	4-6	10	1.36	2.1	0.5	0.5
	4-7	10	1.32	2.1	0.5	0.5

The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits between +300 m to +925 m. Our resources tonnage estimates

(on a 100% ownership basis) for the Hesigewula South Open-pit, as of 31 July 2025, are as follows:

Table 3-72 Coal Resources Estimates – Hesigewula Coalfield

									In-Situ Coal Quality				
	Average Thickness (m)			In-Place Resources (Mt)				% of	%				CV (b,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Hesigewula South Open-pit													
1-1	28.97	4.29	33.26	3.53	-	-	3.53	0.3	12.3	23.9	1.19	48.1	4,110
2-1	32.06	1.53	33.59	254.98	-	0.43	255.41	24.3	15.5	13.7	0.47	48.3	4,570
2-2	5.87	1.83	7.70	95.11	0.08	-	95.18	9.0	14.9	23.2	0.46	48.1	4,100
2-3	2.02	1.05	3.07	23.27	0.01	-	23.29	2.2	14.0	27.2	0.44	47.6	4,040
3-1	11.39	1.50	12.89	249.77	0.54	-	250.31	23.8	14.0	23.8	0.55	47.6	4,170
3-3	1.98	0.48	2.46	17.11	3.65	-	20.75	2.0	14.2	28.3	0.51	46.7	3,910
3-4	3.96	0.66	4.62	109.25	1.37	-	110.61	10.5	13.3	27.2	0.40	47.6	4,150
3-5	1.74	0.63	2.37	16.09	2.20	-	18.29	1.7	12.4	31.4	0.45	47.2	3,840
3-7	1.55	0.43	1.98	16.09	0.98	-	17.07	1.6	13.2	32.5	0.39	48.2	3,800
3-8	1.61	0.35	1.96	17.42	3.86	-	21.28	2.0	12.9	27.9	0.41	47.1	4,020
4-1	5.94	1.16	7.10	162.79	9.92	-	172.71	16.4	13.2	27.1	0.43	47.9	4,090
4-2	2.07	0.63	2.70	-	-	25.77	25.77	2.4	11.3	37.6	0.48	49.5	3,600
4-6	2.04	0.27	2.31	-	-	19.51	19.51	1.9	12.8	27.8	0.43	47.3	4,070
4-7	1.95	0.42	2.37	-	-	19.21	19.21	1.8	12.8	28.6	0.47	47.8	4,050
Total				965.40	22.61	64.92	1,052.93	100.0					

Note: 1. Figures may not add due to rounding

2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Hesigewula Coalfield contain medium to high ash, low sulfur (except for Seam 1-1 that has medium sulfur content) lignite. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Our reserve estimates do not include the deeper seam below Seam 3-4, as they will potentially be extracted by underground mining in the future. Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process). Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%

- Product Yield: 95%

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese open-pit coal mining. ROM coal from Hesigewula South operation is directly sold after crushing. The 95% yield of saleable coal accounts for routine coal handling losses.

We have reviewed the mine's historical operations, and we believe that Hesigewula South Open-pit will be capable of maintaining its authorized output of 15 Mtpa. Based on the mine's historical performance and communication with the mine's technical personnel, we have developed a LOM plan to confirm the technical feasibility of the recoverable reserves. The LOM plans are presented in the accompanying DCF table following Chapter 8.

According to the Life of Mine (LOM) plan, the Hesigewula South Open-pit has an overall stripping ratio of 4.09 m³/t. The detailed annual stripping ratios for the 20-year period are presented below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
ROM Product (Mt)	6.29	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Stripping Ratio (m^3/t)	3.20	3.80	3.13	2.13	2.13	2.13	2.13	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80	4.80

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Hesigewula South Open-pit have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a 100% ownership basis) for the Hesigewula South Open-pit, as of 31 July 2025, are as follows:

Table 3-73 Coal Reserves Estimates – Hesigewula South Open-pit

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
Hesigewula South Open-pit								
1-1	3.56	-	3.56	95	3.39	-	3.39	31.7
2-1	232.18	-	232.18	95	220.57	-	220.57	56.2
2-2	87.48	-	87.48	95	83.11	-	83.11	4.9
2-3	18.07	0.01	18.08	95	17.17	0.01	17.18	4.9
3-1	140.01	0.50	140.50	95	133.01	0.47	133.48	4.9
3-3	12.93	0.88	13.81	95	12.28	0.84	13.12	4.9
3-4	60.05	0.35	60.40	95	57.05	0.33	57.38	4.9
Total	554.28	1.74	556.02	95	526.56	1.66	528.22	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not

feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Hesigewula South Open-pit	12.0	39.1	0.51	3,300

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.13.3 Nileke Coalfield

There are three Pingzhuang Coal properties (Jinsanjiao East, Jirentai Youyan West, and Jirentai West), which located in the Nileke Coalfield of the Jurassic Age. On a global basis, the geologic settings, or nature, of Nileke Coalfield is judged to be moderate to complex. While the strata are gently to moderately dipping, seam splitting, sand erosion, folds and occasional faulting are complicating factors for the seam in Nileke Coalfield.

Regional Geology

The Nileke Coalfield is situated within the Nileke Intermontane Depression, located in the eastern segment of the Tianshan Latitudinal Tectonic Belt and represents the eastern extension of the Yili Depression. The Nileke Intermontane Depression is bounded to the north and south by the F5 and F6 reverse faults, forming a rift graben basin.

Structure

The tectonic deformation of the Nileke Intermontane Depression is characterized by broadly E–W trending, gentle folds, such as the Hujiertai Syncline (W1). Associated with intense thrust-nappe activity, Paleozoic strata have been overthrust onto the Jurassic succession. This deformation has generated numerous folds and faults within the coal-bearing sequence, which collectively controls the occurrence and distribution of the coal seams.

The three exploration areas covered by the project are adjacent to each other and situated on the northern limb of the Hujirtai Syncline (W1). The overall structure is characterized by a monocline. The strata generally strike approximately E–W and dip southward. Dip angles vary between 7° and 59°, typically ranging from 7° to 30°, exhibiting a pattern of steeper dips at shallow depths that become gentler with

increasing depth. In the western part of the exploration area, the strata trend shifts toward the southwest, gradually transitioning into the western limb of the syncline. Fault structures are poorly developed within the exploration areas. The dominant structural features are broad, gentle folds.

Stratigraphy

The exploration area exhibits a complete stratigraphic sequence, with the following units exposed in ascending order:

- Lower Carboniferous Dahalajunshan Formation
- Lower Jurassic Badaowan and Sangonghe Formations
- Middle Jurassic Xishanyao Formation
- Paleogene System
- Quaternary System

Coal deposition is recorded in the Lower Jurassic Badaowan Formations and Middle Jurassic Xishanyao Formations, with the Xishanyao Formation representing the principal coal-bearing unit.

Coal Seams

The Xishanyao Formation in the exploration area hosts 19 coal seams, with reserves quantified for 14key layers. Seams 9, 8, 4, 1, 0 constitute the principal minable seams,

demonstrating high stability and economic significance. The following tables show the detailed characteristics of each seam:

Table 3-74 Coal Seams of Exploration Rights in Nileke Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Jinsanjiao East	C9	6.8	-	6.8	-	346 - 716	12-S	Moderate
	C8	6.7	-	6.7	1	354 - 723	12-S	Uniform
	C7	1.7	0.1	1.8	9	26 - 741	12-S	Eratic
	C6	4.6	-	4.6	32	403 - 760	12-S	Uniform
	C5	11.4	0.6	12.0	19	423 - 788	12-S	Moderate
	C4	3.0	0.2	3.2	9	449 - 763	12-S	Moderate
	C1	26.2	0.9	27.1	50	527 - 878	12-S	Uniform
	C0-2	1.4	-	1.4	10	574 - 927	12-S	Eratic
	C0-1	3.1	0.1	3.2	16	598 - 943	12-S	Eratic
Jirentai Youyan West	C9	6.0	-	6.0	-	236 - 624	15-S	Moderate
	C8	4.6	0.1	4.7	2	246 - 632	15-S	Uniform
	C7	2.8	0.7	3.5	9	212 - 644	15-S	Moderate
	C6	2.7	1.0	3.6	17	172 - 670	15-S	Moderate
	C5	1.4	0.7	2.1	26	216 - 686	15-S	Eratic
	C4	4.7	2.4	7.0	35	63 - 730	15-S	Moderate
	C1	34.9	5.4	40.3	83	407 - 824	15-S	Uniform
Jirentai West	C12	3.5	-	3.5	-	133 - 799	22-S	Eratic
	C9	8.7	0.0	8.8	65	14 - 876	22-S	Moderate
	C8	6.7	0.0	6.7	2	19 - 888	22-S	Uniform
	C7	1.9	0.1	2.0	6	19 - 896	22-S	Eratic
	C6	4.5	0.1	4.5	33	44 - 905	22-S	Moderate
	C5	1.9	0.1	2.0	13	22 - 827	22-S	Eratic
	C4	10.7	0.4	11.0	17	24 - 925	22-S	Moderate
	C3	2.9	0.1	2.9	16	33 - 896	22-S	Eratic
	C1	36.9	1.7	38.7	70	102 - 1010	22-S	Uniform
	C1-1	1.8	0.0	1.9	6	176 - 1049	22-S	Eratic
	C1-2	1.5	-	1.5	6	286 - 956	22-S	Eratic
	C0上	3.0	0.1	3.1	8	405 - 1079	22-S	Eratic
	C0	5.5	0.2	5.7	8	170 - 1083	22-S	Moderate
	C01	2.1	-	2.1	5	131 - 910	22-S	Eratic

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject exploration rights, as follows:

- Jinsanjiao East:
  - = Exploration Report for the Eastern Part of the Jinsanjiao East Mine, August 2010
- Jirentai Youyan West:
  - = Exploration Report for the Jirentai Western Exploration Area, June 2013
- Jirentai West:
  - = Exploration Report for the Jirentai West Mine, May 2009

We have compared these reports to ensure our data remains current and valid. The following table summarizes the available exploration data for each exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
Exploration Rights		
Jinsanjiao East	4.18	15
Jirentai Youyan West	6.09	20
Jirentai West	36.00	80

Resource Classification

Based on our detailed review of the geologic setting of each seam at each exploration right, we judge the overall geologic setting to be moderate to complex and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Jinsanjiao East	C5	Complex	400	800	<1,600
	Other Seams	Moderate	500	1,000	<2,000
Jirentai Bituminous West	C5	Complex	400	800	<1,600
	Other Seams	Moderate	500	1,000	<2,000
Jirentai West	C5	Complex	400	800	<1,600
	Other Seams	Moderate	500	1,000	<2,000

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Nileke Coalfield',* shows the items listed for the Nileke Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software

(AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-75 Resources Estimates Parameters – Nileke Coalfield

		Max.	S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Jinsanjiao	C9	12	1.31	2.10	0.80	0.80
East	C8	12	1.31	2.10	0.80	0.80
	C7	12	1.38	2.10	0.80	0.80
	C6	12	1.34	2.10	0.80	0.80
	C5	12	1.32	2.10	0.80	0.80
	C4	12	1.34	2.10	0.80	0.80
	C1	12	1.31	2.10	0.80	0.80
	C0-2	12	1.28	2.10	0.80	0.80
	C0-1	12	1.32	2.10	0.80	0.80
Jirentai	C9	15	1.35	2.10	0.80	0.80
Youyan	C8	15	1.34	2.10	0.80	0.80
West	C7	15	1.33	2.10	0.80	0.80
	C6	15	1.34	2.10	0.80	0.80
	C5	15	1.32	2.10	0.80	0.80
	C4	15	1.35	2.10	0.80	0.80
	C1	15	1.32	2.10	0.80	0.80
Jirentai	C12	22	1.33	2.10	0.80	0.80
West	C9	22	1.33	2.10	0.80	0.80
	C8	22	1.34	2.10	0.80	0.80
	C7	22	1.34	2.10	0.80	0.80
	C6	22	1.35	2.10	0.80	0.80
	C5	22	1.38	2.10	0.80	0.80
	C4	22	1.35	2.10	0.80	0.80
	C3	22	1.33	2.10	0.80	0.80
	C1	22	1.31	2.10	0.80	0.80
	C1-1	22	1.34	2.10	0.80	0.80
	C1-2	22	1.32	2.10	0.80	0.80
	C0U	22	1.34	2.10	0.80	0.80
	C0	22	1.32	2.10	0.80	0.80
	C01	22	1.32	2.10	0.80	0.80

The resources areas of exploration rights are delineated by the authorized exploration boundary of each exploration right. Our resources tonnage estimates (on

a 100% ownership basis) for the subject exploration rights, as of 31 July 2025, are as follows:

Table 3-76 Coal Resources Estimates – Nileke Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality				
									%				CV (net,a
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resources	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
						Exploration Right							
						Jinsanjiao East							
C9	6.61	0.01	6.62	28.20	8.44	0.50	37.13	8.7	7.5	6.8	0.16	30.6	5,770
C8	6.53	0.01	6.54	27.45	8.59	0.46	36.51	8.6	7.6	6.5	0.10	31.2	5,790
C7	1.47	0.08	1.55	5.69	1.58	0.07	7.34	1.7	7.0	14.0	0.13	30.5	5,450
C6	4.65	-	4.65	19.06	7.06	0.43	26.54	6.2	7.1	9.3	0.22	32.0	5,710
C5	2.75	0.21	2.95	-	-	3.20	3.20	0.7	6.9	7.3	0.11	31.0	5,920
C4	11.12	0.49	11.61	51.03	16.12	0.58	67.72	15.9	6.7	11.7	0.13	29.0	5,620
C3	2.53	0.15	2.68	11.51	1.73	0.07	13.31	3.1	-	-	-	-	-
C1-2	1.42	-	1.42	4.47	3.00	0.11	7.58	1.8	-	-	-	-	-
C1-1	0.97	-	0.97	1.65	1.46	0.06	3.17	0.7	-	-	-	-	-
C1	33.86	1.26	35.12	143.35	52.61	3.02	198.98	46.6	5.7	6.2	0.11	33.0	6,150
C0U	2.17	0.27	2.43	2.07	1.44	-	3.51	0.8	-	-	-	-	-
C01	1.70	-	1.70	0.14	2.79	0.05	2.98	0.7	5.0	15.4	0.15	32.2	5,650
C0	3.66	0.16	3.82	16.86	1.62	0.11	18.59	4.4	-	-	-	-	-
Subotal				311.47	106.43	8.65	426.56	100					
						Jirentai Bituminous West							
C9	5.89	-	5.89	21.32	6.95	0.45	28.72	9.4	9.4	9.6	0.31	30.6	5,290
C8	4.59	0.01	4.60	17.19	6.09	0.41	23.70	7.8	8.7	10.9	0.18	33.5	5,320
C7	2.32	0.09	2.41	9.82	3.32	0.16	13.30	4.4	8.6	12.3	0.19	33.0	5,460
C6	2.25	0.21	2.46	10.41	4.18	0.23	14.81	4.9	8.4	14.8	0.32	34.7	5,490
C5	1.20	-	1.20	-	-	1.02	1.02	0.3	7.7	11.5	0.35	31.3	5,690
C4	3.83	0.02	3.85	14.83	5.61	0.43	20.86	6.9	8.6	9.8	0.26	31.2	5,560
C1	39.69	2.07	41.76	147.01	51.02	3.80	201.82	66.3	7.2	6.3	0.16	34.1	6,100
Subotal				220.57	77.16	6.50	304.23	100					
						Jirentai West							
C12	4.64	0.06	4.70	5.21	22.28	3.87	31.36	2.0	7.9	8.7	0.35	31.2	5,620
C9	8.71	0.08	8.78	68.13	83.41	14.02	165.57	10.5	7.8	9.8	0.12	31.7	5,460
C8	6.47	0.10	6.57	50.24	62.26	12.20	124.70	7.9	7.7	9.6	0.13	31.7	5,500
C7	2.19	0.13	2.31	10.23	19.02	3.72	32.97	2.1	7.9	10.0	0.15	31.2	5,530
C6	5.04	0.11	5.15	34.55	53.59	11.71	99.84	6.4	7.5	10.2	0.14	31.6	5,530
C5	3.27	0.29	3.56	-	-	11.52	11.52	0.7	7.7	16.2	0.18	33.0	5,100
C4	10.05	0.38	10.44	95.61	97.69	16.32	209.61	13.3	7.1	9.7	0.16	31.6	5,650
C3	2.68	0.03	2.71	12.30	6.47	3.57	22.34	1.4	6.6	9.7	0.16	31.3	5,750
C1	37.10	1.36	38.46	335.43	339.18	55.42	730.03	46.5	6.5	9.6	0.16	32.1	5,730
C1-1	1.79	0.01	1.80	7.30	3.68	1.32	12.30	0.8	7.1	10.9	0.15	32.1	5,620
C1-2	1.60	-	1.60	2.86	3.55	1.51	7.92	0.5	7.1	9.0	0.12	31.7	5,820
C0U	2.75	0.05	2.80	12.30	10.46	3.90	26.66	1.7	6.7	9.2	0.16	30.9	5,840
C0	4.76	0.20	4.95	49.17	26.91	4.25	80.33	5.1	6.5	9.9	0.18	31.1	5,750
C01	1.91	-	1.91	8.46	2.94	4.08	15.48	1.0	7.6	9.5	0.26	31.8	5,640
Subotal				691.79	731.45	147.41	1,570.64	100					
Total				1,223.83	915.04	162.56	2,301.43						

Note: Figures may not add due to rounding

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Nileke Coalfield contain ultra-low to low ash, ultra-low sulfur low-rank bituminous coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserve estimate was conducted exclusively for mining rights and there are no reserves reported for the subject exploration rights in Nileke Coalfield.

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource areas for the individual coal seams.

3.13.4 Yuanbaoshan Coalfield

The Yuanbaoshan Open-pit is the only one of the subject mines located in the Yuanbaoshan Coalfield, which is formed in the Cretaceous Period. On a global basis, the geologic settings, or nature, of the Yuanbaoshan Open-pit is judged to be moderate. While the strata are gently dipping, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas.

Regional Geology

The Yuanbaoshan Coalfield is situated at the intersection of the Tianshan–Yinshan Latitudinal Tectonic Belt and the NNE-trending Neocathaysian Second Subsidence Zone. The regional structural framework comprises a series of NE–SW trending, echelon-arranged fault-depressed coal-bearing basins.

Structure

The Yuanbaoshan Coalfield exhibits a gently undulating fold structure with an overall NE–SW tectonic trend. The strata predominantly dip SE, with dip angles ranging from 4° to 47° and generally between 8° and 18°.The coalfield is composed of three synclines and two anticlines, which collectively form its gently undulating folded structure. From southwest to northeast, these structures are:

- Laoyao Short-Axis Syncline
- Longtoushan Anticline
- Nanhuang Syncline (central area)
- Wujia Anticline (northeastern area)
- Fengshuigou Short-Axis Syncline (northeastern area)

The Yuanbaoshan Open-pit Mine constitutes part of the Nanhuang Syncline. The syncline axis trends NE 25° and plunges from southwest to northeast with a plunge angle of 3° to 5°. Stratal dips predominantly range from 3° to 14°, generally averaging 8°. Faulting within the mine area is dominated by NE- and NW-trending normal faults, with displacements typically under 30 meters.

Stratigraphy

The Yuanbaoshan Coalfield contains the following stratigraphic sequence in ascending order:

- Archeozoic Presinian System
- Paleozoic Ordovician-Silurian Systems
- Permian System
- Mesozoic Cretaceous System
- Neogene System

- Quaternary System

The Lower Cretaceous Jiufotang Formation and Fuxin Formation constitute the coal-bearing sequences of the Yuanbaoshan Coalfield. The Fuxin Formation serves as the exclusive coal-bearing unit in the Yuanbaoshan Open-pit Mine area.

Coal Seams

The Fuxin Formation hosts 12 coal seams, with reserves quantified for 7 key layers. Currently, only the 7seam and stratigraphically higher seam are being extracted by open-pit methods. The remaining minable seams represent potential targets for future underground mining operations. The following tables show the detailed characteristics of each seam:

Table 3-77 Coal Seams of Mining Right in Yuanbaoshan Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Yuanbaoshan	4	9.9	1.85	11.8	-	61 - 226	15-SE	Moderate
Open-pit	5	17.1	2.46	19.6	70	19 - 323	15-SE	Moderate
	6	24.1	2.65	26.8	80	24 - 468	15-SE	Moderate
	7	6.1	1.60	7.7	15	44 - 506	15-SE	Moderate

The primary minable coal seams within the designed open-pit limit are the 5 and 6 seams. The 5 seam has an average thickness of 19.6 m and exhibits a relatively simple structure, containing an average of 12 partings. The 6 Seam averages 26.8 m in thickness but displays a complex internal structure, containing 13 partings.

Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

= Detailed Exploration Report, June 1980
= Production Geology, Hydrogeology and Engineering Geology Handover Report for the Yuanbaoshan Open-pit Mine, August 1997
= Reserves Verification Report, February 2014
= 2024 Reserves Verification Report for the Yuanbaoshan Mine

We have compared the different versions of the provided geological reports to ensure our data remains current and valid. Throughout its exploration history, the Yuanbaoshan Open-pit has completed a total of 312 boreholes, all of which have been incorporated into our geological modeling.

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at Yuanbaoshan

Open-pit, we judge the overall geologic setting to be moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Yuanbaoshan Open-pit	All seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Yuanbaoshan Coalfield',* shows the items listed for the Yuanbaoshan Open-pit, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using Carlson SurvCADD for the Yuanbaoshan Open-pit. The following parameters were used for resources reporting:

Table 3-78 Resources Estimates Parameters – Yuanbaoshan Coalfield

		Max.	S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Yuanbaoshan	4	15	1.25	2.10	0.50	0.50
Open-pit	5	15	1.26	2.10	0.50	0.50
	6	15	1.26	2.10	0.50	0.50
	7	15	1.35	2.10	0.50	0.50

The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits between +120 m to +482 m. Our resources tonnage estimates (on a 100% ownership basis) for the Yuanbaoshan Open-pit, as of 31 July 2025, are as follows:

Table 3-79 Coal Resources Estimates – Yuanbaoshan Coalfield

									In-Situ Coal Quality				
	Average Thickness (m)			In-Place Resources (Mt)				% of	%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
						Mining Right							
						Yuanbaoshan Open-pit							
4	9.93	1.85	11.78	13.72	5.01	7.18	25.91	8.6	16.3	11.6	0.94	47.7	6,010
5	17.14	2.46	19.60	49.05	17.11	30.80	96.96	32.2	16.2	12.7	1.05	43.5	5,860
6	24.14	2.65	26.79	119.86	19.96	28.99	168.81	56.1	14.4	13.3	1.78	43.0	5,990
7	6.06	1.60	7.66	8.94	0.25	0.04	9.23	3.1	13.1	17.5	1.31	42.2	5,730
Total				191.57	42.33	67.01	300.91	100					

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Yuanbaoshan Coalfield contain low ash, low to medium heating lignite coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process). Marketable Reserves represent the salable tonnage and include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting:

- Minimum coal thickness: 0.5 m
- Maximum parting thickness: 0.5 m
- Coal seam recovery: 98%
- OSD rate: 3%
- Product Yield: 95%

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese open-pit coal mining. ROM coal from Yuanbaoshan operation is directly sold after crushing and screening. The 95% yield of saleable coal accounts for routine coal handling losses.

We have reviewed the mine's historical operations, and we believe that Yuanbaoshan will be capable of maintaining its authorized output of 12 Mtpa. Based on the mine's historical performance and communication with the mine's technical personnel, we have developed a LOM plan to confirm the technical feasibility of the recoverable reserves. Based on the LOM plan the overall stripping ratio of the Yuanbaoshan Open-pit is 4.49 m^3/t. It is our opinion that the reserves will be depleted by 2037. The LOM details are shown as below:

Year	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
ROM Product (Mt)	4.32	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	5.42
Stripping Ratio (m^3/t)	6.25	6.17	6.17	6.17	6.17	6.17	6.17	6.17	4.33	4.33	4.33	4.33	2.00

The CP completed an economic analysis for the mine to determine if the projected mine operation is economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at Yuanbaoshan Open-pit have reasonable expectations to be economically mineable. Our reserves tonnage

estimates (on a 100% ownership basis) for the Yuanbaoshan Open-pit, as of 31 July 2025, are as follows:

Table 3-80 Coal Reserves Estimates – Yuanbaoshan Open-pit

Seam	Recoverable Reserves (Mt) Proved	Probable	Total	Processing Yield %	Marketable Reserves (Mt) Proved	Probable	Total	% of Reserves
Yuanbaoshan Open-pit								
4	6.17	0.64	6.81	95	5.86	0.61	6.47	4.6
5	34.60	6.55	41.15	95	32.87	6.22	39.09	27.6
6	95.35	5.89	101.24	95	90.58	5.60	96.18	67.9
7	-	-	-	-	-	-	-	-
Total	136.12	13.08	149.20	95	129.31	12.43	141.74	100

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Yuanbaoshan Open-pit	30.2	25.6	1.47	3,480

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.13.5 Zhunge'er Coalfield

There are two Pingzhuang Coal properties, including one mining right (Boligou) and one exploration right (Heidaigou), are located in the Zhunge'er Coalfield of the Carboniferous and Permian Age. On a global basis, the geologic settings, or nature, of Zhunge'er Coalfield is judged to be moderate. While the strata are gently dipping, seam splitting, sand erosion and moderate faulting are complicating factors for the seam in Zhunge'er Coalfield.

Regional Geology

The Zhunge'er Coalfield is situated on the northeastern margin of the Ordos Basin, in the western part of the Sino-Korean Paraplatform. Its tectonic evolution has been primarily controlled by the Yinshan Giant Latitudinal Tectonic Belt and the Neocathaysian Structural System.

During the Himalayan Orogeny, the uplift of the Tibetan Plateau induced peripheral rifting around the Ordos Basin, while the basin interior experienced regional uplift, collectively forming the present-day structural geomorphology.

Structure

The Boligou and Heidaigou mining/ exploration areas are located in the northern and central sectors of the Zhunge'er Coalfield, respectively. Their structural characteristics are summarized as follows:

The Boligou mining area is situated in the northern Zhunge'er Coalfield, on the western flank of the Yaogou Anticline. The area is characterized by a monocline striking NNE–SSW and dipping NW, with generally gentle strata attitudes and dips averaging approximately 5 degrees. Superimposed on the monocline are local, very broad and gentle undulations. Faulting is relatively well-developed, dominated by normal faults with vertical displacements generally under 10 meters. No magmatic intrusions have been identified within the mining area.

The Heidaigou exploration area is situated in the central Zhunge'er Coalfield, on the western flank of the Changtan Flexure. The area is characterized by a monocline structure striking NNE and dipping NWW, with strata generally inclined at approximately 5 degrees. No faults or magmatic intrusions have been identified within the area.

Stratigraphy

The subject mining/ exploration areas contains the following stratigraphic sequence in ascending order:

- Middle Ordovician Majiagou Formation
- Upper Carboniferous Taiyuan Formation
- Lower Permian Shanxi Formation
- Lower Permian Lower Shihezi Formation
- Upper Permian Upper Shihezi Formation
- Upper Permian Shiqianfeng Group
- Lower Triassic Liujiagou Formation
- Quaternary System

The Upper Carboniferous Taiyuan Formation and Lower Permian Shanxi Formation constitute the primary coal-bearing sequences in the region

Coal Seams

The Shanxi and Taiyuan formations in the Boligou Mine host 9 coal seams, with reserves quantified for 6 key layers. Seams 6 (avg. 13.4 m) constitute the principal minable seams, demonstrating high stability and economic significance. The following

tables show the detailed characteristics of each seam.

The Shanxi and Taiyuan formations in the Heidaigou exploration area host 9 coal seams, with reserves quantified for 6 key layers. Seams 6 (avg. 13.1 m), 9 (avg. 4.74 m), constitute the principal minable seams, demonstrating high stability and economic significance. The following tables show the detailed characteristics of each seam.

Table 3-81 Coal Seams of Mining/Exploration Right in Zhunge'er Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Boligou	4	1.4	0.05	1.5	-	262 - 480	5-NW	Eratic
	5	2.3	0.47	2.8	16	272 - 503	5-NW	Eratic
	6U	2.4	0.47	2.9	19	288 - 487	5-NW	Eratic
	6	11.2	2.23	13.4	27	296 - 525	5-NW	Moderate
	8	1.9	0.50	2.4	14	325 - 546	5-NW	Eratic
	9	1.5	0.17	1.7	9	341 - 554	5-NW	Eratic
Heidaigou	4	2.6	0.8	3.5	-	442-608	5-SW	Moderate
	5	1.4	0.3	1.7	7	448-608	5-SW	Eratic
	6U	3.5	0.4	3.9	19	470-640	5-SW	Moderate
	6	11.8	1.3	13.1	7	481-652	5-SW	Eratic
	6L	3.1	0.8	3.8	17	498-661	5-SW	Eratic to Modera
	9	3.9	0.9	4.7	10	507-673	5-SW	Moderate

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Boligou Mine:
  - = Detailed Exploration Report for the Boligou Mine, June 2008
  - = Reserves Verification Report for the Boligou Mine, March 2009
  - = Supplementary Exploration Report for the Boligou Mine, April 2024
- Heidaigou Exploration Right:
  - = Exploration Report for the Heidaigou Mine, April 2008

We have compared the different versions of the provided geological reports to ensure our data remains current and valid. The following table summarizes the available exploration data for each mining/exploration right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
Mining Rights		
Boligou	18.15	35
Exploration Rights		
Heidaigou	21.42	46

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at each mine/exploration, we judge the overall geologic setting to be moderate and have

assigned the following drill hole spacing criteria for classification of estimated resources:

Mining/Exploration Rights	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Boligou	All Seams	Moderate	500	1,000	<2,000
Heidaigou	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 –Zhunge'er Coalfield',* shows the items listed for the Zhunge'er Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-82 Resources Estimates Parameters – Zhunge'er Coalfield

			S.G.		Thickness (m)	
Mining/Exploration Right	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Boligou	4	5	1.44	2.10	0.80	0.80
	5	5	1.42	2.10	0.80	0.80
	6U	5	1.45	2.10	0.80	0.80
	6	5	1.41	2.10	0.80	0.80
	8	5	1.42	2.10	0.80	0.80
	9	5	1.40	2.10	0.80	0.80
Heidaigou	4	5	1.42	2.10	0.80	0.80
	5	5	1.43	2.10	0.80	0.80
	6U	5	1.40	2.10	0.80	0.80
	6	5	1.42	2.10	0.80	0.80
	6L	5	1.39	2.10	0.80	0.80
	9	5	1.40	2.10	0.80	0.80

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of Boligou Mine. While the resources areas of exploration rights are only delineated by the property boundary since there are no elevation limits for Heidaigou exploration right. Our resources tonnage estimates (on

a 100% ownership basis) for Boligou Mine and Heidaigou Exploration, as of 31 July 2025, are as follows:

Table 3-83 Coal Resources Estimates – Zhunge'er Coalfield

	Average Thickness (m)			In-Place Resources (Mt)				% of	In-Situ Coal Quality				
									%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resources	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Boligou*													
4	1.43	0.05	1.48	-	3.33	17.04	20.37	580.8	6.2	23.9	0.83	38.3	5,450
5	2.32	0.47	2.79	36.64	7.10	2.55	46.29	1,319.8	5.9	25.0	0.82	38.4	5,300
6U	2.42	0.47	2.89	-	8.45	12.22	20.67	589.2	5.9	24.6	0.80	38.2	5,300
6	11.17	2.23	13.40	212.19	46.68	-	258.87	7,380.7	6.1	22.6	0.86	38.7	5,450
8	1.93	0.50	2.43	23.48	23.05	4.60	51.13	1,457.7	5.9	23.8	0.85	38.1	5,350
9	1.53	0.17	1.70	5.52	6.49	6.93	18.94	540.1	5.9	24.4	0.89	37.4	5,320
Subtotal				277.84	95.10	43.33	416.26	11,868					
Exploration Right													
Heidaigou													
4	2.63	0.82	3.45	-	95.87	0.63	96.50	12.7	5.1	23.6	0.60	39.3	5,160
5	1.36	0.30	1.66	-	26.96	2.99	29.96	3.9	5.2	22.6	0.59	39.2	5,250
6U	3.54	0.40	3.93	-	49.95	-	49.95	6.6	5.5	23.0	0.58	38.7	5,180
6	11.83	1.31	13.14	137.41	235.31	-	372.72	49.0	5.6	21.4	0.61	39.0	5,280
6L	3.08	0.77	3.85	-	49.77	23.70	73.46	9.7	5.4	21.9	0.70	38.9	5,260
9	3.87	0.88	4.74	50.41	85.44	1.89	137.75	18.1	5.5	21.7	0.68	38.6	5,230
Subtotal				187.82	543.30	29.21	760.33	100					
Total				465.66	638.40	72.54	1,176.60						

Note: 1. Figures may not add due to rounding

2. The reported coal resources are inclusive of the coal reserves.

3.* CV is in b.ad. basis.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Zhunge'er Coalfield contain medium ash, low sulfur low-rank bituminous coal. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserve estimation was conducted exclusively for mining rights. Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and include allowances for losses

during coal handling and processing. The following parameters were used for reserves reporting for the Boligou Mine:

Table 3-84 Reserves Estimates Parameters – Boligou

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Boligou	4	-	-	-	-	-	-	-	-	-	-	-
	5	SC	1.8	4.2	2.3	4.8	3.5	80	0.10	85	2	76
	6U	-	-	-	-	-	-	-	-	-	-	-
	6	SC	1.8	4.2	2.3	4.8	3.5	80	0.20	85	2	80
	8	SC	1.8	4.2	2.3	4.8	3.5	80	0.05	85	2	72
	9	-	-	-	-	-	-	-	-	-	-	-

Note: 1. Seams without parameters indicate thin thickness, for which only resources have been estimated.

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground coal mining. ROM coal from Boligou Mine is designed to be processed by Telligent Dry Separator (TDS) system and Heavy Media Vessel (Heavy Media Vessel) system. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening and washing, along with routine coal handling losses.

We have reviewed the preliminary design of the Boligou Mine and coal preparation plant, and we believe that they will be capable of its authorized output of 4 Mtpa in the future. Based on the mines' future production plan and communication with the mines' technical personnel, we have developed a LOM plan for Boligou Mine to confirm the technical feasibility of the recoverable reserves. These LOM plans are presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for the mine to determine if the projected mine operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mines have reasonable expectations to be economically mineable. Our reserves estimates (on a 100% ownership basis) for Boligou Mine, as of 31 July 2025, are as follows:

Table 3-85 Coal Reserves Estimates – Boligou

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Boligou				
4	-	-	-	-	-	-	-	-
5	12.54	0.26	12.80	76	9.58	0.20	9.78	9.9
6U	-	-	-	-	-	-	-	-
6	89.86	10.00	99.86	80	71.95	7.88	79.83	80.9
8	8.77	3.88	12.65	72	6.37	2.73	9.11	9.2
9	-	-	-	-	-	-	-	-
Total	111.17	14.14	125.31	79	87.91	10.81	98.72	100

Note: Figures may not add due to rounding

Product Coal Quality

The Boligou Coal Mine is currently in the construction phase. The coal preparation plant has been designed based on the specific conditions of the Boligou Mine and incorporates operational experience from surrounding producing mines. The plant is planned to produce two blended coal products with minimum net calorific values (as received) of:

- Product A: Qnet,ar > 4,300 kcal/kg
- Product B: Qnet,ar > 5,000 kcal/kg

In our opinion, the design of the Boligou coal preparation plant is rational, and the plant is expected to produce qualified coal products according to design specifications.

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource/reserve areas for the individual coal seams.

3.14 Jinshen Energy Mining Rights

Jinshen Energy holds the mining rights for the Ciyaogou and Shaping mines, which are located in the northern part of the Carboniferous and Permian Hedong Coalfield in Xinzhou City, in the northwestern part of Shanxi Province. On a global basis, the geological settings, or nature, of Hedong Coalfield is judged to be moderate. While the strata are gently dipping, seam splitting, sand erosion and occasional faulting are complicating factors for the seam in Hedong Coalfield.

Regional Geology

As previously mentioned during the introduction of Guoyuan Power mines, the Hedong Coalfield is situated at the northern terminus of the Baode-Linxian Block Sag within the Ordos Depression of the North China Plate. Regional structural trends predominantly align NE-NNE, with localized NW-trending structures. Key tectonic features include: 1) the Qingshui Graben, comprising two 310 degrees striking normal faults extending southeast from Shaanxi; 2) the Fanjialiang-Xinyao Syncline, a NNW-trending broad fold with Shanxi Formation at its core; 3) the Tianqiao Horst formed by three 300 degrees striking normal faults exposing Ordovician strata; and 4) the Tiejiangpu Graben with three NEE-trending normal faults (>250 m displacement) exposing purple mudstone. The structural domain is characterized by fault-block systems and broad folds, with negligible magmatic activity.

Structure

The subject two mines are situated in the northern part of Hedong Coalfield. The mining area is characterized by a monocline dipping to the northwest and west, with superimposed gentle folding. Strata exhibit consistent, low-angle dips generally ranging from 3 to 5 degrees. Minor faulting is present, with typical displacements under

4 meters. These structures are not considered to pose significant geotechnical or operational risks to mine safety. No magmatic intrusions have been identified within the mining lease area.

Stratigraphy

The mine area contains a well-defined stratigraphic sequence, in ascending order: Ordovician, Carboniferous, Permian, Neogene, and Quaternary systems. Coal deposit is confined to the Upper Carboniferous Taiyuan Formation and the Permian Shanxi Formation, with the Taiyuan Formation serving as the primary coal-bearing unit. Lithologically, the Taiyuan Formation is dominated by sandstone, mudstone, limestone, and carbonaceous mudstone.

Coal Seams

The coal-bearing strata in the Ciyaogou and Shaping mines host 9 to 11 coal seams, with most of the mineable seams located in the Taiyuan Formation. The following tables show the detailed characteristics of each seam:

Table 3-86 Coal Seams of Ciyaogou and Shaping mines in Hedong Coalfield

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Ciyaogou	10-2	5.74	0.57	6.30	-	46 - 168	4-W	Uniform
	13	11.91	1.15	13.06	18	10 - 220	4-W	Uniform
Shaping	9	3.06	0.25	3.31	-	21 - 201	4-W	Moderate
	10	1.69	0.09	1.78	5	31 - 213	4-W	Moderate
	11	1.86	0.03	1.89	7	35 - 218	4-W	Moderate
	12	1.58	0.02	1.60	10	4 - 233	4-W	Moderate
	13U	5.29	0.05	5.34	4	107 - 215	4-W	Eratic
	13	13.28	1.66	14.93	7	5 - 238	4-W	Moderate

Data Defining Coal Occurrence and Quality

To ensure the completeness and reliability of the data used for resources and reserves estimates, we have been provided with all the relevant historical versions of the geological reports for the subject mines, as follows:

- Ciyaogou Mine:
  - = Production Geology Report for the Ciyaogou Mine, April 2023
- Shaping Mine:
  - = Supplementary Exploration Geological Report for the Shaping Mine, August 2021

We have compared the geological reports provided to ensure our data remains current

and valid. The following table summarizes the available exploration data for each mining right area:

Mining/Exploration Right Area	Area (km^2)	No. of Drill Holes
Mining Rights		
Ciyaogou	10.62	62
Shaping	22.59	121

Resource/Reserve Classification

Based on our detailed review of the geologic setting of each seam at each mine, we judge the overall geologic setting to be simple to moderate and have assigned the following drill hole spacing criteria for classification of estimated resources:

Mine	Seam	Geologic Setting	Measured (m)	Indicated (m)	Inferred (m)
Ciyaogou	All Seams	Moderate	500	1,000	<2,000
Shaping	All Seams	Moderate	500	1,000	<2,000

Resource and reserve classification of each coal seam are shown on the resource/reserve maps included in Appendix A.

The JORC Code requires that all reports include comment on items listed in Table 1 of the Code. Appendix B, '*Table 1 – Hedong Coalfield',* shows the items listed for Ciyaogou and Shaping mines in the Hedong Coalfield, along with our comments on the table.

Resources Estimate

Estimates of in situ coal resources were prepared using computer mapping software (AutoCAD) for all mapped resource areas. The following parameters were used for resources reporting:

Table 3-87 Resources Estimates Parameters – Ciyaogou and Shaping Mines

		Max.	S.G.		Thickness (m)	
Mine	Seam	Dip	Coal	Parting	Min. Coal	Max. Parting
Ciyaogou	10-2	4	1.42	2.1	0.8	0.8
	13	4	1.41	2.1	0.8	0.8
Shaping	9	4	1.47	2.1	0.8	0.8
	10	4	1.41	2.1	0.8	0.8
	11	4	1.38	2.1	0.8	0.8
	12	4	1.42	2.1	0.8	0.8
	13U	4	1.42	2.1	0.8	0.8
	13	4	1.40	2.1	0.8	0.8

The resources areas of mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits of each mine. Our resources tonnage estimates (on

a 100% ownership basis) for Ciyaogou Mine and Shaping Mine, as of 31 July 2025, are as follows:

Table 3-88 Coal Resources Estimates – Ciyaogou and Shaping Mines

									In-Situ Coal Quality				
	Average Thickness (m)			In-Place Resources (Mt)				% of	%				CV (net,ad)
Seam	Coal	Parting	Seam	Measured	Indicated	Inferred	Total	Resouces	Moist. (ad)	Ash (d)	St (d)	Vol (daf)	kcal/kg
Mining Right													
Ciyaotou													
10-2	5.74	0.57	6.30	5.81	-	-	5.81	5.0	4.5	23.4	0.80	40.6	4,860
13	11.91	1.15	13.06	104.96	4.71	-	109.67	95.0	4.0	21.0	1.31	38.8	5,410
Subtotal				110.77	4.71	-	115.48	100					
Shaping*													
9	3.06	0.25	3.31	25.92	8.79	-	34.72	9.2	3.8	29.4	0.58	41.1	5,490
10	1.69	0.09	1.78	18.58	3.11	-	21.69	5.7	3.9	23.8	0.89	40.4	5,140
11	1.86	0.03	1.89	19.71	8.78	-	28.49	7.5	4.2	17.2	1.55	39.6	5,580
12	1.58	0.02	1.60	16.68	7.79	-	24.46	6.5	3.8	21.0	1.77	41.7	5,360
13U	5.29	0.05	5.34	18.11	9.38	-	27.49	7.3	3.4	23.3	0.92	39.1	5,560
13	13.28	1.66	14.93	240.99	-	-	240.99	63.8	3.5	21.5	1.15	39.2	5,210
Subtotal				340.00	37.84	-	377.84	100					
Total				450.77	42.56	-	493.32						

Note: 1. Figures may not add due to rounding
2. The reported coal resources are inclusive of the coal reserves.
3.* CV is in b.ad. basis.

In-Situ Coal Quality

Since all drill holes are continuously cored, there are quality data for all holes that intersect one or more coal seams which meet the Chinese minimum thickness and core recovery requirements. As shown in the above tables, coal quality is well defined.

The quality data shown in the above tables indicate that all coal seams in Hedong Coalfield contain medium to high ash, high-rank bituminous coal. The upper seams (No.9 and above) are in the Shanxi Formation and typically has lower sulfur content, while the lower seams are in the Taiyuan Formation and typically has medium to high sulfur content. According to China's coal exploration standards, in-situ coal samples typically do not contain visible partings. However, in actual production, ROM coal will include unavoidable in-seam partings and OSD. Consequently, the actual quality of the ROM coal will be inferior to the quality indicated in the table.

Reserves Estimate

Reserves are presented on a ROM or recoverable basis, and on a marketable basis. Recoverable Reserves represent the seam tonnage to be recovered by the corresponding mine plan, including the coal seam and OSD (roof and floor rock recovered with the coal seam during the normal mining process), and moisture gained during underground mining. Marketable Reserves represent the salable tonnage and

include allowances for losses during coal handling and processing. The following parameters were used for reserves reporting for the subject two mines:

Table 3-89 Reserves Estimates Parameters – Ciyaogou and Shaping Mines

			Recoverable Reserves									
			Shearer (m)		Shield (m)		SC			Plan	Moist.	Product
		Mining		max.	Cap. Range		Cut	Caving	OSD	Rec.	Gain	Yield
Mine	Seam	Method	Dia	thk	min.	max.	Thk	%	(m)	%	%	%
Ciyaogou	10-2	SC	2.5	5.0	2.7	4.5	4.0	80	0.20	85	2	86
	13	SC	2.5	5.0	2.7	4.5	4.0	80	0.20	85	2	87
Shaping	9	FM	2.0	4.4	1.7	3.5	-	-	0.10	85	2	84
		SC	2.5	4.9	2.7	4.5	4.3	80				
	10	FM	1.5	3.3	1.2	2.4	-	-	0.05	85	2	87
	11	FM	1.5	3.3	1.2	2.4	-	-	0.05	85	2	92
	12	FM	1.5	3.3	1.2	2.4	-	-	0.05	85	2	86
	13U	SC	2.5	4.9	2.7	4.5	4.3	80	0.20	85	2	93
	13	SC	2.5	4.9	2.7	4.5	4.3	80	0.20	85	2	82

The determination of these parameters integrated our communication with the mine's technical personnel and our extensive experience in Chinese underground coal mining. ROM coal from Ciyaogou Mine is processed by a 3-Product Heavey Media Cyclone (HMC) system. ROM coal from Shaping is currently sold directly after crushing and screening now, but a new processing plant is being designed to use the same separation technology as the Ciyaogou Mine. The product yields of saleable coal accounts for the removal of in-seam partings and OSD during screening, along with routine coal handling losses.

We have reviewed the historical operations for both mines, and we believe that they will be capable of maintaining authorized output of 5Mtpa for Ciyaogou Mine and 8 Mtpa for Shaping Mine. Based on the mines' historical performance and communication with the mines' technical personnel, we have developed a LOM plan for each of the two mining rights to confirm the technical feasibility of the recoverable reserves. It is our opinion that the reserves of Ciyaogou Mine will be depleted by 2040, the reserves of Shaping Mine will be depleted by 2043 The LOM plans are presented in the accompanying DCF table following Chapter 8.

The CP completed an economic analysis for the mine to determine if the projected mine operations are economically viable (see Chapter 8), as of 31 July 2025. This analysis concludes that the identified reserves at the subject mines have reasonable expectations to be economically mineable. Our reserves tonnage estimates (on a

100% ownership basis) for Ciyaogou Mine and Shaping Mine, as of 31 July 2025, are as follows:

Table 3-90 Coal Reserves Estimates – Ciyaogou and Shaping Mines

	Recoverable Reserves (Mt)			Processing	Marketable Reserves (Mt)			% of
Seam	Proved	Probable	Total	Yield %	Proved	Probable	Total	Reserves
				Ciyaotou				
10-2	4.16	-	4.16	86	3.56	-	3.56	6.2
13	60.84	1.50	62.34	87	52.74	1.28	54.02	93.8
Subtotal	65.00	1.50	66.50	87	56.3	1.3	57.6	100
				Shaping				
9	11.83	0.69	12.52	84	9.91	0.60	10.50	7.8
10	8.19	1.27	9.46	87	7.11	1.08	8.19	6.1
11	9.55	1.68	11.23	92	8.76	1.58	10.33	7.7
12	7.44	1.48	8.91	86	6.39	1.25	7.64	5.7
13U	8.55	3.53	12.08	93	8.03	3.16	11.19	8.3
13	105.77	-	105.77	82	86.53	-	86.53	64.4
Subtotal	151.33	8.65	159.98	84	126.7	7.7	134.4	100
Total	216.33	10.15	226.48	85	183.02	8.96	191.97	

Note: Figures may not add due to rounding

Product Coal Quality

Due to the unavailability of industrial analysis data for partings and OSD, it is not feasible to predict future coal quality. However, based on the historically stable quality of the saleable coal, we anticipate that future product quality will remain consistent with past performance, as detailed in the table below:

Typical Product Coal Quality				
	%			kcal/kg
Mine	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
Ciyaogou	27.3	9.3	1.41	4,730
Shaping	41.8	9.1	1.05	3,520

Figures listed at the end of this chapter and contained in Appendix A show the structure, cross-sections and resource areas for the individual coal seam

3.15 Conclusions

Based on our review of the coal resource data, the methodology we used to define the resources/reserves, and the CP's visits to the subject companies and interactions with the subject mine personnel, we have a high degree of confidence that the estimates provided in this report are a reasonable representation of the coal resources and coal reserves controlled at the subject mining/exploration right areas.

The CP has reviewed the documentation provided by the subject companies with regard to the company's coal resource holdings. To the extent supported by the documentation, we have accepted that each subject company holds the mining/exploration rights evaluated in this report for the documented periods.

The following figures (maps) were prepared to illustrate the estimated coal resources and reserves for each mining/exploration right area, and are contained in Appendix A to this report:

Figures:

Figures' ID	Figures' Name	Figures' ID	Figures' Name
3.1	Map Showing Cross Section Location, Yinminhe East Backup Mine	3.81	Resource/Reserve Map, 10U Seam
3.2	Cross Section, A-A'	3.82	Resource/Reserve Map, 10 Seam
3.3	Cross Section, B-B'	3.83	Resource/Reserve Map, 10L Seam
3.4	Resource/Reserve Map, 16-1 Seam	3.84	Resource/Reserve Map, 11U Seam
3.5	Resource/Reserve Map, 16-3U Seam	3.85	Resource/Reserve Map, 11 Seam
3.6	Resource/Reserve Map, 16-3L Seam	3.86	Resource/Reserve Map, 11L Seam
3.7	Resource/Reserve Map, 26-1 Seam	3.87	Resource/Reserve Map, 12 Seam
3.8	Resource/Reserve Map, 26-2 Seam	3.88	Resource/Reserve Map, 13 Seam
3.9	Resource/Reserve Map, 26-3L Seam	3.89	Map Showing Cross Section Location, Dananhu West F1 South Mine
3.10	Resource/Reserve Map, 27-1 Seam	3.90	Cross Section, A-A'
3.11	Resource/Reserve Map, 27-3 Seam	3.91	Cross Section, B-B'
3.12	Map Showing Cross Section Location, Yinminhe East No.2 Mine	3.92	Resource/Reserve Map, 2-4 Seam
3.13	Cross Section, A-A'	3.93	Resource/Reserve Map, 2-3 Seam
3.14	Cross Section, B-B'	3.94	Resource/Reserve Map, 2-2 Seam
3.15	Resource/Reserve Map, 15-1U Seam	3.95	Resource/Reserve Map, 2-1 Seam
3.16	Resource/Reserve Map, 15-1L Seam	3.96	Resource/Reserve Map, 2 Seam
3.17	Resource/Reserve Map, 15-2 Seam	3.97	Resource/Reserve Map, 3 Seam
3.18	Resource/Reserve Map, 15-3 Seam	3.98	Resource/Reserve Map, 5 Seam
3.19	Resource/Reserve Map, 15-4 Seam	3.99	Resource/Reserve Map, 8 Seam
3.20	Resource/Reserve Map, 15-5L Seam	3.100	Resource/Reserve Map, 11 Seam
3.21	Resource/Reserve Map, 16-1 Seam	3.101	Resource/Reserve Map, 12 Seam
3.22	Resource/Reserve Map, 16-2 Seam	3.102	Resource/Reserve Map, 15 Seam
3.23	Resource/Reserve Map, 16-3U Seam	3.103	Resource/Reserve Map, 16 Seam
3.24	Resource/Reserve Map, 16-3M Seam	3.104	Resource/Reserve Map, 18 Seam
3.25	Resource/Reserve Map, 16-3 Seam	3.105	Resource/Reserve Map, 19 Seam
3.26	Resource/Reserve Map, 16-4 Seam	3.106	Resource/Reserve Map, 19L Seam
3.27	Resource/Reserve Map, 16-5 Seam	3.107	Resource/Reserve Map, 20 Seam
3.28	Resource/Reserve Map, 26-1 Seam	3.108	Resource/Reserve Map, 22 Seam
3.29	Resource/Reserve Map, 26-3L Seam	3.109	Resource/Reserve Map, 22L Seam
3.30	Map Showing Cross Section Location, Yinminhe East Peripheral Mine	3.110	Resource/Reserve Map, 25 Seam
3.31	Cross Section, A-A'	3.111	Resource/Reserve Map, 26 Seam
3.32	Cross Section, B-B'	3.112	Resource/Reserve Map, 27 Seam
3.33	Resource/Reserve Map, 16-3-4 Seam	3.113	Resource/Reserve Map, 28 Seam
3.34	Resource/Reserve Map, 26-1 Seam	3.114	Resource/Reserve Map, 29 Seam
3.35	Resource/Reserve Map, 26-2 Seam	3.115	Resource/Reserve Map, 30 Seam
3.36	Resource/Reserve Map, 26-3 Seam	3.116	Map Showing Cross Section Location, Dananhu West No.1 East Mine
3.37	Map Showing Cross Section Location, Chaoyang Open-pit Mine	3.117	Cross Section, A-A'
3.38	Cross Section, A-A'	3.118	Cross Section, B-B'
3.39	Cross Section, B-B'	3.119	Resource/Reserve Map, 4 Seam
3.40	Resource/Reserve Map, 10 Seam	3.120	Resource/Reserve Map, 5 Seam
3.41	Map Showing Cross Section Location, Dananhu No.2 Open-pit Mine	3.121	Resource/Reserve Map, 6 Seam
3.42	Cross Section, A-A'	3.122	Resource/Reserve Map, 11 Seam
3.43	Cross Section, B-B'	3.123	Resource/Reserve Map, 12 Seam
3.44	Resource/Reserve Map, 3 Seam	3.124	Resource/Reserve Map, 13 Seam
3.45	Resource/Reserve Map, 5 Seam	3.125	Resource/Reserve Map, 14 Seam
3.46	Resource/Reserve Map, 8 Seam	3.126	Resource/Reserve Map, 15 Seam
3.47	Resource/Reserve Map, 9 Seam	3.127	Resource/Reserve Map, 16 Seam
3.48	Resource/Reserve Map, 11 Seam	3.128	Resource/Reserve Map, 17 Seam
3.49	Resource/Reserve Map, 12 Seam	3.129	Resource/Reserve Map, 18U Seam
3.50	Resource/Reserve Map, 14 Seam	3.130	Resource/Reserve Map, 18 Seam
3.51	Resource/Reserve Map, 15 Seam	3.131	Resource/Reserve Map, 19U Seam
3.52	Resource/Reserve Map, 16 Seam	3.132	Resource/Reserve Map, 19 Seam
3.53	Resource/Reserve Map, 17 Seam	3.133	Resource/Reserve Map, 20 Seam
3.54	Resource/Reserve Map, 18 Seam	3.134	Resource/Reserve Map, 21 Seam
3.55	Resource/Reserve Map, 19 Seam	3.135	Resource/Reserve Map, 22A Seam
3.56	Resource/Reserve Map, 21 Seam	3.136	Resource/Reserve Map, 22U Seam
3.57	Resource/Reserve Map, 22 Seam	3.137	Resource/Reserve Map, 22 Seam
3.58	Resource/Reserve Map, 25 Seam	3.138	Resource/Reserve Map, 23 Seam
3.59	Resource/Reserve Map, 26 Seam	3.139	Resource/Reserve Map, 24 Seam
3.60	Resource/Reserve Map, 27 Seam	3.140	Resource/Reserve Map, 25U Seam
3.61	Resource/Reserve Map, 28 Seam	3.141	Resource/Reserve Map, 25 Seam
3.62	Resource/Reserve Map, 29 Seam	3.142	Resource/Reserve Map, 26 Seam
3.63	Resource/Reserve Map, 30 Seam	3.143	Resource/Reserve Map, 28 Seam
3.64	Map Showing Cross Section Location, Renjiazhuang Mine	3.144	Resource/Reserve Map, 29 Seam
3.65	Cross Section, A-A'	3.145	Map Showing Cross Section Location, Dananhu West No.3 Mine
3.66	Cross Section, B-B'	3.146	Cross Section, A-A'
3.67	Resource/Reserve Map, 3 Seam	3.147	Cross Section, B-B'
3.68	Resource/Reserve Map, 5 Seam	3.148	Resource/Reserve Map, 2-2 Seam
3.69	Resource/Reserve Map, 9 Seam	3.149	Resource/Reserve Map, 2 Seam
3.70	Map Showing Cross Section Location, Sandaogou Mine	3.150	Resource/Reserve Map, 2-4 Seam
3.71	Cross Section, A-A'	3.151	Resource/Reserve Map, 3 Seam
3.72	Cross Section, B-B'	3.152	Resource/Reserve Map, 4 Seam
3.73	Resource/Reserve Map, 4-3 Seam	3.153	Resource/Reserve Map, 5 Seam
3.74	Resource/Reserve Map, 4-4 Seam	3.154	Resource/Reserve Map, 6 Seam
3.75	Resource/Reserve Map, 5-2U Seam	3.155	Resource/Reserve Map, 8 Seam
3.76	Resource/Reserve Map, 5-2 Seam	3.156	Resource/Reserve Map, 9 Seam
3.77	Map Showing Cross Section Location, Shangyuquan Mine	3.157	Resource/Reserve Map, 10 Seam
3.78	Cross Section, A-A'	3.158	Resource/Reserve Map, 11 Seam
3.79	Cross Section, B-B'	3.159	Resource/Reserve Map, 12 Seam
3.80	Resource/Reserve Map, 9 Seam	3.160	Resource/Reserve Map, 14 Seam

Figures' ID	Figures' Name	Figures' ID	Figures' Name
3.161	Resource/Reserve Map, 15 Seam	3.241	Resource/Reserve Map, 10 Seam
3.162	Resource/Reserve Map, 16 Seam	3.242	Resource/Reserve Map, 16-1 Seam
3.163	Resource/Reserve Map, 18 Seam	3.243	Resource/Reserve Map, 16-2 Seam
3.164	Resource/Reserve Map, 19 Seam	3.244	Map Showing Cross Section Location, Wuhushan Mine
3.165	Resource/Reserve Map, 22U Seam	3.245	Cross Section, A-A'
3.166	Resource/Reserve Map, 22 Seam	3.246	Cross Section, B-B'
3.167	Resource/Reserve Map, 24 Seam	3.247	Resource/Reserve Map, 9 Seam
3.168	Resource/Reserve Map, 25 Seam	3.248	Resource/Reserve Map, 10 Seam
3.169	Resource/Reserve Map, 26 Seam	3.249	Resource/Reserve Map, 12 Seam
3.170	Resource/Reserve Map, 28 Seam	3.250	Resource/Reserve Map, 13U2 Seam
3.171	Resource/Reserve Map, 29 Seam	3.251	Resource/Reserve Map, 13 Seam
3.172	Map Showing Cross Section Location, Data Mine	3.252	Resource/Reserve Map, 15 Seam
3.173	Cross Section, A-A'	3.253	Resource/Reserve Map, 16 Seam
3.174	Cross Section, B-B'	3.254	Resource/Reserve Map, 17 Seam
3.175	Resource/Reserve Map, 8 Seam	3.255	Map Showing Cross Section Location, Hongliushu West Mine
3.176	Resource/Reserve Map, 10U Seam	3.256	Cross Section, A-A'
3.177	Resource/Reserve Map, 10 Seam	3.257	Cross Section, B-B'
3.178	Resource/Reserve Map, 11 Seam	3.258	Resource/Reserve Map, 12 Seam
3.179	Resource/Reserve Map, 13 Seam	3.259	Resource/Reserve Map, 14 Seam
3.180	Map Showing Cross Section Location, Huangbai Mine	3.260	Resource/Reserve Map, 16 Seam
3.181	Cross Section, A-A'	3.261	Map Showing Cross Section Location, Heishan Open-pit Mine
3.182	Cross Section, B-B'	3.262	Cross Section, A-A'
3.183	Resource/Reserve Map, 8 Seam	3.263	Cross Section, B-B'
3.184	Resource/Reserve Map, 10U Seam	3.264	Resource/Reserve Map, 6 Seam
3.185	Resource/Reserve Map, 10 Seam	3.265	Resource/Reserve Map, 7 Seam
3.186	Resource/Reserve Map, 11U Seam	3.266	Resource/Reserve Map, 8 Seam
3.187	Resource/Reserve Map, 11 Seam	3.267	Resource/Reserve Map, 9 Seam
3.188	Resource/Reserve Map, 13 Seam	3.268	Resource/Reserve Map, 11 Seam
3.189	Map Showing Cross Section Location, Xiwan Open-pit Mine	3.269	Resource/Reserve Map, 12-1 Seam
3.190	Cross Section, A-A'	3.270	Resource/Reserve Map, 13-1 Seam
3.191	Cross Section, B-B'	3.271	Resource/Reserve Map, 13-2 Seam
3.192	Resource/Reserve Map, 2-2 Seam	3.272	Map Showing Cross Section Location, Hongshaquan No.1 Open-pit Mine
3.193	Resource/Reserve Map, 3-1 Seam	3.273	Cross Section, A-A'
3.194	Resource/Reserve Map, 4-3 Seam	3.274	Cross Section, B-B'
3.195	Resource/Reserve Map, 5-3U Seam	3.275	Resource/Reserve Map, B6 Seam
3.196	Resource/Reserve Map, 5-3L Seam	3.276	Resource/Reserve Map, B5 Seam
3.197	Resource/Reserve Map, 5-4 Seam	3.277	Resource/Reserve Map, B4 Seam
3.198	Map Showing Cross Section Location, Gongwusu Mine	3.278	Resource/Reserve Map, B4' Seam
3.199	Cross Section, A-A'	3.279	Resource/Reserve Map, B3 Seam
3.200	Cross Section, B-B'	3.280	Resource/Reserve Map, B3' Seam
3.201	Resource/Reserve Map, 9 Seam	3.281	Resource/Reserve Map, B2 Seam
3.202	Resource/Reserve Map, 12 Seam	3.282	Resource/Reserve Map, B2' Seam
3.203	Resource/Reserve Map, 16 Seam	3.283	Resource/Reserve Map, B1 Seam
3.204	Resource/Reserve Map, 17 Seam	3.284	Map Showing Cross Section Location, Hongshaquan No.2 Open-pit Mine
3.205	Map Showing Cross Section Location, Huangbaici Mine	3.285	Cross Section, A-A'
3.206	Cross Section, A-A'	3.286	Cross Section, B-B'
3.207	Cross Section, B-B'	3.287	Resource/Reserve Map, B6 Seam
3.208	Resource/Reserve Map, 10 Seam	3.288	Resource/Reserve Map, B5 Seam
3.209	Resource/Reserve Map, 12 Seam	3.289	Resource/Reserve Map, B4 Seam
3.210	Resource/Reserve Map, 13U2 Seam	3.290	Resource/Reserve Map, B4' Seam
3.211	Resource/Reserve Map, 13 Seam	3.291	Resource/Reserve Map, B3 Seam
3.212	Resource/Reserve Map, 15 Seam	3.292	Resource/Reserve Map, B3' Seam
3.213	Resource/Reserve Map, 16 Seam	3.293	Resource/Reserve Map, B2 Seam
3.214	Resource/Reserve Map, 17 Seam	3.294	Resource/Reserve Map, B2' Seam
3.215	Map Showing Cross Section Location, Laoshidan Mine	3.295	Resource/Reserve Map, B1 Seam
3.216	Cross Section, A-A'	3.296	Map Showing Cross Section Location, Tunbao Mine
3.217	Cross Section, B-B'	3.297	Cross Section, A-A'
3.218	Resource/Reserve Map, 9-2 Seam	3.298	Cross Section, B-B'
3.219	Resource/Reserve Map, 16-4 Seam	3.299	Resource/Reserve Map, 5 Seam
3.220	Map Showing Cross Section Location, Limin Mine	3.300	Resource/Reserve Map, 7 Seam
3.221	Cross Section, A-A'	3.301	Resource/Reserve Map, 9 Seam
3.222	Cross Section, B-B'	3.302	Resource/Reserve Map, 10 Seam
3.223	Resource/Reserve Map, 9-1 Seam	3.303	Resource/Reserve Map, 14-1 Seam
3.224	Resource/Reserve Map, 9-2 Seam	3.304	Resource/Reserve Map, 14-2 Seam
3.225	Resource/Reserve Map, 16 Seam	3.305	Resource/Reserve Map, 15-1 Seam
3.226	Map Showing Cross Section Location, Luotuoshan Mine	3.306	Resource/Reserve Map, 15-2 Seam
3.227	Cross Section, A-A'	3.307	Map Showing Cross Section Location, Wudong (North) Mine
3.228	Cross Section, B-B'	3.308	Cross Section, A-A'
3.229	Resource/Reserve Map, 9-2 Seam	3.309	Cross Section, B-B'
3.230	Resource/Reserve Map, 10 Seam	3.310	Resource/Reserve Map, B39 Seam
3.231	Resource/Reserve Map, 16-1 Seam	3.311	Resource/Reserve Map, B37 Seam
3.232	Resource/Reserve Map, 16-2 Seam	3.312	Resource/Reserve Map, B36 Seam
3.233	Map Showing Cross Section Location, Lutian Mine	3.313	Resource/Reserve Map, B33 Seam
3.234	Cross Section, A-A'	3.314	Resource/Reserve Map, B32 Seam
3.235	Cross Section, B-B'	3.315	Resource/Reserve Map, B31 Seam
3.236	Resource/Reserve Map, 17 Seam	3.316	Resource/Reserve Map, B30 Seam
3.237	Map Showing Cross Section Location, Pinggou Mine	3.317	Resource/Reserve Map, B28-29 Seam
3.238	Cross Section, A-A'	3.318	Resource/Reserve Map, B20 Seam
3.239	Cross Section, B-B'	3.319	Resource/Reserve Map, B19 Seam
3.240	Resource/Reserve Map, 9 Seam	3.320	Resource/Reserve Map, B18 Seam

Figures' ID	Figures' Name	Figures' ID	Figures' Name
3.321	Resource/Reserve Map, B17 Seam	3.401	Resource/Reserve Map, B2 Seam
3.322	Resource/Reserve Map, B16 Seam	3.402	Resource/Reserve Map, B1 Seam
3.323	Resource/Reserve Map, B15 Seam	3.403	Map Showing Cross Section Location, Chahasu Mine
3.324	Resource/Reserve Map, B14-2 Seam	3.404	Cross Section, A-A'
3.325	Resource/Reserve Map, B14-1 Seam	3.405	Cross Section, B-B'
3.326	Resource/Reserve Map, B14 Seam	3.406	Resource/Reserve Map, 2-2U Seam
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3.378	Resource/Reserve Map, 10 Seam	3.458	Resource/Reserve Map, 5 Seam
3.379	Resource/Reserve Map, 14-1 Seam	3.459	Resource/Reserve Map, 6 Seam
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3.385	Cross Section, B-B'	3.465	Resource/Reserve Map, 5 Seam
3.386	Resource/Reserve Map, A2 Seam	3.466	Resource/Reserve Map, 6U Seam
3.387	Resource/Reserve Map, B0 Seam	3.467	Resource/Reserve Map, 6 Seam
3.388	Resource/Reserve Map, B1 Seam	3.468	Resource/Reserve Map, 6L Seam
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3.481	Resource/Reserve Map, C1-1 Seam
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4.0 MINE OPERATIONS

4.1 Introduction

This chapter discusses the mining operations of the following twenty-eight (28) mines under the seven (7) subsidiary companies of China Energy. Among these mines, eleven (11) are open-pit operations and seventeen (17) are underground operations. The subject mines are summarized as shown in Table 4-1:

Table 4-1 Summary of Subject Mines

Mine	Mining Method	Authorized (Mtpa)	Technology Utilized (OP)	(UG)	Mining
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	OP	11.0	Outsourced	-	Shovel-Truck
Dananhu No.2 Open-pit	OP	13.0	Outsourced	-	Shovel-Truck
Renjiazhuang	UG	4.0	-	RH	FM LW
Sandaogou	UG	9.0	-	RH, CM	FM LW
Shangyuquan	UG	7.0	-	BM	FM LW
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	OP	13.0	Outsourced	-	Shovel-Truck
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	UG	2.7	-	RH	FM LW SLC
Huangbaici	UG	1.8	-	RH	FM LW
Laoshidan	UG	1.5	-	RH	FM LW SLC
Limin	UG	1.5	-	RH	FM LW
Luotuoshan	UG	1.5	-	RH	FM LW
Lutian	UG	1.2	-	RH	FM LW SLC
Pinggou	UG	1.8	-	RH	FM LW
Suhaitu	OP	-		-	Shovel-Truck
Wuhushan	UG	2.0	-	RH, BM	FM LW
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	OP	16.0	Outsourced	-	Shovel-Truck
Hongshaquan No.1 Open-pit	OP	30.0	Outsourced	-	Shovel-Truck
Hongshaquan No.2 Open-pit	OP	10.0	Outsourced	-	Shovel-Truck: Outsourc
Tunbao	UG	2.7	-	RH, BM	FM LW SLC
Wudong	UG	6.0	-	RH	FM LW SLC
Zhundong Open-pit	OP	35.0	Outsourced	-	Shovel-Truck
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	UG	8.0	-	RH, BM	FM LW
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	OP	12.0	Outsourced	-	Shovel-Truck
Boligou	UG	4.0	-	RH, BM	FM LW, FM LW SLC
Hesigewula South Open-pit	OP	15.0	Outsourced	-	Shovel-Truck
Yuanbaoshan Open-pit	OP	12.0	Outsourced	-	Shovel-Truck
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	UG	5.0	-	RH, CM	FM LW SLC
Shaping	UG	8.0	-	RH, BM, CM	FM LW, FM LW SLC

Note: OP=Open-pit; UG=Underground; FM LW=Fully-Mechanized Longwall; SLC=Sublevel Caving; RH=Roadheader; BM=Bolter Miner; CM=Continuous Miner

The mines are mostly located in well-known coal-producing regions in Heilongjiang, Inner Mongolia, Ningxia, Shaanxi, Shanxi, Xinjiang provinces/autonomous regions, and are administered by China Energy through its subsidiary entities. Among them, Guoyuan Power holds the most extensive distribution of mines, a result of its role as one of the nation-wide power supply companies. Wuhai Energy operates locally in the

Wuhai area, and most of its mines are relatively smaller, older underground operations with lengthy operating histories. Except for the Tunbao and Wudong underground mines, the other Xinjiang Energy's mines are large and relatively new open-pit operations, which is a result of the central and Xinjiang regional coal development strategy in recent years. Pingzhuang Coal is a company with long operating history. The subject mines in eastern Inner Mongolia are all large open-pit operations mining lignite. Shenyan Coal and Jinshen Energy are two joint-ventures cooperated between China Energy and local companies.

The Suhaitu Mine of Wuhai Energy used to be an underground operation and depleted its coal resources suitable for FM LW mining. After acquired permission from the local administration, the mine is recovering remaining coal (barrier pillars, etc.) left by previous underground mining using open-pit methods, to prevent future spontaneous combustion and facilitate land reclamation.

Except for the Chaoyang Open-pit located at Baoqing, Heilongjiang and the Xiwan Open-pits located at Yulin, Shaanxi, most of the open-pit mines are located in eastern Inner Mongolia and eastern Xinjiang. Most of the open-pit mines have experienced several rounds of expansions to reach their current output capacities. In most cases, the stripping work is outsourced to third-party contractors, while the coal mining is performed in-house. Shovel (excavator)-truck, and semi-mobile crushing/belt transportation are the mostly adopted open-pit mining technologies, with larger capacities averaging approximately 16 Mtpa for the subject open-pit mines.

For the underground operations, FM LW (sometimes with SLC capability) is the only mining method used, which is typical of Chinese underground coal mines. The modern underground FM LW coal mining method has been widely used in nearly every major coal-producing region in China and under the various geological conditions encountered in the subject mines. Generally, the mines in Shaanxi and Inner Mongolia have geologic settings which are highly favorable for LW mining methods. Some of the mines in this region are among the most productive and efficient coal mines in the world. In most cases, the major FM LW mining equipment is manufactured domestically. Typically, the threshold seam thickness for sublevel caving mining is approximately 4.5-6.0 m, although sometimes the decision is made upon other factors. China is the country with most FM LW SLC mining operations. As observed during this study, the FM LW SLC method is adopted in most of the subsidiary companies of China Energy, including Guoyuan Power, Wuhai Energy, Xinjiang Energy, Pingzhuang Coal and Jinshen Energy.

FM LW (without roof coal caving) mining features one cut to recover the full thickness of the seam, making the face management easier with fewer operational steps. However, due to the faster face advance rate, this method generally requires faster

roadway development speeds. FM LW SLC mining, on the other hand, requires more face operations to recover the roof coal by another set of armored face conveyors (AFC) through caving from the rear part of the shields. Comparatively, the FM LW SLC method requires less roadway development for the same level of coal production, as well as better accommodation to seam thickness fluctuations. We has reviewed the feasibility studies or design reports of each mine as provided and concludes that the mine designs follow the general practices of the mining industry in China, and generally appear reasonable and appropriate.

The major drivage equipment used in roadway development in the subject underground mines include roadheaders (RH), bolter-miners (BM) and continuous miners (CM). Drilling and blasting is occasionally used for entry development in rock.

It was also noted that most of the mines have implemented digital and advanced technologies, which cover a wide range of operational activities at the mines, including equipment operation monitoring, personnel and equipment positioning, hazard monitoring and management, etc. Capital expenditures for the implementation of new technologies are included in each of the mines budgets. It is our opinion that the application of digital and advanced technologies can significantly improve the management and safety of the mines.

Most of the subject mines have received the necessary regulatory approvals for operation, including mining rights certificates, mine manager production safety certificates, mine manager's qualification certificates, production safety certificates, and operating mine business licenses. The Luotuoshan Mine of Wuhai Energy just completed a series of technical renovations and began its test run in December 2024. The Boligou Mine of Pingzhuang Coal is under construction and is expected to start operation in 2027.

Our review of the subject operations is based on China Energy's internally prepared historical operating data, five-year mine plans and business projection submittals, discussions with corporate and mine management, financial, and engineering staff, and our site visit observations. Mine plan forecasts were evaluated for reasonableness and consistency with recent operating history. BOYD representatives visited a number of the subject mines in September 2025. Visits to everyone of the subject mines were deemed not practical given the extremely tight schedule of this assignment.

As indicated by the mine design documents, mine surface facilities provide accommodation for all aspects of the mining operations, including administration and mine manager offices, materials and parts storage, machinery shops, electrical and maintenance areas, locker rooms and bathhouse areas, conference rooms, engineering facilities, mine monitoring and communications station, etc. Living

quarters for single men and other public facilities are located near the mine site.

All mines have safety monitoring systems, which are located in the dispatching stations in the administration buildings. These systems are continuously staffed and are connected by internet with central offices and the mine facilities. As observed at the mines we visited, the systems are generally well designed and track multiple underground and surface sensors for air velocities, gas analyses (methane, carbon monoxide, carbon dioxide, oxygen), status of ventilation controls (doors, etc.), surface fan telemetry, temperatures, and electrical system monitoring, which has been an industry standard throughout the country.

Due to the depth of the seams in the subject underground mine areas, the mines are accessed by vertical shafts and/or inclines for coal hoisting and transportation of material, equipment, waste rock, and personnel. Air return shafts are used to discharge the exhaust air (or contaminated air) that has passed through all underground working areas. Depending on the mine configuration (distance of the working faces from the original air shafts), supplemented air return shafts are constructed to provide ventilation to the extended sections of the mines.

LW and development faces are scheduled to effectively operate 330 days per year on a 7-day per week basis. Major festival periods and national holidays total 15 (idle operating) days annually. Mine and equipment examinations, repair periods, LW face moves, and mine site outages account for the balance of the non-operating days. Labor staffing levels are low during the major festival periods, and the mine is idle for maintenance activities during these periods.

In only a few mines, trolley or battery locomotives and mine cars provide underground material, personnel, and equipment transportation. Travel times from the surface to the working site vary depending on location of the production (working) faces. Rail is installed underground for vehicle travel and the rail system is of high quality with drainage ditches and culverts constructed in the roadways.

In most of the subject underground mines, rubber-tyre vehicles provide underground material, personnel, and equipment transportation. The mine roadways for vehicle travel always have hardened (concrete) surfaces and drainage ditches and culverts for facilitating high-speed traffic. Service transportation using rubber-tyre vehicles provides significantly improved flexibility and convenience to underground operations.

Compressed air is used to drive pneumatic picks, rock drills, nitrogen-making equipment, and shotcreting machines. Owing to the tendency for spontaneous combustion, most of the subject underground mines employ nitrogen injection to suppress spontaneous coal combustion. Surface and underground mobile nitrogen-

making equipment produces nitrogen that is injected into gob areas. Pipelines are installed to deliver the nitrogen to the mined-out gob areas.

Development faces utilize mobile face fans, which provide forced, blowing ventilation through flexible tubing. Roadheaders are widely used for roadway development in coal seams, with the drill and blast method used when development is in rock strata.

ROM coal produced underground is either hoisted to the surface through skip systems installed in the main shafts, and/or transported via belt conveyor systems installed in the main inclines. On the surface, the ROM coal is transferred to screening facilities with the recovered and sized raw coal then being added (as a new coal product) or recovered and conveyed to a processing plant (if available) where the coal is further processed. The coal products are transferred to surface storage yards or silos for truck/rail loading. Waste rock is generally stored at different locations before being recovered for other usages.

Specific information regarding each of the subject mines is summarized as follows.

Guoyuan Power

4.1.1 Chaoyang Open-pit

The Chaoyang Open-pit is located at Baoqing, Heilongjiang Province and is operated by Baoqing Coal-Power-Chemical Company. Construction of the mine commenced in July 2009 and the 11 Mtpa output capacity was attained in December 2020. The lignite coal produced at the mine is mainly used to supply the parallel 2×600 MW coal-fired power plant, with the electricity generated being transmitted to the Heilongjiang power grid.

The minefield extends approximately 25 km along strike and 6 km along dip, covering an area of 122.5 km², with a final open-pit area of 76.8 km². The mine exploits a single seam, the No. 10 Seam, averaging 12.22 m in thickness with a dip angle of 3–5°. The maximum mining depth is 155 m, and the average stripping ratio is 6.16 m³/t.

Currently the stripping work is conducted by third-party contractors at a price of approximately RMB8 per cubic meter. Stripping equipment includes 5–8 m³excavators (20 units) and 90–100 t dump trucks (141 units), with an average capacity of 180,000 m³/day. Coal extraction is self-operated using 7 m³ excavators (4 units) and 100 t dump trucks (17 units). Mining currently takes place on two coal benches (±0 m and –8 m). A majority of the waste is trucked to the in-pit dump (now reaching the +104 m elevation with 19 Mm³ of residual capacity), with a small fraction (approximately 10%) of the waste is disposed at an external dump. A new external dump is being developed on the northern side, with a designed capacity of 40 Mm³.

Due to limited demand, the mine only operated at approximately 6.5 Mtpa over the past three years. According to the mine's management, coal production will ramp up to reach the design capacity of 11 Mtpa in 2029.

4.1.2 Dananhu No. 2 Open-pit

The Dananhu No.2 Open-pit is located at Hami, Xinjiang and is next (west) to Dananhu No. 1 Mine. Construction of the mine commenced in August 2013 and the mine started operation in July 2015 with the initial capacity of 10 Mtpa. In 2022, an increased capacity of 13 Mtpa was approved. The coal produced is mainly used to supply the nearby Dananhu Power Plant.

The minefield extends approximately 6.2 km along east-west and 5.9 km along north-south, covering an area of 21.6 km². There are totally twenty mineable coal seams within the mine with a total thickness approximately 55 m. The strata here feature a dip angle of 3-8°. The stripping ratio for the initial mining district and the whole mine is approximately 3.6 and 4.9 m³/t, respectively.

Currently the stripping work is outsourced to third-party contractors. Equipment deployed includes 13 excavators (6–12 m³) and 67 dump trucks (100 t). Coal extraction is self-operated with a team equipped with 8 m³ excavators (4 units), 10 m³ excavators (2 units) and 100 t dump trucks (24 units). Mining currently takes place on thirteen coal benches. Majority of the waste (approximately 60%) is trucked to the external dump, and the rest (approximately 40%) of the waste is disposed of at the in-pit dump. The stripping contractors are compensated at RMB11.6/m^3 for external waste dump and RMB8.07/m^3 for in-pit dump. Land acquisition has been smooth and the current available land will support the operation for the next three years or more.

4.1.3 Renjiazhuang

The Renjiazhuang Mine is located at the edge of the Maowusu Desert near Lingwu City, Ningxia Hui Autonomous Region. Construction of the underground mine began in January 2005, and test run commenced in March 2008. The mine was initially designed with a capacity of 2.4 Mtpa, and current approved capacity is 4.0 Mtpa.

The mine is developed with three inclined shafts: a main incline, an auxiliary incline, and a return-air incline. The No. 3 Seam was the initial production seam, characterized by stable occurrence, average thickness of 3.32 m, and extracted by FM LW method. The No. 5 Seam is another primary seam for the mine, also stable across the field, with an average thickness of 6.03 m but with relatively large variation, which makes FM LW SLC the better option to mine this seam.

The mine currently operates below its approved capacity due to unfavorable coal market conditions. A CPP plant has been constructed on site, although the current

washing volume remains low. In some designated areas, backfilling mining is planned, mainly to dispose of solid waste generated by nearby power plants and the CPP, rather than for enhanced coal recovery. Surface conditions are favorable, with sparse population and limited existence of constructions over the mine area.

Coal from Renjiazhuang Mine is primarily used to supply the Lingzhou Power Plant and the Ningdong Chemical Industry Base, located approximately 10 km southeast of the mine.

4.1.4 Shangyuquan

The Shangyuquan Mine is located in Hequ County, Shanxi Province, with convenient access to both highway and railway networks. Construction of the mine began in April 2004, and the initial design capacity of 3.0 Mtpa was attained in October 2006. In 2022, the mine was approved to produce coal at 7.0 Mtpa after a major capacity expansion. The mine is classified as a low-gas underground operation with favorable geological and mining conditions. The coal-bearing strata have a dip angle of 2-8º.

The mine adopts horizontal adits to access the coal seams which are mined using a single production level. Coal seams are generally consistent in thickness with low gas content, making the deposit particularly suitable for fully mechanized longwall mining. The coal haulage system is formed by a series of belt conveyors to transport coal from the LW face to the surface. Service transportation relies on rubber-tyre vehicles, which significantly simplifies underground logistics.

The mine has five recoverable coal seams named from No. 9 to No. 13. The No. 9 Seam is nearly depleted, with only three panels remaining. Present operations are focused on the No. 10 Seam, with an average thickness of 5–6 m. The current producing longwall panel is LW1021010, operated with FM LW SLC technology, in which the shearer cuts 3.8 m while the top coal is recovered by caving. Two development sections are active, both equipped with a bolter-miner unit, ensuring timely preparation of longwall faces and smooth production continuity.

Villages are present on the surface above certain mining areas, but relocation and compensation schemes have been established in cooperation with the local government. These measures are scheduled to be implemented years before mining beneath the affected areas, preventing disruption to coal production.

ROM coal is processed in the CPP constructed at the mine site, with a product coal yield of approximately 70%. The product coal is primarily supplied to the designated Hequ Power Plant.

4.1.5 Sandaogou

The Sandaogou Mine is located in Fugu County, Shaanxi Province. Construction of the underground mine began in June 2006, and it officially commenced production in September 2018. The original designed capacity was 5.0 Mtpa, and in 2019 the approved capacity was increased to 9.0 Mtpa. The region enjoys convenient highway and railway access and is one of China's major underground coal mining areas, with several adjacent operations owned by China Energy. Sandaogou serves as the dedicated coal supplier for the nearby Fugu Power Plant (2×600 MW + 4×1000 MW).

The deposit here features a simple monocline structure striking northwest and dipping southwest–west, with an average dip angle of 1–3°. No significant faults or folds are present. Seven mineable seams exist within the field. The mine is accessed by a main adit, an auxiliary adit and a return-air incline. Mining is planned on a single production level, with initial operations in seams 5-2U and 5-2.

Currently one FM LW face is operated in District III to mine the 5-2U Seam (3.2 m in thickness), and one high-profile FM LW face is deployed in District VIII to mine the 5-2 Seam (6.5 m). Development of roadways is undertaken by two CM development units, and two RH sections. This arrangement appears balanced and capable of satisfying LW face operations and replacement.

A small number of villages are located above the mining area, which are planned to be fully relocated before the particular underground area is mined. The major highway, Dafu Highway, and the power plant are protected by leaving permanent barrier pillars to avoid subsidence.

Sandaogou does not operate a CPP. ROM coal is subject only to simple screening before being directly supplied to the Fugu Power Plant.

Shenyan Coal

4.1.6 Xiwan

The Xiwan Open-pit Mine is located in Shenmu City, Shaanxi Province. Construction of the mine began in August 2015, trial operation started in July 2017, and commercial production commenced in June 2019. The mine's output capacity of 13.0 Mtpa was approved in 2021.

The deposit features simple geology with nearly flat strata, characterized as a monocline with an inclination of about 1°. No significant faults (throw >10 m), folds, or magmatic intrusions are present. The mine exploits the No. 2-2 Seam, which has a dip angle of less than 1° and an average thickness of 11.13 m (ranging 9.30–12.12 m). Coal benches are mined at full height in single passes by coal excavators.
The initial mining district operates one coal bench, 11.1 m high, with an east–west

strike length of 2,300 m. Overburden stripping extends for 3,000 m along strike, employing nine benches (9 m for soil, 15 m for rock). Stripping is undertaken by both contractors and in-house fleets, including 48 excavators and 224 trucks, giving a stripping capacity of 6.6 Mm³ per month. Coal production is self-operated with eight 35 m³ excavators. The mine is equipped with 51 × 220 t trucks, handling both coal and waste. All waste is disposed of in an in-pit dump.

The current overall stripping ratio is 7.26 m³/t in the initial area and approximately 9.4 m³/t across the mine. A major local road (Daqing Road) crosses the mining area and is scheduled for relocation by 2028.

Coal products are sized and crushed without further processing. About 51% of output is marketed through China Energy (Shenhua), with the remaining 49% sold locally. Belt conveyors link the mine to rail and truck loading facilities.

Wuhai Energy

4.1.7 Gongwusu

The Gongwusu Mine is located 47 km south of the Hainan District of Wuhai City, Inner Mongolia. The underground mine was originally constructed in 1978 with a design capacity of 1.2 Mtpa and started production in December 1988. Due to limitations in coal transportation, the mine suspended operations between 1990 and 1999, before resuming in 2000. Following several stages of technical upgrades, its production capacity was steadily increased, and in March 2010 the mine was approved for 2.7 Mtpa. From December 2014 to February 2024, mining activities were restricted to elevations above +1,000 m due to mining right certificate constraints. With the renewal of its mining right certificate in 2024, the permitted mining elevation range was extended from +1,300 m to +400 m.

The mine has two industrial sites located in the northern and southern parts of the mine area. Inclines are used to access underground, with production level on the +1,000 m elevation. The mine is divided into northern and southern districts by the F11 and F12 faults. In total, six shafts have been sunk: in the north, the No. 9 Seam main incline, service incline, intake shaft, No. 16 Seam main incline, and its ventilation shaft; in the south, one return air shaft. The northern district hosts the main bottom development at the +1,000 m level, which connects to the southern district via a system of main haulage roadways. Faulting is relatively frequent, which shortens panel lengths and complicates continuity of mining, presenting challenges for annual production planning and face replacement.

Currently, the mine has no active longwall production panels. The District 21 is under preparation and is expected to be ready for production in June 2026. The first panel to enter production will be LW211606 in the No. 16 Seam, with a coal thickness of 8.5 m.

It will be mined using FM LW SLC methods, with a shearer cutting height of 3.5 m and 5 m of top coal recovered by caving. The mine plans to produce 1.0 Mt in 2026, 2.15 Mt in 2027, and ramp up to its approved capacity of 2.70 Mt in 2028. Other thinner seams (1.0–3.8 m) are planned to be mined by standard FM LW methods without caving.

The transportation system currently consists of two coal haulage systems, creating redundancy and inefficiency. A program is underway to integrate and optimize these systems, while at the same time upgrading the service transportation system from rail to rubber-tyre vehicles, with completion targeted for March 2026. The mine's long haulage distances and complex roadway systems, resulting from multi-seam mining and numerous short panels, add to operational and safety management challenges.

ROM coal from the mine is planned to be transported to the nearby Hainan CPP for washing. The CPP is scheduled for reconstruction beginning in 2026, with an estimated construction period of 18 months.

Overall, the mine faces challenges from complex faulting, multiple seam extraction, and transportation inefficiencies. However, ongoing technical upgrades aim to make substantial improvements and achieve steady output growth.

4.1.8 Huangbaici

The Huangbaici Mine is located 7.5 km northwest of Wuda District, Wuhai City, Inner Mongolia. The underground mine benefits from convenient transportation, with two railways adjacent to the mine area and multiple highways providing regional access. The deposit is a monocline structure with strata striking roughly north–south and dipping east at 3–13°, locally steeper. Several major faults are present, giving the mine an overall medium geological complexity. Gas content is high, requiring pre-drainage from both surface and underground before mining.

The mine has undergone two stages of development. The first level was developed by adits and commenced production in May 1964, and subsequently abandoned in 1998. Construction of the second level began in April 1987 and was completed in November 1990, developed by inclines and shafts. The current approved capacity is 1.8 Mtpa. Current mine access system consists of three inclines (main incline, service incline and man-riding incline), an air-return incline in the northwest, and a air- return shaft located in the central-southern part of the area.

Mining has focused on seams No. 9, No. 10, and No. 12, all located above the +950 m elevation. The No. 9 Seam has been depleted, while the No. 12 Seam still has five panels of varying length available. The No. 12 Seam averages 4.5 m thick and is mined by FM LW method. The mine typically operates one or two FM LW panels, supported

by three RH development faces. No surface villages are present above the mine. Due to previous delays in the mining right certificate renewal, output has been below capacity. The mine is expected to reach its approved level next year in 2026.

All ROM coal is processed through the Huangbaici CPP, which consists of both the original and new plants. The plants use jigging, heavy-media flotation, and cyclone separation technologies, with products transferred to storage facilities before shipment by rail and road.

4.1.9 Laoshidan

The Laoshidan Mine is located in the west wing of the Zhuozishan Coalfield in Hainan District, Wuhai City, Inner Mongolia. The mine benefits from well-developed regional infrastructure, with both railway and highway networks in close proximity. The underground mine area extends in a northeast–southwest orientation, measuring 7.12 km in length and 1.7 km in width, with a total area of 9.78 km². The approved mining elevations range from +1,250 m to +775 m. It is in an independent area, with no producing mines adjacent to its boundaries.

Mine construction first commenced in 1965. The production capacity was increased several times from the original 0.6 Mtpa to the current approved 1.8 Mtpa (2022). Structurally, the deposit was originally characterized by a broad syncline, but local faulting has caused significant variation in seam dip, resulting in a moderate geological complexity. Although multiple coal seams are present, the No. 9 and No. 12 seams have been depleted, and current and future operations are focused on the No. 16 Seam.

The mine is accessed by a main incline, a service incline and an air-return shaft. A single mining level is arranged within the No. 16 Seam. Only District North III remains with four available longwall panels. The current production is from LW16402, in which the seam thickness averages 8.8 m. FM LW SLC technology is applied, in which the shearer cuts 3.5 m, and the remaining 5.3 m of top coal is recovered by caving.

To extend mine life, management is studying the potential for backfilling to recover local barrier pillars left from historical operations, although the profitability of such methods has not yet been demonstrated in practice. All ROM coal is processed in the on-site CPP using heavy-medium cyclones and flotation. Product coal recovery is approximately 70%. The mine's management estimates a remaining service life of approximately 10 years for Laoshidan.

4.1.10 Limin

The Limin Mine is located in Qipanjing Town, Otog Banner, Inner Mongolia, approximately 10 km from Gongwusu Station on the Wuhai–Gongwusu dedicated coal

railway line. National Highway 109 runs through the center of the mining area from southeast to northwest, providing convenient access.

The underground mine was consolidated in 2012 from smaller adjacent operations to form a single 0.6 Mtpa operation and was subsequently upgraded in 2018 to a 1.5 Mtpa operation. It is designated to supply coal from the No. 9 and No. 16 seams to the Limin Coke Plant.

Currently, two mining districts are in operation: District 161 in the No. 16 Seam and District 093 in the No. 9 Seam. Development in District 093 has been significantly slowed by numerous faults encountered in the seam, while District 161 benefits from more favorable geological conditions with limited faulting. The active longwall panel is LW 030902 in the No. 9 Seam, operating with FM LW method.

The No. 9 and No. 16 seams have average coal thicknesses of approximately 2.7 m and 5.1 m, respectively. Consideration has been given to employing backfilling methods to recover coal pillars left from previous mining, although the profitability of such recovery remains uncertain.

ROM coal from underground is processed at the onsite CPP, with a reported historical clean coal yield of approximately 70%.

4.1.11 Luotuoshan

The Luotuoshan Mine is located in Haibowan District, Wuhai City, on the western limb of the Zaozishan Coalfield anticline in western Inner Mongolia. The underground mine enjoys convenient transportation, with the Jingzang Expressway and the Haibowan–Gongwusu highway running through the center of the mine area and a regional railway spur located only a few kilometers away.

The geology of the mine is complex, characterized by numerous faults and disturbed structures. In addition, mine-out areas from local coal mines are distributed within and around the mine, particularly in the No. 9 and No. 16 seams, where accumulated water may be present. The primary mineable seams are the No. 9-2, No. 10, No. 16-1, and No. 16-2, with a combined thickness of 10.41 m. However, the mine is currently approved to extract only the No. 9-2 and No. 10 seams.

Construction of the mine commenced in May 2006, but was suspended on March 1, 2010, due to a major flooding accident. Work resumed on April 18, 2014, before being suspended again between December 2015 and June 2021 because of market conditions. Construction formally resumed in July 2021, and since December 2024 the mine has been in the stage of test run.

The mine is designed with a main incline, a service incline, a gently dipping incline, an

intake shaft, and a No. 1 air-return shaft. Mining uses FM LW method, with a single panel planned to sustain a production capacity of 1.5 Mtpa. The first panel, LW 110901, has advanced approximately 400 m. Due to high gas content, pre-drainage of gas is required before mining. Development work is carried out by two RH headings and one drill-and-blast heading.

ROM coal is processed at the Luotuoshan CPP. The product mix includes coking coal as clean coal and middlings for power generation.

4.1.12 Lutian

The Lutian Mine is located in Gongwusu Town, approximately 45 km southeast of Wuhai City, Inner Mongolia, and forms part of the Zhuozishan Coalfield. The mine was originally developed as an open-pit operation in the early 1970s, and started production in 1980 with a designed capacity of 1.2 Mtpa, later expanded to 1.6 Mtpa. In 2001, the operation was converted into an underground mine, with a current approved production capacity of 1.2 Mtpa.

The geological structure of the area is dominated by a gentle syncline, accompanied by several near north–south trending thrust faults and east–west trending normal faults. The overall structural complexity is considered moderate. Construction of the last mining district commenced in June 2004, and the district was brought into production in June 2007.

Currently, the mine is exploiting the No. 17 Seam, which has an average thickness of 1.2 m and dip angles ranging from 10° to 14°. The mine shafts include a main incline, a service incline, a man-riding incline, and an air-return shaft. The current mining depth ranges between 141 m and 162 m.

At present, one FM LW panel (LW 041701) is in operation, supported by one RH development face working on the roadways for LW 041702. The last panel in the No. 17 Seam is the short panel LW 041703. Upon the completion of these panels, the mine will enter the closure phase.

ROM coal from the mine is processed by dry beneficiation and sizing before being sold. As part of the mine closure and residual resource recovery plan, the operator is considering the option of recovering certain remaining coal pillars through future open-pit mining, although the economic feasibility has yet to be confirmed.

4.1.13 Pinggou

The Pinggou Mine is located in Kabuqi Town, Haibowan District, Wuhai City, Inner Mongolia, only about 10 km from the city center, with convenient access to both railway and highway transportation. The underground mine was initially constructed in 1958

with a designed capacity of 0.45 Mtpa. After several stages of technical upgrades, production capacity reached 1.8 Mtpa by 2010.

The original mining right certificate permitted mining between +1,220 m and +1,100 m elevations. In practice, mining had been extended to as low as +880 m, which resulted in production suspension since November 2016. Recently, the mining right certificate has been updated to allow mining down to +750 m. Based on the new license, a technical upgrade design report is prepared in May 2025. A government-designated ancient rock art protection zone is located on the surface above the mine. Coal pillars must be reserved beneath this area during underground mining to prevent disturbance to the protected site.

The original underground mine was developed by three inclines from the surface, namely the main incline, service incline, and man-riding incline, along with multiple air-return shafts in different districts. Due to the long suspension period, reusing most of these facilities is not practical. According to the technical upgrade design, only one incline will be reused for personnel travel, and three new accesses will be constructed, namely, the main incline, service incline and air-return shaft. A single working level is proposed at the +980 m elevation.

The mine area is divided into three sub-areas by a series of faults and further divided into six mining districts by grouping nearby coal seams. The initial operation after upgrade is in the Sub-area III. One FM LW face and two RH faces are employed to accomplish coal mining and roadway excavation. Coal produced from Pinggou will be processed at the Luotuoshan CPP which has sufficient redundant capacity. Construction of mine technical upgrade is expected to commence in October 2026 and be completed by March 2029.

There are five minable seams within the property, four of which have already been partially mined. Faulting is relatively well developed in the area, and the structural complexity is considered moderate. Gas content is high, and pre-drainage is expected to be required before resuming production in the future.

4.1.14 Suhaitu

Suhaitu used to be an underground mine located west of Huangbaici Mine. The underground operation was terminated after the coal resources were depleted. Currently the mine is recovering the remaining coal pillars left by previous mining activities using open-pit methods in the name of environmental protection (to prevent future spontaneous combustion and prepare the mined-out area for reclamation), as approved by the local government. No coal resources are estimated for Suhaitu in this report.

4.1.15 Wuhushan

The Wuhushan Mine shares its northern boundary with the Huangbaici Mine and is located about 7.5 km northwest of Wuda District, Wuhai City. The underground mine was initially constructed in 1970, and the current approved production capacity is 2.0 Mtpa.

The strata generally strike north–south and dip east, with the northern and southern ends gradually turning eastward and closing. The dip angle is typically 8–10°. Numerous faults are present, dominated by thrust faults with some normal faults, though influence on the coal seams and coal quality is limited.

The mine is accessed by four inclines: the main incline, service incline, man-riding incline, and the No. 4 reverse incline. In addition, there are two air-return inclines servicing operation in the No. 9 and No. 12 seams. A single mining level has been established at +950 m elevation.

The current minable seams are the No. 9, No. 10, and No. 12 seams, with average thicknesses of 2.8 m, 2.0 m, and 4.3 m, respectively. A single set of FM LW equipment is used for both the No. 9 and No. 10 seams, while the No. 12 seam is mined with a separate set. Remaining resources include one longwall panel in the No. 9 seam, five panels in the No. 10 seam, and five panels in the No. 12 seam. Deeper seams are also mineable, however, they are not included in the current mining right certificate. Mining of those seams would require updating the certificate and paying additional mining rights fees. The currently active panel is LW 011008.

At present, the mine has three development faces: two in the No. 12 seam and one in the No. 9 seam, equipped with RH and bolter-miner units.

A CPP with a capacity of 2.1 Mtpa is located near the mine portal. The CPP employs dense medium separation for coal washing and is equipped with loading facilities connected to both rail and truck transport systems.

Xinjiang Energy

4.1.16 Heishan Open-pit

The Heishan Mine is located approximately 90 km northwest of Tuokexun County and about 65 km south of Urumqi City, Xinjiang. The mine area is connected to Provincial Highway S103 via a local road, providing convenient transportation conditions.

The coal-bearing strata form a monocline structure with dip angles ranging from 13° to 25°, containing multiple thick coal seams with an average cumulative thickness exceeding 100 m. The Heishan Open-pit commenced construction in April, 2013, and the current pit limits extend approximately 2.4 km in the north-south direction and 3.6

km east-west. The lowest stripping level is at +2,325 m elevation, and the lowest mining level is at +2,300 m, giving a maximum mining depth of 225 m. The mine's approved production capacity is 16.0 Mtpa, officially granted in May 2024.

Coal mining in the initial district follows the coal outcrop along strike, advancing down-dip to the south. After reaching the southern boundary, the operation will turn eastward, and by late 2025, internal in-pit dumping conditions are expected to be established, allowing for overburden disposal within the mined-out area. Currently, the northern truck external dump has been completed, while the southern truck dump and northern spreader dump remain in use. The truck dumping benches in the internal dump are designed with 30 m height, while external dump benches are 20 m high.

The mine employs horizontal benching for both coal extraction and overburden stripping. The operational bench height is 15 m, with working slope angles of 70°.

Currently, coal mining activities are managed internally, while stripping operations are fully outsourced. The minimum working platform width is 60.5 m under the contractor phase, increasing to 65 m after the transition to a fully self-operated mode with upgraded equipment. The stripping operations utilize two 8 m^3 and four 12 m^3 excavators, and 45 trucks of 90 t capacity handle the haulage.

The land acquisition process proceeded smoothly without significant obstacles. The stripping ratio in the initial mining district is approximately 8 m^3/t, and 10 m^3/t in the second district. Coal will be transported out of the area by truck after screening and sizing.

4.1.17 Hongshaquan No. 1 Open-pit

The Hongshaquan No. 1 Open-pit Mine is located approximately 78 km northeast of Qitai County, Xinjiang. The mine area is well connected by a network of railways, national highways, and provincial roads, providing excellent transportation access. The local terrain generally slopes from southeast to northwest and is characterized by an eroded hilly plain. The mine forms part of the Western Heishan Block of the Zhundong Coalfield, where several large-scale coal operations are planned, with a projected combined capacity of 145 Mtpa upon full development.

The approved production capacity of Hongshaquan No. 1 Open-pit is 30.0 Mtpa. The deposit contains four main seams, namely, B4, B3, B2, and B1, with a total coal thickness of approximately 46 m. The current open-pit extends 3.5 km east–west and 1.5 km north–south. Depending on coal thickness, bench heights of 15 m and 20 m are adopted for coal mining.

All overburden stripping operations are outsourced, using 10 m^3 excavators and 100 t

mine trucks, at an average stripping cost of approximately RMB12/t. Coal mining is self-managed, equipped with 12 m³ excavators and 130 t haul trucks. The current stripping ratio is approximately 4.5 m³/t, and in-pit dumping has been fully implemented.

No villages or residential areas are located within the mining boundary, and land acquisition has proceeded smoothly.

The mine operates two ROM coal processing systems with capacities of 10 Mtpa and 15 Mtpa, respectively, and a third system is currently under construction. Transportation of the product coal is by rail, truck, and belt conveyor. A belt conveyor connects the mine with the nearby power plant, which currently consumes coal at approximately 6.5–7.0 Mtpa. The product coal calorific value ranges between 4,800 and 5,000 kcal/kg.

4.1.18 Hongshaquan No. 2 Open-pit

The Hongshaquan No. 2 Open-pit is next to and shares its eastern boundary with the Hongshaquan No. 1 Open-pit. The logistics and geological conditions of the two mines are similar. Currently, the Hongshanquan No. 2 Open-pit is under construction with the Phase I output capacity of 10 Mtpa. According to Xinjiang Energy, the mine is expected to eventually expand to a 30 Mtpa operation, and the design report is under preparation.

As of July 2025, the mine pit extends approximately 2.5 x 1.7 km, and only external dumping of stripping material is practiced. The external dump has sufficient volume available for mine construction. Currently most of the mine construction works including stripping, blasting and coal mining are outsourced. Upon completion of the initial construction, coal mining will be self-managed.

4.1.19 Tunbao

The Tunbao Mine is located in Liuhuanggou Town, Changji City, Xinjiang. A highway on the southeast side of the mine connects to Provincial Roads 101 and 104, and it is about 42 km east to Urumqi City. The underground mine is mainly accessed by road. The area belongs to the Zhunnan Coalfield in Changji, where many coal mines are distributed nearby, and supporting infrastructure is well developed.

Tunbao started initial mine construction in 2006 and officially put into production in 2010 with an initial capacity of 1.2 Mtpa. Its current approved production capacity is 2.7 Mtpa. The mine field is a simple northwest-dipping monocline, with coal-bearing strata dipping at angles between 13° and 24°. Faults are mainly concentrated in the southeastern part of the mine field, while other areas have sparse faulting and no magmatic intrusions have been found.

The mine is accessed through a main incline, a service incline, and an air-return shaft.

There are three mining levels at elevations of +850 m, +600 m, and +500 m. The first level was completed and sealed in August 2018, and the current production level is the second one. The current longwall panel is LW WII02040502, extracting the No. 4 and No. 5 seams together using FM LW SLC methods. The shearer cuts the lower 3.2 m coal layer, while the 4.8 m top coal is recovered by caving. Three development sections are deployed for drivage work, using mainly RH and bolter miners.

There are no villages or residential areas within the mining boundary. The mine is classified as high-gas and has a weak bump-prone hazard, which imposes certain operational constraints. Historically, the mine operated with a single-wing layout, leading to production continuity challenges. A dual-wing layout transformation is currently in progress, and full production is expected by 2027.

ROM coal is processed at the surface using dry separation to produce clean coal, middlings, fines, and waste rock. The CPP has a capacity of about 3.0 Mtpa. The expected raw coal throughput in 2025 is 0.7 Mt. Coal products are transported by truck to nearby power plants and cement plants, and a portion is sold locally for residential heating.

4.1.20 Wudong

The Wudong Mine is located 34 km northeast of Urumqi, Xinjiang, with direct access by both railway and highway, providing convenient transportation. The surface topography is hilly, sloping from south to north, and the area is dissected by gullies. Due to a long history of coal mining in the region, numerous subsidence pits have developed over mined-out areas, and surface vegetation is sparse. The folding and fault structures in the area are weakly developed, with an overall moderate degree of structural complexity. Wudong is classified as a high-gas and bump-prone mine.

Wudong Mine was formed through the consolidation of four smaller underground mines. After integration, the designed production capacity of the mine was set at 6.0 Mtpa. The mine is developed by inclines and divided into two production levels and multiple mining districts. The northern district is equipped with a main incline, a service incline, and an air-return shaft; the southern district has a newly constructed service shaft and air-return shaft; and the western district plans to build a main incline, a service incline, and an air-return shaft. The overall system is relatively complex.

According to coal seam dip angle, thickness, and spacing, different mining methods are applied in various districts, including FM LW and FM LW SLC. The original design planned for four longwall panels to operate simultaneously in order to achieve the designed production capacity. However, due to factors such as unbalanced development vs. LW retreating speed, mine hazards and market conditions, the mine currently only operates at approximately 3.0 Mtpa.

At present, mining is conducted at the first level, extracting the B1-2 and B3-6 seams. Because of the relatively steep dip, vertical sections are established every 25 m, with longwall panels arranged along the thickness direction within each section. The FM LW SLC method is adopted for coal recovery.

According to the design, coal produced from the northern and southern districts is processed by washing, while coal from the western district will be treated by dry air separation.

4.1.21 Zhundong Open-pit

The Zhundong Open-pit Mine is located approximately 110 km north of Jimusa'er County and 218 km from Urumqi, Xinjiang. The mine area is connected to the provincial highway network and has direct railway access, providing convenient transportation and well-developed infrastructure. The Zhundong Coalfield is a greatly developed, large-scale national coal base, surrounded by numerous planned and operating coal mines.

Construction of the Zhundong Open-pit began in 2006, and its production capacity has been gradually expanded to the current approved level of 35.0 Mtpa. The mine area is characterized by a gently inclined monocline with minimal variation in strike and dip, and no significant fault disturbance. The overall structural complexity of the open-pit is classified as simple. The coal-bearing strata comprise three groups, namely, A, B, and C, with the B group containing thick, high-quality seams and serving as the main mining horizon.

During initial development, mining advanced westward to the western boundary, after which operations turned southward. The maximum mining depth has reached approximately 240 m. The stripping ratios for the first, second, and third mining districts are approximately 3.0, 3.5 - 4.5, and 6 - 7 m^3/t, respectively. All overburden removal is outsourced, with a current stripping contract rate of RMB10.4/m^3. Coal extraction is self-managed, utilizing 8–12 m^3 excavators and 100 t mining trucks. The current ratio of internal to external dumping is approximately 7:3.

Coal products from the mine are primarily supplied to nearby power plants and aluminum smelting industries, with a smaller portion transported externally for sale.

Guodian Construction and Investment

4.1.22 Chahasu

The Chahasu Mine is located in Wulanmulun Town, Yijinhuoluo Banner, within the Xinjie mine group area of the Dongsheng Coalfield. The underground mine has a designed production capacity of 8.0 Mtpa. This region is one of the largest coal-producing areas in China, surrounded by a number of the country's most advanced

underground coal mines. The surrounding railway and highway networks are well-developed, providing excellent transportation and infrastructure conditions.

The Chahasu Mine area is characterized by a monocline structure dipping to the southwest, with a gentle inclination of 1–3 degrees. No folds or igneous intrusions have been identified within the lease area. Faults are rare, generally with displacements of less than 3 m and short extension lengths. The mine has low gas content and little risk of bump hazard, indicating simple geological conditions overall. There are 11 mineable coal seams in the area, making it suitable for the development of a large-scale modern underground mine.

The mine is developed using a mixed multi-level system consisting of a main incline, a service shaft, and an air-return shaft. Currently, production is ongoing in the No. 2-2U and No. 3-1 coal seams, both mined by FM LW methods. The active working face in the 2-2U seam is LW 32-215, with a seam thickness of 2.7 m; in the 3-1 seam, the active working face is LW 32302, with a seam thickness of 5.2 m. The mine operates three development teams, all equipped with bolter-miners, ensuring continuous face preparation in both seams.

The Chahasu CPP with matching capacity (8.0 Mtpa) has been constructed adjacent to the mine. The plant adopts heavy medium vessel for lump coal and produces low-ash clean coal. The fine coal product is mainly supplied to the Bulianta Power Plant for combustion.

Pingzhuang Coal

4.1.23 Baiyinhua No. 1 Open-pit

The Baiyinhua No. 1 Open-pit Mine is located in Bayinhua Town, West Ujimqin Banner, Xilingol League, within the southwestern part of the Baiyinhua Coalfield. The mine extends approximately 4.65 km from southwest to northeast and 4.49 km from northwest to southeast, covering an area of about 19.92 km². The site is accessible via provincial highway S307 to Xilinhot, and a dedicated coal railway line passes through the mining area, providing excellent transportation conditions.

The mine was consolidated from three small local open-pit operations, each originally constructed in 1973. Following integration in 2008, the design production capacity was set at 7.0 Mtpa. Construction commenced in 2010, and production officially began in January 2016. In April 2022, the approved capacity was increased to 12.0 Mtpa.

The regional topography is characterized by plateau-like low mountains and gently sloping hills. The coal-bearing strata occur in a synclinal structure trending northeast and dipping southwest, with dip angles of 5 - 9°. The total coal-bearing sequence is approximately 261 m thick, with a total mineable coal thickness of approximately 42 m

from four main seams.

The designed surface boundary measures approximately 4.73 km east-west by 4.38 km north-south, with a maximum mining depth of approximately 400 m. The average stripping ratio is 5.43 m³/t. Overburden stripping is fully outsourced, using truck-shovel methods, at a current contract price of RMB10.5/t. Coal mining is self-managed, employing two 12 m³ electric shovels, one 15 m³ and two 7.5 m³ hydraulic excavators, and a fleet of fourteen 91 t mining trucks. Semi-mobile crushing stations and belt conveyor system are installed for material handling.

At present, full in-pit dumping has not yet been achieved. External dump sites are located on both the northern and southern sides of the pit, providing sufficient waste disposal capacity. ROM coal is crushed and screened on site, and the products are transported off-site either by truck or via rail. Product coal is mainly used for power and chemical industries.

4.1.24 Boligou

The Boligou Mine is located in Xuejiawan Town, Jungar Banner, with a mining area of 18.1463 km² and a designed capacity of 4.0 Mtpa. Construction officially commenced in December 2024, and the underground mine is currently in the early development stage. Commissioning and production are expected by July 2027.

Xuejiawan lies at the core of the Jungar coal production region, where more than 40 mines are planned, with a total capacity of approximately 292.8 Mtpa. The area is well-developed, with extensive transportation networks and supporting infrastructure.

The Boligou Mine is located on the western limb of the Yaogou Anticline in the northern part of the Zhunge'er Coalfield. The strata generally dip northwestward, with a NNE–SSW strike and an average dip angle of around 5°, forming a simple monocline structure. Six coal seams are mineable, among which the No. 6 Seam, with an average thickness of 12.6 m, is the principal seam.

According to the design report, mine development will include one main incline, one service shaft, and one air-return shaft. The mine will operate at a single level within the No. 6 Seam at the +890 m elevation. Depending on seam thickness, FM LW SLC mining will be used in the thick No. 6 Seam, while other seams will adopt FM LW mining. Development drivage will be conducted by one RH section and one bolter-miner section.

Railways, highways, and high-voltage transmission lines traverse the surface above the mining area, where barrier pillars will be left for protection. Additionally, multiple villages of varying sizes are located within the mine boundary and will be relocated

prior to mining beneath each area.

A CPP matching the mine's capacity (4.0 Mtpa) will be constructed, employing a combination of dry processing and dense media floatation for coal washing. Clean coal products will be conveyed via a belt system to the Longwangqu railway loading station for rail transport to external markets. Commissioning and production of the mine and CPP are expected by June 2028.

4.1.25 Hesigewula South Open-pit

The Hesigewula South Open-pit Mine is located in Wulagai, Xilingol League, Inner Mongolia, and forms an important part of the Eastern Inner Mongolia large-scale coal production base. The Hesigewula Coalfield is divided into open-pit and underground mining areas; currently, only the open-pit section is under development, while the underground area remains undeveloped.

The open-pit section, operated as the Hesigewula South Open-pit Mine, obtained its mining right certificate in 2020, with construction commencing the same year and commercial production beginning in 2023. The mine has an approved production capacity of 15.0 Mtpa.

The Hesigewula Coalfield extends approximately 45 km in length and 5 km in width, characterized by shallow and thick coal seams. The geological conditions are generally simple and structurally stable, making the deposit well-suited for open-pit mining. The mine extracts seven coal seams, with Seams 2-1 and 3-1 being the primary production seams. The overall stripping ratio is approximately 4.1 m^3/t.

All overburden stripping is outsourced, utilizing the truck–shovel system with a contract stripping cost of RMB 10/m^3. Coal mining is managed internally using four 12 m^3 electric shovels, two 7.5 m^3 excavators, and thirty-one 100 t trucks. The production process integrates a truck–shovel–semi-mobile crusher–belt conveyor system for efficient material handling.

During the initial years of operation, due to local steeper coal seam dips, overburden is dumped externally. By the fourth year of full production, in-pit dumping will be partially implemented, and by the tenth year, the mine is expected to achieve complete in-pit dumping.

After crushing, raw coal is transported via belt conveyors to surface storage areas, from which the product is rail-transported primarily to power plants for electricity generation.

4.1.26 Yuanbaoshan Open-pit

The Yuanbaoshan Open-pit Mine is located in Yuanbaoshan District, Chifeng City, within the eastern central part of the Yuanbaoshan Coalfield. The mining area covers approximately 12.87 km^2. The original design capacity was 5.0 Mtpa. Construction began in 1990, and production commenced in 2005. In 2019, the approved production capacity was increased to 12.0 Mtpa.

The mine is situated close to Chifeng City, with several expressways passing nearby. Passenger and dedicated mining railways connect directly to the area, providing excellent transportation access. The local topography consists of low mountains and hilly terrain. A few villages exist within the mining boundary and are scheduled for complete relocation.

Structurally, the area represents an incomplete, gently inclined syncline, with one flank truncated by faults. Most strata dip at 3–14°, with an average dip angle of approximately 8°. Multiple coal seams are present, with a cumulative thickness of approximately 84 m. Among these, the No. 5 and No. 6 seams are the main mineable seams. The average stripping ratio is approximately 4.73 m^3/t.

The upper overburden, consisting of topsoil and Quaternary sand–gravel layers, is stripped using a bucket-wheel excavator–belt conveyor–spreader continuous mining system. Currently, approximately 60% of the stripping work is outsourced. The lower rock and coal seams are mined using a shovel (excavator)–truck–semi-mobile crushing station–belt conveyor–spreader semi-continuous system, along with a excavator–truck discontinuous system. Coal extraction is conducted in-house.

The main production equipment includes bucket-wheel excavators, belt conveyors, spreaders, crushing stations, four 12 m^3 electric shovels, five 7 m^3 excavators, thirty-three 91-ton trucks, and five TR100 autonomous mining trucks. The mine has not yet reached its designed capacity and is expected to achieve full production by 2026.

The coal type is mature lignite, with a calorific value of approximately 3,000–4,000 kcal/kg. The primary markets include the Yuanbaoshan Power Plant, as well as nearby heating market in Jilin and Liaoning Provinces.

Jinshen Energy

4.1.27 Ciyaogou

The Ciyaogou Mine is located approximately 18 km southeast of Hequ County, Shanxi Province. The region hosts numerous coal mines, with well-developed transportation networks and supporting infrastructure. The underground mine was originally constructed in 2012 with an initial production capacity of 1.2 Mtpa and was later upgraded to an approved capacity of 5.0 Mtpa in September 2021.

The coal-bearing strata in the Ciyaogou Mine exhibit a gentle monocline structure with simple geological conditions. The mine is classified as a low-gas mine and contains four mineable seams: No. 10-1, No. 10-2, No. 11, and No. 13. The mine is developed with a main incline, a service (horizontal) adit, and an air-return incline, and is mined at two production levels. The first level (at +924 m elevation) has been fully mined out, while current operations are focused on the second level at +890 m elevation.

At present, the mine is producing from the No. 13 Seam, with the active longwall panel LW 13104 employing FM LW SLC methods. The average coal seam thickness is 11.5 m, with the shearer cutting height of 4.4 m, and the remaining top coal recovered through caving. There is one development team equipped with a bolter-miner, achieving a monthly roadway advance rate of approximately 1,100 m.

All surface villages are planned for relocation prior to mining of the areas below.

A third-party coal preparation plant (CPP) is located on the surface, providing washing services at a processing cost of approximately RMB 20/t. The final product coal is transported by rail for external sales.

4.1.28 Shaping

The Shaping Mine is located in Hequ County, Shanxi Province. The underground mine commenced construction in August 2007 and started production in 2010 with an initial capacity of 2.4 Mtpa. The mine produces long-flame to non-caking coal. The approved mining depth range covers coal seams No. 6 to No. 14, between +990 m and +700 m elevations, within a monocline structure of overall simple geological conditions. In August 2013, the mine's capacity was increased to 4.0 Mtpa, and by September 2021, it had reached 8.0 Mtpa, with the Safety Production License obtained in December 2024.

Mining of the No. 8U and No. 8 seams has been completed. Current production focuses on the No. 9 and No. 13 seams. The No. 9 seam is mined by FM LW methods, with a seam thickness of 2.5–3.5 m. The No. 13 seam employs FM LW SLC mining, and the current face shearer cut 4.3 m of coal and the top coal of 12.5 m is recovered by caving.

The mine is accessed by four openings: a main incline, a service adit, an intake incline, and an air-return shaft. There are five development teams, equipped with bolter-miners, continuous miners (CMs), and roadheaders (RHs). The overall exploration degree is relatively high. No village relocation is required for mining operations.

The original CPP, built in December 2005 with a capacity of 5.0 Mtpa, used a combination of heavy medium (HM) and hydrocyclone processes. However, due to

Yellow River environmental discharge restrictions, all related facilities within 1 km distance from the Yellow River were ordered to close, and the main washing equipment of Shaping CPP was dismantled in 2024.

A new CPP is planned and expected to be completed by the end of 2027. During this interim period, the mine must adjust its production scheduling to prioritize high-quality, low-cost coal zones (raw coal with calorific value above 3,500 kcal/kg) to sustain operations through the construction phase. Raw coal above 3,500 kcal/kg can be sold directly after screening, while coal below that threshold must be transported off-site for contract washing, at a comprehensive cost exceeding RMB 100/t.

Historically, the CPP achieved an average yield of around 70%, with a product target of 4,500 kcal/kg clean coal. The mine primarily markets its coal through Shenhua's sales channels.

4.1.29 Summary

In reviewing the data provided regarding these mines in operation, we concluded that the mine design documents are typical of those we have reviewed over our extensive experience in China. Most of these mines appear to generally follow the design guidelines issued by industry authorities, and the design reports address salient aspects of mine operation (if applicable for underground mines or open-pit mines) including, but not limited to, local economy and infrastructure, power and water supply, regional geology and resource conditions, geotechnical and hydrogeological conditions, mine access design, mine layout and underground workings, development arrangement, transportation, ventilation and safety, mine hazard control (methane, fire, dust, flooding, geothermal, bump, etc., and evacuation plans), hoisting, pumping, as well as outlined mine economic assessments. As operations continue, necessary mine extension designs or mine modification/upgrade designs are routinely carried out to cope with the changed situations. In discussion with the personnel of the subsidiaries under China Energy, management and technical staff demonstrated full awareness of the operational details and issues at each mine during our inquiry.

4.2 Current Operations

4.2.1 Output

Coal output for the subject China Energy mines from January 2022 to July 2025 is summarized as follows:

Table 4-2 Historical Production

	Historical Production (Mt)			
Company / Mine	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	6.51	6.55	6.78	4.33
Dananhu No.2 Open-pit	10.12	11.56	12.04	6.43
Renjiazhuang	3.97	4.14	3.25	1.95
Sandaogou	9.82	9.87	9.89	5.61
Shangyuquan	4.97	5.11	5.35	3.19
Subtotal - Guoyuan Power	35.39	37.23	37.31	21.51
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	12.66	13.00	13.67	7.99
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	1.11	1.43	1.31	0.25
Huangbaici	0.92	1.38	1.14	0.73
Laoshidan	1.84	1.89	1.60	0.53
Limin	1.92	1.93	1.61	1.05
Luotuoshan	-	-	-	0.08
Lutian	1.41	1.85	2.00	0.77
Pinggou	-	-	-	-
Suhaitu	-	-	-	-
Wuhushan	1.18	1.75	1.42	0.59
Subtotal - Wuhai Energy	8.38	10.24	9.08	3.99
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	15.61	14.78	15.69	9.95
Hongshaquan No.1 Open-pit	25.93	35.49	33.69	16.09
Hongshaquan No.2 Open-pit	-	-	8.46	3.68
Tunbao	1.05	1.11	0.61	0.52
Wudong	3.02	3.03	3.01	1.54
Zhundong Open-pit	32.11	34.91	29.54	13.98
Subtotal - Xinjiang Energy	77.72	89.32	91.00	45.76
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	10.31	3.17	2.83	4.72
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	11.45	12.00	12.00	5.78
Boligou	-	-	-	-
Hesigewula South Open-pit	15.00	15.00	15.01	8.71
Yuanbaoshan Open-pit	8.80	7.80	10.61	7.08
Subtotal - Pingzhuang Coal	35.25	34.80	37.62	21.57
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	5.52	5.70	4.21	2.52
Shaping	5.34	4.65	2.11	0.80
Subtotal - Jinshen Enrgy	10.86	10.35	6.32	3.32
Total	190.56	198.10	197.82	108.86

As shown, the historical product coal outputs are generally stable over the past three years, although there have been some fluctuations among individual mines. With the addition of coal output tonnages from the new mines, some existing operations produced less than their designated capacities due to various reasons, including market and sales considerations, mine renovations, and temporary transition between old and new mining districts. Chahasu, for example, had to reduce production in 2023

and 2024 due to issues encountered with its mining right registration update.

The open-pit mines, characterized by their large-scale operations, accounted for approximately 71% of total production. The average output capacity of the subject open-pit mines is approximately 16.7 Mtpa, considerably higher than that of underground mines, which average approximately 4.0 Mtpa. Most of the large open-pit operations are located in eastern Inner Mongolia and Xinjiang, where the coal seams feature shallow occurrence and substantial thickness. In contrast, Wuhai Energy's underground operations have remained relatively small in scale, mainly due to the limitations resulting from the historical consolidation from smaller mines. The Renjiazhuang, Sandaogou and Chahasu underground mines have relatively high output capacities and are located in the well-known Ningdong, Shenfu and Dongsheng coalfields, respectively, where the most of China's large underground coal mines are concentrated. The Ciyaogou and Shaping mines of Jinshen Energy are well-equipped modern underground operations located in Shanxi Province. The decline in Shaping's output in 2023 was caused by the mandatory shutdown of the Shaping CPP following an environmental protection campaign along the Yellow River, which required the closure of all industrial facilities within 1.0 km of the Yellow River that discharge liquid pollutants.

4.2.2 Staffing

Historical staffing for the subject China Energy mines is summarized as follows:

Table 4-3 Historical Staffing

	Year			
Company / Mine	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.	Historical No. of Personnel			
Chaoyang Open-pit	91	113	188	194
Dananhu No.2 Open-pit	97	102	237	230
Renjiazhuang	1,258	1,307	1,334	1,316
Sandaogou	1,001	881	886	879
Shangyuquan	869	869	851	843
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	585	778	793	781
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	650	642	587	555
Huangbaici	962	866	795	812
Laoshidan	605	617	615	494
Limin	647	663	631	624
Luotuoshan	234	239	375	375
Lutian	476	474	411	364
Pinggou	165	165	149	146
Suhaitu	139	138	116	108
Wuhushan	940	891	823	820
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	190	190	196	265
Hongshaquan No.1 Open-pit	624	643	695	830
Hongshaquan No.2 Open-pit	-	-	80	165
Tunbao	314	304	304	368
Wudong	684	635	643	814
Zhundong Open-pit	275	296	323	508
Guodian Consturction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	1,045	1,355	1,190	1,526
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	1,248	1,328	1,180	1,250
Boligou	-	-	-	-
Hesigewula South Open-pit	693	700	715	704
Yuanbaoshan Open-pit	1,500	1,498	1,450	1,413
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	613	615	628	619
Shaping	854	861	1,010	903
Subtotal - Open-pit	5,303	5,648	5,857	6,340
Subtotal - Underground	11,456	11,522	11,348	11,566
Total	16,759	17,170	17,205	17,906

For open-pit mines, it is a common practice to contract stripping work to third-party contractors. The personnel shown in the table does not include the contractors' employees. The overall staffing of the subject China Energy mines has remained generally stable, with slight fluctuations less than 3%.

The historical labor productivity, in terms of open-pit and underground operations, is summarized as follows (the labor productivity numbers for 2025 are annualized):

Table 4-4 Historical Labor Productivity

	Year			
	2022	2023	2024	Jan. - Jul. 2025
Operations	Product Tonnes, Mt			
Open-Pit	138.19	151.09	157.49	84.02
Underground	52.37	47.01	40.33	24.84
Total	190.56	198.10	197.82	108.86
	Historical No. of Personnel			
Open-Pit	5,303	5,648	5,857	6,340
Underground	11,456	11,522	11,348	11,566
Total	16,759	17,170	17,205	17,906
	Labor Productivity, Product Tonnes / Employee-Year			
Open-Pit	26,060	26,750	26,890	22,720
Underground	4,570	4,080	3,550	3,680
Overall	11,370	11,540	11,500	10,420

The labor productivity for the open-pit operations averages 25,520 tonnes/employee-year, which is comparable to that of other large open-pit coal mines in China.

The labor productivity for the underground operations averages approximately 3,970 tonnes/employee-year, which appears slightly lower than the average level of underground FM LW coal mines in China. It is our opinion that this lower productivity mainly results from the relatively small-scale and lower output of the underground operations of Wuhai Energy. The overall average labor productivity for the subject China Energy operations during the period from 2022 to July 2025 is approximately 11,200 tonnes/employee-year.

4.2.3 Capital Expenditures

Historical capital expenditures for the subject China Energy mines from January 2022 to July 2025, are summarized as follows:

Table 4-5 Historical Capital Expenditures

	Historical Capital Expenditures, RMB millions			
Company / Mine	2022	2023	2024	Jan. - Jul. 2025
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	56.4	52.9	57.0	36.7
Dananhu No.2 Open-pit	18.3	229.6	196.1	210.9
Renjiazhuang	118.1	195.8	120.5	193.1
Sandaogou	611.2	142.7	272.5	32.3
Shangyuquan	166.6	129.7	199.5	115.1
Subtotal - Guoyuan Power	970.6	750.7	845.5	588.1
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	134.2	32.1	54.8	41.9
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	170.7	68.4	96.2	0.1
Huangbaici	74.1	34.6	96.9	1.7
Laoshidan	89.3	77.8	143.1	6.1
Limin	56.1	59.8	136.0	18.3
Luotuoshan	91.0	-	-	-
Lutian	48.2	85.9	80.5	16.9
Pinggou	9.7	48.0	257.5	0.8
Suhaitu	12.0	7.7	279.8	1.0
Wuhushan	149.8	113.6	210.9	-
Subtotal - Wuhai Energy	700.8	495.8	1,300.9	44.9
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	148.7	218.8	140.3	48.5
Hongshaquan No.1 Open-pit	43.7	30.5	108.1	28.3
Hongshaquan No.2 Open-pit	-	39.8	586.2	57.9
Tunbao	17.5	126.8	120.2	43.1
Wudong	400.5	49.9	59.8	27.4
Zhundong Open-pit	162.1	246.6	214.9	19.8
Subtotal - Xinjiang Energy	772.5	712.4	1,229.5	225.0
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	15.3	9.0	11.7	0.2
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	149.3	62.1	36.1	198.5
Boligou	3.6	81.1	310.7	348.4
Hesigewula South Open-pit	279.6	153.8	83.3	22.6
Yuanbaoshan Open-pit	27.8	-	15.6	-
Subtotal - PingZhuang Coal	460.2	297.0	445.7	569.5
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	40.2	132.2	162.2	69.4
Shaping	32.5	169.6	320.8	27.5
Subtotal - Jinshen Energy	72.7	301.8	483.0	96.9
Total	3,126.4	2,598.9	4,371.2	1,566.6

The largest capital spending is attributed to new mine construction including surface facilities, major mine expansion, major production equipment replacement, safety-related facilities upgrading, coal preparation facilities upgrading, etc. The overall sustaining capital for the open-pit mines averages approximately RMB7.1/tonne of output capacity, which appears moderate for the large size open-pit operations. The average sustaining capital spending for the underground mines is approximately RMB29.6/tonne of output capacity, which in our opinion appears slightly higher and reasonable compared with the average of underground FM LW mines in China, mainly due to the recent commencement of mine upgrades and construction of new mines.

4.2.4 Operating Costs

Historical operating costs for January 2022 to July 2025, by mine are summarized as follows:

Table 4-6 Historical Operating Costs

				Jul.				Jan.-Jul.
	2022	2023	2024	2025	2022	2023	2024	2025
	Historical Operating Costs (RMB / tonne)							
Company / Mine	Cash				Total			
China Energy Guoyuan Power Co., Ltd.								
Chaoyang Open-pit	75	100	97	87	97	122	119	102
Dananhu No.2 Open-pit	46	59	69	50	67	83	86	73
Renjiazhuang	172	171	268	254	220	242	348	314
Sandaogou	127	162	182	170	190	227	246	233
Shangyuquan	157	155	155	157	195	199	196	202
China Energy Shaanxi Shenyan Coal Co., Ltd.								
Xiwan Open-pit	143	186	178	122	181	226	219	163
China Energy Wuhai Energy Co., Ltd.								
Gongwusu	602	1,032	679	798	686	1,099	710	873
Huangbaici	597	893	416	284	693	1,041	501	339
Laoshidan	513	542	405	334	528	558	426	405
Limin	233	246	215	222	269	309	290	245
Luotuoshan	-	-		245	-	-	-	245
Lutian	290	377	317	144	325	411	350	186
Pinggou	-	-	-	-	-	-	-	-
Suhaitu	-	-	-	-	-	-	-	-
Wuhushan	484	368	374	468	551	442	461	544
China Energy Xinjiang Energy and Chemical Co., Ltd.								
Heishan Open-pit	186	193	238	200	201	208	263	224
Hongshaquan No.1 Open-pit	114	118	102	82	128	132	116	94
Hongshaquan No.2 Open-pit	-	-	76	72	-	-	90	85
Tunbao	321	254	517	364	377	328	614	450
Wudong	207	171	213	175	271	242	284	248
Zhundong Open-pit	93	102	91	57	125	121	110	74
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.								
Chahasu	155	393	496	210	216	509	624	285
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.								
Baiyinhua No.1 Open-pit	262	295	223	137	350	352	271	180
Boligou	-	-	-	-	-	-	-	-
Hesigewula South Open-pit	75	86	81	83	97	105	100	102
Yuanbaoshan Open-pit	143	156	147	120	176	190	177	148
Shanxi Jinshen Energy Co., Ltd.								
Ciyaogou	171	153	198	208	218	199	244	255
Shaping	130	142	201	300	174	189	273	508

Operating costs of the subject open-pit mines during the period from 2022 to July 2025 averaged approximately RMB150 per product tonne, which appears comparable to other open-pit coal mines with similar output (mostly in northern China). Average operating costs for the Wuhai Energy underground mines exceed RMB500 per product tonne, which is higher than the industrial average, resulting from the longer operating years and lower output level than the actual capacities. Operating costs for the underground mines of the subject companies other than Wuhai Energy generally appear normal. The operating costs for all the subject underground mines averages RMB294 per product tonne. The operating costs of all the subject China Energy mines are approximately RMB191 per product tonne.

4.3 Future Operations

4.3.1 Output

The subsidiary companies of China Energy provided the projections for ROM coal production for the subject mines, mostly following the authorized output capacity. The commercial (product) coal output was not provided. The output projections for the subject China Energy mines for August 2025 to 2029 are summarized as follows:

Table 4-7 Output Projections

	Production Projections (Mt)				
Company / Mine	Aug.-Dec. 2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	2.67	8.00	9.50	11.00	11.00
Dananhu No.2 Open-pit	4.07	11.00	13.00	13.00	13.00
Renjiazhuang	1.63	3.60	3.60	3.60	3.60
Sandaogou	4.25	9.00	9.00	9.00	9.00
Shangyuquan	1.61	4.80	4.80	4.80	4.80
Subtotal - Guoyuan Power	14.23	36.40	39.90	41.40	41.40
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	5.01	13.00	13.00	13.00	13.00
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	0.05	1.50	1.50	1.50	2.70
Huangbaici	0.47	1.80	1.80	1.80	1.80
Laoshidan	0.27	0.98	0.91	1.20	1.20
Limin	0.45	1.50	1.50	1.50	1.50
Luotuoshan	1.32	1.50	1.50	1.50	1.50
Lutian	0.63	1.60	1.60	1.60	1.60
Pinggou	-	-	-	-	1.35
Suhaitu	-	-	-	-	-
Wuhushan	0.51	1.45	2.00	2.00	2.00
Subtotal - Wuhai Energy	3.71	10.33	10.81	11.10	13.65
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	6.05	16.00	15.40	16.40	17.40
Hongshaquan No.1 Open-pit	11.91	30.00	30.00	30.00	30.00
Hongshaquan No.2 Open-pit	2.72	10.00	20.00	30.00	30.00
Tunbao	0.14	0.55	2.00	2.11	2.37
Wudong	1.56	3.50	3.00	3.00	3.50
Zhundong Open-pit	11.02	35.00	35.00	35.00	35.00
Subtotal - Xinjiang Energy	33.40	95.05	105.40	116.51	118.27
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	2.56	8.00	8.00	8.00	8.00
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	6.22	12.00	12.00	12.00	12.00
Boligou	-	-	-	2.00	4.00
Hesigewula South Open-pit	6.29	15.00	15.00	15.00	15.00
Yuanbaoshan Open-pit	4.32	12.00	12.00	12.00	12.00
Subtotal - Pingzhuang Coal	16.83	39.00	39.00	41.00	43.00
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	2.48	3.50	3.50	3.50	3.50
Shaping	2.45	5.36	5.36	5.36	5.36
Subtotal - Jinshen Enrgy	4.93	8.86	8.86	8.86	8.86
Total	80.67	210.64	224.97	239.87	246.18

Fluctuations in the output projections for an individual mine in particular years may be caused by: market considerations, mining condition change or area shifting, completion of mine technical upgrade or new mine construction, etc. Most of the mines

will produce coal within the current authorized capacity, with exceptions of the Lutian, Hongshaquan No.2 Open-pit mines, which are considering application for a higher capacity (which is reflected in the output projections). According to the mine management, the technical upgrade construction of the Pinggou Mine of Wuhai Energy is expected to commence in October 2026 and complete in March 2029. Suhaitu will stop operation once the excavation of residual coal is completed, and coal output data are not available. Construction of the new Boligou Mine of Pingzhuang Coal is projected to be completed by the end of 2027 and the mine is expected to attain design capacity in 2028. We have not identified significant geological or mining-related issues during our review that would prevent the subject mines from achieving projected output levels. LW performances required to attain output projections are reasonable and realistic based on the recent operating history.

4.3.2 Staffing

Projected staffing for the subject China Energy mines is summarized by mine as follows:

Table 4-8 Staffing Projections

	Year				
Company / Mine	2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.	Projected No. of Personnel				
Chaoyang Open-pit	208	208	207	206	206
Dananhu No.2 Open-pit	231	236	241	246	246
Renjiazhuang	1,310	1,335	1,360	1,359	1,361
Sandaogou	879	879	879	879	879
Shangyuquan	840	837	829	826	825
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	781	781	781	781	781
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	515	516	517	518	524
Huangbaici	812	812	612	612	612
Laoshidan	484	457	419	378	343
Limin	624	624	624	624	624
Luotuoshan	415	415	415	415	415
Lutian	359	354	349	347	345
Pinggou	146	142	430	430	430
Suhaitu	-	-	-	-	-
Wuhushan	820	820	820	820	820
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	265	265	265	265	265
Hongshaquan No.1 Open-pit	847	908	908	908	908
Hongshaquan No.2 Open-pit	195	205	217	230	245
Tunbao	469	424	415	403	389
Wudong	977	1,103	1,103	1,103	1,103
Zhundong Open-pit	508	508	508	508	508
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	1603	1629	1505	1487	1474
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	1,240	1,130	1,130	1,130	1,130
Boligou	-	-	400	507	507
Hesigewula South Open-pit	706	700	694	684	673
Yuanbaoshan Open-pit	1,394	1,366	1,334	1,311	1,260
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	619	619	619	619	622
Shaping	918	933	947	962	977
Subtotal - Open-pit	6,375	6,307	6,285	6,269	6,222
Subtotal - Underground	11,790	11,899	12,243	12,289	12,250
Total	18,165	18,206	18,528	18,558	18,472

The open-pit mines plan to continue the practice to outsource stripping work to third-party contractors. The personnel shown in the table does not include the contractors' employees. The overall staffing level of the subject China Energy mines remains generally stable with only slight fluctuations.

The projected labor productivity, in terms of open-pit and underground operations, is summarized as follows:

Table 4-9 Projected Labor Productivity

Operations	Aug.-Dec. 2025	2026	2027	2028	2029
	Projected Product Tonnes, Mt				
Open-Pit	60.28	162.00	174.90	187.40	188.40
Underground	20.39	48.64	50.07	52.47	57.78
Total	80.67	210.64	224.97	239.87	246.18
	Projected No. of Personnel				
Open-Pit	6,375	6,307	6,285	6,269	6,222
Underground	11,790	11,899	12,243	12,289	12,250
Total	18,165	18,206	18,528	18,558	18,472
	Labor Productivity, Product Tonnes / Employee-Year				
Open-Pit	22,690	25,690	27,830	29,890	30,280
Underground	4,150	4,090	4,090	4,270	4,720
Overall	10,660	11,570	12,140	12,930	13,330

The labor productivity for the open-pit operations averages 27,250 tonnes/employee-year, which is approximately 7% higher than the historical performance due to the output increase from the open-pit mines. The labor productivity for the underground operations averages approximately 4,260 tonnes/employee-year, which appears comparable to the historical performance. It is our opinion that the overall labor productivity projection of the subject mines appear achievable.

4.3.3 Capital Expenditures

Projected capital expenditures for the subject China Energy mines by mine are summarized as follows:

Table 4-10 Capital Expenditures Projection

	Projected Capital Expenditures, RMB millions				
Company / Mine	Aug.-Dec. 2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	28.9	72.8	72.8	72.8	72.8
Dananhu No.2 Open-pit	35.7	207.3	-	-	-
Renjiazhuang	3.0	N/A	N/A	N/A	N/A
Sandaogou	N/A	N/A	N/A	N/A	N/A
Shangyuquan	385.2	436.8	457.8	207.8	207.8
Subtotal - Guoyuan Power	452.8	716.9	530.6	280.6	280.6
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	42.6	33.7	108.6	30.8	30.8
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	72.4	265.1	675.2	920.3	481.4
Huangbaici	60.4	5.0	1.0	N/A	N/A
Laoshidan	9.6	37.0	11.0	10.0	200.0
Limin	8.0	16.0	26.7	87.5	160.0
Luotuoshan	233.3	44.2	58.0	121.0	30.0
Lutian	236.1	238.0	202.0	700.0	268.0
Pinggou	0.5	10.2	651.5	534.1	120.4
Suhaitu	-	-	-	-	-
Wuhushan	64.8	79.3	50.0	83.4	13.0
Subtotal - Wuhai Energy	685.2	694.8	1,675.4	2,456.2	1,272.8
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	N/A	N/A	N/A	N/A	N/A
Hongshaquan No.1 Open-pit	N/A	N/A	N/A	N/A	N/A
Hongshaquan No.2 Open-pit	711.0	171.5	-	-	-
Tunbao	N/A	N/A	N/A	N/A	N/A
Wudong	N/A	N/A	N/A	N/A	N/A
Zhundong Open-pit	N/A	N/A	N/A	N/A	N/A
Subtotal - Xinjiang Energy	711.0	171.5	-	-	-
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	N/A	N/A	N/A	N/A	N/A
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	111.1	55.0	55.0	195.0	55.0
Boligou	601.7	1,041.0	3,396.9	30.6	-
Hesigewula South Open-pit	18.1	114.4	-	-	-
Yuanbaoshan Open-pit	55.0	36.8	-	42.4	-
Subtotal - PingZhuang Coal	785.9	1,247.2	3,451.9	268.0	55.0
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	65.0	528.9	220.5	10.2	10.2
Shaping	511.7	58.2	69.0	9.2	8.0
Subtotal - Jinshen Energy	576.7	587.1	289.5	19.4	18.2
Total	3,254.2	3,451.2	6,055.9	3,055.0	1,657.3

Note: N/A = Not Available

Capital expenditure projections data provided were not complete, with the missing data mainly for the normal operating mines. Based on our experience in China, the sustaining capital for underground and open-pit mines generally falls in the range approximately RMB15-30/ROM tonne capacity and RMB5-15/ROM tonne capacity, respectively. The capital spending projections for the mines under expansion, technical upgrading and new mine construction were provided. Upon review, the projected capital expenditures generally appear reasonable to achieve the targeted production

levels for these mines within the projected timeframe.

4.3.4 Operating Costs

Projected operating costs for August 2025 to 2029 by mine, on per tonne basis and total RMB, are summarized as follows:

Table 4-11 Unit Operating Cost Projection

	Aug.-Dec. 2025	2026	2027	2028	2029	Aug.-Dec. 2025	2026	2027	2028	2029
	Projected Operating Costs (RMB / tonne)									
Company / Mine	Cash					Total				
China Energy Guoyuan Power Co., Ltd.										
Chaoyang Open-pit	107.5	89.6	70.1	57.4	63.6	147.5	111.1	88.2	73.0	80.5
Dananhu No.2 Open-pit	61.1	-	-	-	-	83.5	-	-	-	-
Renjiazhuang	342.7	-	-	-	-	378.3	-	-	-	-
Sandaogou	148.7	183.3	-	-	-	214.3	250.5	-	-	-
Shangyuquan	203.0	172.6	172.6	172.6	172.6	252.8	219.1	219.1	219.1	219.1
China Energy Shaanxi Shenyan Coal Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Xiwan Open-pit	273.3	233.6	235.7	240.9	250.6	320.6	278.0	281.6	286.9	302.9
China Energy Wuhai Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Gongwusu	-	-	-	-	-	-	-	-	-	-
Huangbaici	871.3	-	-	-	-	940.8	-	-	-	-
Laoshidan	706.0	-	-	-	-	797.4	-	-	-	-
Limin	-	-	-	-	-	-	-	-	-	-
Luotuoshan	140.6	140.6	140.6	140.6	140.6	324.9	324.9	324.9	324.9	324.9
Lutian	532.4	-	-	-	-	595.1	-	-	-	-
Pinggou	-	-	-	-	315.9	-	-	-	-	417.0
Suhaitu	-	-	-	-	-	-	-	-	-	-
Wuhushan	604.1	-	-	-	-	693.2	-	-	-	-
China Energy Xinjiang Energy and Chemical Co., Ltd	-	-	-	-	-	-	-	-	-	-
Heishan Open-pit	215.4	205.9	213.9	200.9	189.3	243.3	231.1	240.1	225.4	212.5
Hongshaquan No.1 Open-pit	-	-	-	-	-	-	-	-	-	-
Hongshaquan No.2 Open-pit	104.7	-	-	-	-	127.9	-	-	-	-
Tunbao	1,041.9	608.4	177.3	156.9	160.7	1,186.0	791.0	228.6	209.5	226.5
Wudong	326.7	242.2	282.3	282.3	242.0	391.7	311.8	363.5	363.5	311.6
Zhundong Open-pit	80.4	-	-	-	-	98.5	-	-	-	-
Guodian Construction and Investment Inner Mongolia	-	-	-	-	-	-	-	-	-	-
Chahasu	398.4	-	-	-	-	485.4	-	-	-	-
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Baiyinhua No.1 Open-pit	144.4	144.4	143.1	144.3	145.6	137.3	161.4	160.0	161.3	162.6
Boligou	-	-	-	50.5	50.5	-	-	-	113.8	113.8
Hesigewula South Open-pit	93.0	109.6	93.4	94.4	90.2	112.2	129.6	113.7	114.7	110.4
Yuanbaoshan Open-pit	164.4	177.6	179.2	188.4	194.7	195.3	207.6	209.0	218.4	225.1
Shanxi Jinshen Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Ciyaogou	234.6	252.4	255.5	255.5	255.5	284.8	306.5	309.6	309.6	309.6
Shaping	118.9	104.9	108.6	106.7	107.4	179.4	165.4	168.8	166.9	164.1

The elevated abnormal unit operating cost projections in 2025 for Tunbao are caused due to temporary low output tonnage.

Table 4-12 Total Operating Cost Projection

	Aug.-Dec. 2025	2026	2027	2028	2029	Aug.-Dec. 2025	2026	2027	2028	2029
	Operating Cost Projections (million RMB)									
Company / Mine	Cash					Total				
China Energy Guoyuan Power Co., Ltd.										
Chaoyang Open-pit	286.9	717.1	665.9	631.4	699.7	393.8	889.0	837.9	803.4	885.9
Dananhu No.2 Open-pit	248.6	-	-	-	-	339.7	-	-	-	-
Renjiazhuang	558.3	-	-	-	-	616.3	-	-	-	-
Sandaogou	632.4	1,649.3	-	-	-	911.5	2,254.8	-	-	-
Shangyuquan	326.9	828.4	828.4	828.4	828.4	407.0	1,051.6	1,051.6	1,051.6	1,051.6
China Energy Shaanxi Shenyan Coal Co., Ltd.										
Xiwan Open-pit	1,369.5	3,036.7	3,063.9	3,132.0	3,257.6	1,606.2	3,614.3	3,660.8	3,729.9	3,937.5
China Energy Wuhai Energy Co., Ltd.										
Gongwusu	233.5	-	-	-	-	243.3	-	-	-	-
Huangbaici	411.5	-	-	-	-	444.3	-	-	-	-
Laoshidan	190.6	-	-	-	-	215.3	-	-	-	-
Limin	523.8	-	-	-	-	564.1	-	-	-	-
Luotuoshan	185.6	210.9	210.9	210.9	210.9	428.9	487.4	487.4	487.4	487.4
Lutian	335.4	-	-	-	-	374.9	-	-	-	-
Pinggou	-	-	-	-	426.5	-	-	-	-	562.9
Suhaitu	-	-	-	-	-	-	-	-	-	-
Wuhushan	310.9	-	-	-	-	356.8	-	-	-	-
China Energy Xinjiang Energy and Chemical Co., Ltd.										
Heishan Open-pit	1,303.2	3,293.8	3,294.0	3,294.0	3,294.0	1,471.9	3,696.8	3,697.0	3,697.0	3,697.0
Hongshaquan No.1 Open-pit		-	-	-	-		-	-	-	-
Hongshaquan No.2 Open-pit	284.8	-	-	-	-	347.9	-	-	-	-
Tunbao	145.9	334.6	354.5	331.1	380.8	166.0	435.0	457.3	442.0	536.7
Wudong	509.7	847.6	847.0	847.0	847.0	611.0	1,091.2	1,090.5	1,090.5	1,090.5
Zhundong Open-pit	886.4	-	-	-	-	1,085.8	-	-	-	-
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.										
Chahasu	1,020.0	-	-	-	-	1,242.6	-	-	-	-
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.										
Baiyinhua No.1 Open-pit	898.1	1,732.9	1,717.0	1,731.9	1,747.5	853.8	1,936.3	1,920.4	1,935.3	1,950.9
Boligou	-	-	-	101.1	202.1	-	-	-	227.5	455.0
Hesigewula South Open-pit	584.7	1,644.6	1,401.4	1,416.6	1,352.9	705.5	1,944.3	1,705.0	1,720.3	1,656.5
Yuanbaoshan Open-pit	710.3	2,131.2	2,150.5	2,260.5	2,336.7	843.7	2,491.2	2,507.6	2,621.2	2,701.3
Shanxi Jinshen Energy Co., Ltd.										
Ciyaogou	581.9	883.4	894.3	894.3	894.3	706.3	1,072.8	1,083.7	1,083.7	1,083.7
Shaping	291.7	562.3	582.0	571.7	575.4	440.0	886.5	905.0	894.6	879.4

Future operating cost projections were not provided for some mines. It is expected that such mines should have comparable operating costs as historical performance for similar output level. We reviewed the projections of detailed operating costs by category for the mines which provided such data. Our comments regarding China Energy mines' internal operating cost projections are as follows:

- The Salaries and Welfare costs reflect the projected level of employee numbers.
- Material, Power and Repairs costs appear reasonable as compared with historical performance.
- Subsidence Compensation is paid to local government and villagers for the relocation of residents and management of subsided surface. The subject mines have accumulated experience in planning and managing subsidence related issues and the projections for Subsidence Compensation costs appear reasonable.
- Depreciation costs are calculated using the straight-line method for fixed assets according to established asset depreciation lives and salvage value estimations.
- The Amortization is composed mainly of the amortization of Mining Rights fees paid by the company. In acquiring the mining rights, the mines had to pay off the resource charges upfront or in the earlier years of operation. This cost is amortized throughout the life of the mine operation.

- Safety Production and Production Maintenance ("Keep Simple Production") fees are considered as non-cash cost accruals (according to GAAP) for income tax calculations, although the monies may be utilized for mine-related projects.

It is our opinion that the projected operating costs are generally comparable to China Energy mines' historical performance and appear reasonable given the projected production levels. Economic viability of the mines' coal reserves is discussed in Chapter 8 of this report.

5.0 COAL PREPARATION

5.1 Introduction

The China Energy owns and operates a portfolio of coal preparation plants which process coals produced from their respective mining operations.

For the subject open-pit mines, coal preparation arrangement follows the general practice in the coal industry in China. During the design of the system, the general coal haulage direction is first determined according to the open-pit layout and advancing orientation of the mining area. The location of the crushing station is then selected by considering both the haulage distance and spatial constraints. Raw coal is transported by mine trucks to the crushing station, where it is unloaded into receiving hoppers, crushed, and screened. The coal is subsequently conveyed by belt conveyors to the transfer station. If a surface CPP is included in the system, the raw coal from the crushing station is delivered to the second stage crushing workshop or intelligent dry separation workshop for further processing. Some open-pit operations only employ crushing and screening for coal preparation, while some mines are equipped with intelligent dry separation systems to further separate waste rock from coal. The CPPs typically have coal yards or silos for various products such as lump coal, fine or mixed coal, and refuse depending on the product combinations. According to the customer's requirements for coal quality and sizes, the products are sized, stored and transported out accordingly after crushing and screening.

The underground mines generally have the CPPs built close to the mine openings, from where the raw coal is transported to the CPPs through series of conveyor belts. The coal is crushed first to certain sizes and screened, the being processed using various separation technologies. Storage facilities including silos or coal yards are used to store various products. Although generally the processing capacity matches (or exceeds) the mine's output capacity, the CPPs might not operate at full capacity if the raw coal could satisfy the requirements just after simple crushing and screening. Among the mine and CPP operations, Suhaitu has completed normal operation and will be closed after recovery of the remaining barrier pillars. Ciyaogou does not have coal processing facilities and processing of ROM coal is outsourced to a nearby third-party processing plant. Operation of the original Shaping CPP was terminated due to local environmental protection policy change and a new CPP will be constructed at a new location. The current coal processing capacity by the CPPs (or surface production

systems if no CPP is built) as provided by the China Energy subsidiaries are summarized as follows:

Table 5-1 Coal Processing Capacity by Mine

Mine CPP	ROM Feed Capacity	
CHN Energy Guoyuan Power Co., Ltd.	(Mtpa)	(t/h)
Chaoyang Open-pit	11.0	3,000
Dananhu No.2 Open-pit	13.0	3,200
Renjiazhuang	4.0	758
Sandaogou	9.0	1,704
Shangyuquan	7.0	1,326
CHN Energy Shaanxi Shenyan Coal Co., Ltd.		
Xiwan Open-pit	13.0	3,500
CHN Energy Wuhai Energy Co., Ltd.		
Gongwusu	4.0	568
Huangbaici	1.8	340
Laoshidan	3.8	284
Limin	2.4	450
Luotuoshan	3.0	560
Lutian	1.2	227
Wuhushan	4.0	750
CHN Energy Xinjiang Energy and Chemical Co., Ltd.		
Heishan Open-pit	16.0	2,740
Hongshaquan No.1 Open-pit	30.0	11,500
Hongshaquan No.2 Open-pit	20.0	5,000
Tunbao	2.7	568
Wudong	8.0	1,515
Zhundong Open-pit	35.0	19,800
Guodian Jiantou Inner Mongolia Energy Co., Ltd.		
Chahasu	10.0	3,000
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.		
Baiyinhua No.1 Open-pit	12.0	3,500
Boligou	4.0	758
Hesigewula South Open-pit	15.0	4,400
Yuanbaoshan Open-pit	10.0	2,800
Shanxi Jinshen Energy Co., Ltd.		
Ciyaogou	-	-
Shaping	8.0	1,400

5.2 Historical Performance

Annual capacity is based on a typical operating schedule of 5,280 hours per year (16 operating hours per day, 330 operating days annually), with the allowances for mechanical availability, utilization, and efficiency for CPP. Historical operating hours

were provided for some of the CPPs. Using this data, we calculated the historical availability and utilization for these CPPs, which is summarized as follows:

Table 5-2 CPP Historical Performance

	Operated hours				Availability (%)				Utilization (%)			
CPP	2022	2023	2024	Jan.-Jul 2025	2022	2023	2024	Jan.-Jul 2025	2022	2023	2024	Jan.-Jul 2025
China Energy Guoyuan Power Co., Ltd.												
Renjiazhuang	691	658	107	128	13	12	2	4	8	8	1	3
Shangyuquan	5,112	5,249	5,002	3,451	97	99	95	112	58	60	57	68
China Energy Wuhai Energy Co., Ltd.												
Hainan CPC Gongwusu Plant[4]	-	-	-	2,333	-	-	-	76	-	-	-	46
Hainan CPC Laoshidan Plant	-	-	4,290	2,679	-	-	81	87	-	-	49	52
Limin	5,383	5,786	4,945	3,562	102	110	94	116	61	66	56	70
Luotuoshan	1,493	2,902	2,539	2,334	28	55	48	76	17	33	29	46
Wuda	-	1,788	3,378	2,422	-	58	64	79	-	35	39	47
China Energy Xinjiang Energy and Chemical Co., Ltd.												
Heishan Open-pit	-	2,034	4,184	2,786	-	92	79	90	-	56	48	55
Tunbao	2,588	3,565	3,505	1,769	49	68	66	57	30	41	40	35
Wudong	969	1,706	1,523	1,218	18	32	29	40	11	19	17	24
Wudong West	3,278	3,338	2,344	1,010	62	63	44	33	37	38	27	20
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.												
Chahasu	4,236	3,347	2,362	2,005	80	63	45	65	48	38	27	39
Shanxi Jinshen Energy Co., Ltd.												
Shaping	6,297	4,991	2,172	2,987	119	95	41	97	72	57	25	58

Notes:

1. Scheduled hours are assumed as 5,280/year (16 hrs/day x 330 days/yr).
2. Availability equals Operating Hours divided by Scheduled Hours.
3. Utilization equals Operating Hours divided by 8,760 hours (total hours in year).
4. Laoshidan CPP and Gongwusu CPP were successively consolidated into Hainan coal processing center(Hainan CPC) in 2024 and 2025, respectively.

Although there is variation between CPPs, availability and utilization are high at the Shangyuquan and Limin CPPs, which operated for a high number of hours annually (close to or in excess of 5,280 hours per year) during the last three years. While a CPP can operate at these elevated operating hour levels for short periods of time, extended periods of high utilization requires committed and expanded maintenance, and may result in increased equipment downtime and plant outages. The other CPPs have been operating in relatively lower annual hours, which are mainly determined by local market conditions or where some of the coal products are likely acceptable even without processing. The CPPs in this case has higher flexibility in operation.

5.3 Production and Coal Quality

Wuhai Energy is the only subsidiary company producing coking coal among the subject entities, while the mines under the other subsidiaries produce thermal coal mainly used for power generation, with some being used for chemical industry and domestic heating. As long as the coal quality can satisfy the requirements of the customers, the coal processing facilities may not operate necessarily at their full capacity to process all the ROM coal. Detailed CPP production data from each processing facility, such as percentage of ROM being processed, tonnage breakdown of products, etc., vary substantially by plant and by year.

Typical, shipped quality of the primary coal products from the subject mines, as reported by the subsidiaries of China Energy, are as follows:

Table 5-3 Typical Product Quality

	Typical Product Coal Quality			
	%			kcal/kg
Mine / CPP	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	25.2	49.2	0.24	2,110
Dananhu No.2 Open-pit	26.1	25.8	0.62	3,370
Renjiazhuang	33.9	4.5	2.36	4,710
Sandaogou	13.8	13.3	0.20	5,570
Shangyuquan	32.1	10.3	0.86	4,270
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	8.3	11.4	0.67	6,160
China Energy Wuhai Energy Co., Ltd.				
Hainan CPC Gongwusu Plant	10.5	9.8	2.50	5,860
Hainan CPC Laoshidan Plant	11.0	10.8	1.80	5,880
Limin	11.7	9.4	0.89	6,010
Luotuoshan	12.9	10.0	0.71	5,890
Wuda	9.0	10.5	2.00	6,600
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	9.8	7.3	0.62	6,290
Hongshaquan No.1 Open-pit	7.5	23.6	0.41	4,950
Hongshaquan No.2 Open-pit	9.5	23.0	0.85	4,730
Tunbao	23.5	11.6	0.01	4,940
Wudong	26.5	7.8	0.74	5,160
Zhundong Open-pit	7.2	28.5	0.63	4,270
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	7.1	15.2	0.39	5,830
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	25.8	30.4	0.67	3,260
Hesigewula South Open-pit	12.0	39.1	0.51	3,300
Yuanbaoshan Open-pit	30.2	25.6	1.47	3,480
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	27.3	9.3	1.41	4,730
Shaping	41.8	9.1	1.05	3,520

5.4 Circuitry

Most of the subject mine CPPs produce multiple coal products by utilizing jig, screening, heavy media, and Intelligent Dry Separating (TDS) technologies. When needed, the China Energy subsidiaries have modernized the plants by equipment/system replacement as well as technical upgrades.

For the subject open-pit mines, the shovel–truck system combined with a semi-mobile crushing station is the most common and mature configuration for excavation, haulage, and primary crushing. In this system, large electric or hydraulic shovels load raw coal or overburden into mining trucks, which haul the material over a short distance to a

semi-mobile crushing station located near the pit edge or within the pit. The station is typically equipped with heavy-duty feeders and primary crushers such as gyratory or toothed-roll crushers. After crushing, the material is conveyed to the surface transfer station or the coal preparation plant.

As the open-pit mining area advances or changes location, the semi-mobile crushing station can be relocated accordingly to maintain optimal spatial arrangement and haulage distance. When the pit geometry evolves to the point that the existing setup becomes less efficient or spatially constrained, system modification or additional installations are often introduced to adapt to the new mining conditions. The surface coal preparation plant generally adopts crushing and screening processes to further size and classify the coal according to customer requirements. Product coal silos or stockyards are usually constructed near the plant for storage and blending. For nearby power plants, coal is typically transported via belt conveyor systems, while for long-distance markets, railway or truck loading facilities are provided to ensure timely dispatch of different product grades.

The TDS system operates on the principle of density differentiation using X-rays. Variations in transmitted X-ray intensity form an image that reflects density contrasts within the material. Through an intelligent recognition system, materials of different densities are displayed in distinct colors, enabling precise and automatic separation based on color variations.

This technology offers high accuracy, a simple system configuration, wide particle-size adaptability, and low environmental impact. By applying advanced image analysis and real-time tracking, it ensures precise coal-gangue discrimination with minimal coal loss. The system operates entirely without water or dense medium, eliminating the need for slurry treatment, pumps, or filtration units, thereby simplifying the process flow and significantly reducing both energy consumption and production costs. It is our opinion that, provided the product coal meets the specifications required by the consuming power plant, the intelligent dry separation technology is preferable to other processing methods.

When the heavy media approach is adopted for the subject China Energy CPPs, typical circuitry at the plants are as follows, although the details at an individual CPP may vary:

1. ROM is initially screened to remove the finer size fractions (typically less than 50 mm).
2. ROM coarse coal is processed using heavy media or jig technology.
3. Heavy Media Cyclones are used (especially in Guoyuan Power and Wuhai Energy CPPs) for finer coal processing.

4. Slimes are processed using froth flotation.
5. Product slimes are dewatered depending on size by a combination of centrifuges, and/or filter presses. In some cases, slime dryer is used to further reduce moisture.
6. Slime refuse reports to thickeners; thickener sludge is dewatered with filter presses.

Clarified water from the thickener, as well as filter press filtrate, are re-circulated through the plant, resulting in a closed-loop, no-discharge water plant system. Make-up water is obtained from the associated underground mines or nearby water plants.

Primary processing technology used by the subject CPPs are summarized as follows:

Table 5-4 CPP Primary Separation Technology

Mine CPP	ROM Feed Capacity		
CHN Energy Guoyuan Power Co., Ltd.	(Mtpa)	(t/h)	Primary Separation Technology
Chaoyang Open-pit	11.0	3,000	Roller Crusher, Screen
Dananhu No.2 Open-pit	13.0	3,200	Roller Crusher, Screen
Renjiazhuang	4.0	758	3-Product HMC
Sandaogou	9.0	1,704	Roller Crusher, Screen
Shangyuquan	7.0	1,326	JIG, 3-Product HMC
CHN Energy Shaanxi Shenyan Coal Co., Ltd.			
Xiwan Open-pit	13.0	3,500	Roller Crusher, Screen
CHN Energy Wuhai Energy Co., Ltd.			
Gongwusu	4.0	568	TDS, 3-Product HMC
Huangbaici	1.8	340	Roller Crusher, Screen, JIG, 3-Product HMC
Laoshidan	3.8	284	Roller Crusher, Drum Crusher, 3-Product HMC
Limin	2.4	450	Drum Crusher, Screen, 3-Product HMC
Luotuoshan	3.0	560	Roller Crusher, Screen, 3-Product HMC
Lutian	1.2	227	Roller Crusher, Screen, 3-Product HMC
Wuhushan	4.0	750	TDS, 3-Product HMC
CHN Energy Xinjiang Energy and Chemical Co., Ltd.			
Heishan Open-pit	16.0	2,740	Roller Crusher,TDS
Hongshaquan No.1 Open-pit	30.0	11,500	Roller Crusher, TDS, HMV
Hongshaquan No.2 Open-pit	20.0	5,000	Roller Crusher,TDS
Tunbao	2.7	568	Roller Crusher, Screen, HMV
Wudong	8.0	1,515	TDS
Zhundong Open-pit	35.0	19,800	Roller Crusher, Screen
Guodian Jiantou Inner Mongolia Energy Co., Ltd.			
Chahasu	10.0	3,000	TDS, HMV
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.			
Baiyinhua No.1 Open-pit	12.0	3,500	Roller Crusher, TDS
Boligou	4.0	758	TDS, HMV
Hesigewula South Open-pit	15.0	4,400	Roller Crusher, Screen
Yuanbaoshan Open-pit	10.0	2,800	Roller Crusher, Screen
Shanxi Jinshen Energy Co., Ltd.			
Ciyaogou	-	-	-
Shaping	8.0	1,400	Roller Crusher, HMV

Note:
1. HMC - Heavey Media Cyclone
2. HMV - Heavy Media Vessel
3. TDS - Intelligent Dry Separator

Most of the primary process equipment are sourced from domestic Chinese equipment manufacturers. The TDS technology is a relatively new separating technology adopted in China; however, considerable design and application experience has been attained

demonstrating the system's simple configuration, strong adaptability, low environmental impact, and high degree of automation, making it a reliable and efficient solution for dry coal preparation.

5.5 Coal Handling/Storage and Transportation

ROM coal is delivered from the respective mines via conveyor belts, and stored in raw coal silos or storage yard. The subject CPPs, located within close proximity to mine portals or open-pits, also have direct rail or highway access for facilitating delivery of coal products. ROM and product coal storage capacities of the subject CPPs are summarized as follows:

Table 5-5 Summary of CPP Silos

	Coal Storage Facilities			
Mine CPP	Raw		Products	
China Energy Guoyuan Power Co., Ltd.	Silos	Capacity, Kt	Silos	Capacity (Kt)
Chaoyang Open-pit	-	-	2	20.0
Dananhu No.2 Open-pit	-	-	3	90.0
Renjiazhuang	5	5.0	7	14.0
Sandaogou	-	-	4	2.0
Shangyuquan	3	17.4	3	17.4
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	1	5.0	6	98.0
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	6	10.8	5	32.0
Huangbaici	3	10.0	2	10.0
Laoshidan	1	10.0	2	10.0
Limin	1	10.0	3	30.0
Luotuoshan	1	35.0	2	15.0
Lutian	1	10.0	2	10.0
Wuhushan	3	15.0	4	20.0
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	-	-	8	40.0
Hongshaquan No.1 Open-pit	3	330.0	13	96.9
Hongshaquan No.2 Open-pit	1	150.0	6	3.0
Tunbao	1	10.0	2	18.0
Wudong	2	2.0	3	5.0
Zhundong Open-pit	-	-	16	360.0
Guodian Jiantou Inner Mongolia Energy Co., Ltd.				
Chahasu	3	75.0	3	75.0
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	-	-	5	21.0
Boligou	2	26.0	3	14.5
Hesigewula South Open-pit	-	-	1	45.0
Yuanbaoshan Open-pit	-	-	6	10.0
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	-	-	-	-
Shaping	3	4.0	2	2.0

Depending on the distance of customer locations, product coal transportation utilizes different methods such as conveyor belt, rail or truck. Many of the subject China Energy

mines have power plants built nearby and conveyor belt is the most effective transportation approach. When rail and truck methods are employed, loading facilities are available at the coal storage locations. The arrangement of China Energy coal processing, storage and transportation is typical of the general practice in the China coal industry and has demonstrated the capability to satisfy mine operation and product coal handling requirements.

6.0 ENVIRONMENTAL OVERVIEW

6.1 Introduction

Mining and associated activities are inherently disruptive to the natural environment. The resulting impacts encompass both environmental pollution and ecological disturbance. These effects may include delayed impacts on ecosystems and ground water, variations in the magnitude and extent of the impact over time, and sustained environmental pressures throughout the entire life of the mining operation. Major influencing factors include: landscape change resulting from open pit excavation activities, generation and disposal of coal refuse materials resulting from mining and processing (screening) operations, fugitive dust, noise, wastewater and solid wastes pollution, as well as the sustained and cumulative impact of surface subsidence on landform, surface structures, the ecological environment and ground water.

BOYD personnel visited some of the subject operations in September 2025. The ecological and environmental conditions of the subject operations were assessed with a focus on air pollution, wastewater, noise, solid waste pollution control measures and regulation compliance, cumulative impact of surface subsidence likely resulting from future mining activity, and ecological protection and rehabilitation measures, as well as issues regarding protection of environmentally sensitive surface features. Information related to environmental protection was provided by or at the direction of China Energy. We reviewed the source data and discussed environmental issues with mine management.

6.2 Guidelines of the World Bank

The World Bank's explicit standards regarding environmental protection relating to mining activities are set forth in the "Environmental, Health and Safety Guidelines for Mining" (EHSM) and "Environmental, Health and Safety General Guidelines". The World Bank guidelines and principles support the view that coal mining activities affect the environment and require that mitigation measures be taken to protect the environment and reduce the impact of coal mining activities. Responsible environmental management on the part of the mining enterprises includes establishing the policies and practices companies must employ to protect the environment and minimize the impact of mining and related activities. While many PRC environmental regulations are also included in the EHSM, the EHSM guidelines vary in the application of specific guideline requirements. In some instances, the PRC environmental regulations specify stricter environmental measures. Based on our document review and experience, it is our view that environmental protection measures have been well documented in the project design reports, in the

environmental impact assessment reports, and in the annual summaries of environmental protection provided to us for the subject mines and CPPs.

6.3 Environmental Protection Regulations

The primary domestic environmental protection laws and regulations of the PRC applicable to the subject operations include:

1. National Laws

- Environmental Protection Law (2014 Amendment, effective on 1 January 2015).
- Environmental Impact Assessment Law (2018 Amendment, effective on 29 December 2018).
- Law on Prevention and Control of Water (2016 Amendment, effective on 1 January 2017).
- Law on the Prevention and Control of Atmospheric Pollution (2018 Amendment, effective 26 October 2018).
- Law on Prevention of Solid Waste Environmental Pollution (2020 Amendment, effective on 1 September 2020).
- Law on Prevention and Control of Noise Pollution (2022 Amendment, effective on 5 June 2022).
- Law on Prevention and Control of Soil Pollution (2018 Amendment, effective on 1 January 2019).
- Law on Prevention and Control of Desertification (2018 Amendment, effective on 26 October 2018).
- Law on Protection of Wildlife (2022 Amendment, effective on 30 December 2022).
- Law on Water and Soil Conservation (2010 Amendment, effective on 1 March 2011).
- Circular Economy Promotion Law of the People's Republic of China (effective on 1 January 2009).
- Railway Law of the People's Republic of China (effective on 24 May, 2015).
- Law of the People's Republic of China on Protection of Petroleum and Natural Gas Pipelines, effective on 1 October 2010.
- Law of the People's Republic of China on Coal Industry (2016 Revision), effective on 7 November 2016.

- Law of the People's Republic of China on the Promotion of Clean Production (Revised and effective on 26 October 2018).
- Law of the People's Republic of China on the Protection of Cultural Relics (revised on 4 November 2017).
- Forest Law of the People's Republic of China (effective on 1 July 2020).
- Grassland Law of the People's Republic of China (amendment on 29 April, 2021)
- Wetland Conservation Law of the People's Republic of China (amendment), effective on 24 December 2021

2. Administrative Laws and Regulations promulgated by State Council

- Regulations on the Administration of Project Construction Environmental Protection (State Council Decree No.682, effective on 1 October 2017).
- Regulations on the Protection of Basic Farmland (2011 Amendment, effective on 8 January 2011).
- Regulations on Grain for Green (State Council Decree No.367, effective on 20 January 2003).
- Regulations on Land Reclamation (State Council Decree No.592, effective on 5 March 2011).
- Regulations on the Implementation of Law on Water and Soil Conservation (State Council Decree No.120, revised and effective on 8 January 2011).
- Regulations of the People's Republic of China on Nature Reserves, Decree No. 687 of The State Council, 7 October 2017.
- Regulations of the People's Republic of China on the Protection of Wild Plants, Decree No. 687 of The State Council, 7 October 2017.
- Regulations on the Power Facilities Protection, Decree No. 239 of The State Council, January 8, 2011.
- Regulations on the Highway Safety Protection, Decree No. 593 of the State Council, July 1, 2011.
- Regulations on the Railway Safety Management, Decree No. 639 of The State Council, January1, 2014.
- Regulations on Groundwater Management, Decree No. 748 of the State Council, December 1, 2021.

3. Rules and Regulations promulgated by various Ministries under the State Council

- Administrative Measures for Comprehensive Utilization of Coal Refuse (Joint

Decree No.18 by 10 Ministries including NDRC and Ministry of Environmental Protection, effective on 22 December 2014).

- Administrative Measures for Quality Control of Commercial Coal (Tentative) (Joint Decree No.16 by 6 Ministries including NDRC and Ministry of Environmental Protection, effective on 1 January 2015).
- Opinions on the Delineation and Strict Implementation of Ecological Protection Red Lines (issued by General Office of the CPC Central Committee and General Office of the State Council on 7 February 2017).
- Implementing Advice on Expediting the Construction of Green Mines (issued by 6 Ministries including Ministry of Land and Resources, GTZG [2017] No.4).
- Catalogue for Guiding Industrial Restructuring (2019 Version) (issued by NDRC on 30 October 2019, FGDQG [2019] No.1683).
- Directory for Classified Administration of Environmental Impact Assessment of Construction Project (Ministry of Ecology and Environment Decree No.16, effective on 1 January 2021).
- Tentative Measures for Public Involvement in Environmental Impact Assessment (Ministry of Ecology and Environment Decree No.4, issued on 16 July 2018).
- Circular on the Distribution of Policies regarding Mine Ecological Protection and Pollution Prevention and Control Technology (issued by former State Environmental Protection Administration on 7 September 2005, HF [2205] No.109).
- Circular on Further Enhancing Environmental Risk Management with Environmental Impact Assessment (issued by former Ministry of Environmental Protection in July 2012, HF [2012] No.77).
- Circular on Practically Enhancing Environmental Risk Prevention and Strict Management of Environmental Impact Assessment (issued by former Ministry of Environmental Protection in August 2012, HF [2012] No.98).
- Circular on the Implementation of Action Plan on Prevention and Control of Air Pollution and Strict Management of Entry Criteria for Environmental Impact Assessment (issued by the General Office of former Ministry of Environmental Protection on 25 March 2014, HB [2014] No.30).
- Notice on Further Strengthening Environmental Impact Assessment Management of Coal Resources Development, Ministry of Ecology and Environment, National Development and Reform Commission, National Energy Administration, HHP (2020) No. 63, 2020.11.4.
- Opinions of the State Council on Resolving Excess Capacity in the Coal

Industry to Achieve Development, the State Council, GF [2016] No.7, 6 February 2016.

- Regulations on Wetland Protection and Management, Decree No. 48 of the State Forestry Administration, Revised and implemented on 1 January 2018.
- Circular on the Implementation of Action Plan on Prevention and Control of Air Pollution and Strict Management of Entry Criteria for Environmental Impact Assessment (issued by the General Office of former Ministry of Environmental Protection on 25 March 2014, HB [2014] No.30).
- Notice on Strengthening and Improving the Protection of Permanent Basic Farmland, Ministry of Natural Resources and Ministry of Agriculture and Rural Affairs, ZRZG (2019) No.1, 3 January, 2019.
- Guiding Opinions on Strengthening the Prevention and Control of Ecological Environmental Sources in Construction Projects with High Energy Consumption and High Emission, Ministry of Ecology and Environment, HHP (2021) No.45, 31 May, 2021.
- Opinions on Strengthening the Linkage Work of Planning Environmental Impact Assessment and Construction Project Environmental Impact Assessment, Ministry of Environmental Protection, HF (2015) No. 178, 4 January 2016.
- Notice on Strengthening Environmental Impact Assessment Management with Improving Environmental Quality as the Core, Ministry of Environmental Protection, HHP (2016) No.150, 27 October 2016.
- Implementation Opinions on Strengthening In & Post-process Supervision of Environmental Impact Assessment of Construction Projects, Ministry of Environmental Protection, HHP (2018) No. 11, 25 January 2018.
- Guiding Opinions on Coordinating and Strengthening the Work Related to Coping with Climate Change and Ecological Environment Protection, Ministry of Ecology and Environment, HZH (2021) No. 4, 11 January 2021.
- Regulations on the Prevention and Control of Pollution in Drinking Water Source Protection Areas ([89] HGZD No. 201), Ministry of Environmental Protection, (Order No. 16 of the Ministry of Environmental Protection), December 2010.
- Notice of the National Development and Reform Commission and other Ministries on Matters Related to the Implementation of the Reduction and Replacement to Strictly Control New Coal Production Capacity, FGNY (2016) No. 1602, 23 July 2016.
- Outline of the Plan for Ecological Protection and High-quality Development in the Yellow River Basin, the State Council, implemented on 8 October 2021.

- National Ecological Function Regionalization (Announcement [2015] No.61 of Ministry of Environmental Protection and Chinese Academy of Sciences, 13 November 2015).
- Outline of National Protection Plan for Ecologically Fragile Areas, Ministry of Environmental Protection, HF (2008) No. 92, 27 September 2008.
- National Mineral Resources Planning (2016-2020), GH (2016) No. 178, 2 November 2016.
- National Principal Functional Regionalization (issued by State Council, GF [2010] No.46, 21 December 2010).
- National Prevention and Control Plan for Groundwater Pollution (2011-2020) (State Council, GH [2011] No.119, 10 October 2011).
- The 13th Five-Year Plan for the Development of the Coal Industry, National Development and Reform Commission, December 2016.
- Measures for the Management of National Non-profit Forests, State Forestry Administration and Ministry of Finance, LZF (2017) No.34, implemented on 8 May 2017.
- Standards for Pollution Control on Hazardous Waste Storage (GB18597-2023).

4. Environmental Protection Plan and Regionalization

- National Ecological Function Regionalization (Amendment) (Announcement [2015] No.61 of Ministry of Environmental Protection, 13 November 2015).
- National Principal Functional Regionalization (issued by State Council, GF [2010] No.46, 21 December 2010).
- National Prevention and Control Plan for Groundwater Pollution (2011-2020) (State Council, GH [2011] No.119, 10 October 2011).
- Outline of the National 13th Five-Year Plan for Ecological Protection (Ministry of Environmental Protection, HST [2016] No.151, 27 October 2016).
- Circular of the State Council on Distribution of the Implementation Plan for Prevention and Control of Atmospheric Pollution (State Council, GF [2013] No.37, 10 September 2013).
- Circular of the State Council on Distribution of the Implementation Plan for Prevention and Control of Water Pollution (State Council, GF [2015] No.17, 2 April 2015).
- Circular of the State Council on Distribution of the Implementation Plan for Prevention and Control of Soil Pollution (State Council, GF [2016] No.31, 28 May 2016).

- Circular on Strengthening the Management of Environmental Impact Assessment System with the Core Target of Improving Environmental Quality (HHP [2016] No.150, 3 November 2016).
- 14th Five-Year Plan of Coal Industry Development of Inner Mongolia Autonomous Region, NNMKZ (2022) No.102, 15 February 2022.
- The 14th Five-Year Plan for the National Economic and Social Development of the Inner Mongolia Autonomous Region and the Outline of the 2035 Vision Goals, issued on 11 March, 2021.
- The 14th Five-Year Plan for the National Economic and Social Development of Ordos City and the Outline of the 2035 Vision Goals, issued on 5 March 2021.
- The 14th Five-Year Plan for Ecological Environment Protection of the Inner Mongolia Autonomous Region, September 2021.
- The 14th Five-Year Plan for Ecological Environment Protection of Ordos, 2021.
- Opinions of Inner Mongolia Autonomous Region People's Government on Implementing Ecological Environment Zoning Control by "Three Lines, One List (Ecological Protection Red Line, Environmental Quality Bottom Line, Resource Utilization Top Line and Ecological Environment Access List", 29 December 2020.
- Opinions of Ordos People's Government on Implementing Ecological Environment Zoning Control by "Three Lines, One List (Ecological Protection Red Line, Environmental Quality Bottom Line, Resource Utilization Top Line and Ecological Environment Access List", 17 September 2021.
- Plan of Ordos for Ecological and Environmental Protection (2000-2030).
- Major Function Regionalization of the Inner Mongolia Autonomous Region, July 2012.

5. Standard and Technical Code

- Technical Guidelines for Environmental Impact Assessment of Construction Project – General Program (HJ2.1-2016).
- Technical Guidelines for Environmental Impact Assessment – Atmospheric Environment (HJ2.2-2018).
- Technical Guidelines for Environmental Impact Assessment – Surface Water Environment (HJ2.3-2018).
- Technical Guidelines for Environmental Impact Assessment – Acoustic Environment (HJ2.4-2021).

- Technical Guidelines for Environmental Impact Assessment – Ecological Impact (HJ19-2022).
- Technical Guidelines for Environmental Impact Assessment – Groundwater Environment (HJ610-2016).
- Technical Guidelines for Environmental Risk Assessment on Projects (HJ169-2018).
- Technical Guidelines for Environmental Impact Assessment – Soil Environment (Tentative) (HJ964-2018).
- Technical Guidelines for Environmental Impact Assessment – Coal Mining and Processing (HJ619-2011).
- Technical Specifications for the Application and Issuance of Pollutants Emission Permits-General (HJ942-2018).
- Technical Specifications for the Application and Issuance of Pollutants Emission Permits-Boiler (HJ953-2018).
- Code for Coal Pillar Left for Building, Water Body, Railway and Main Openings and Roadways and Underlying Coal Mining ", State Administration of Safety Supervision, State Coal Mine Safety Administration, National Energy Administration, National Railway Administration, AJZMZ (2017) No. 66, May 2017.
- Rules for Water Control in Coal Mines, State Coal Mine Safety Administration, June 2018.
- Evaluation Index System of Cleaner Production in Coal Mining and Processing, issued in August 2019.

6. Local Rules and Regulations

In addition to the national laws and regulations, each province (or autonomous region) generally has principal environmental protection laws and rules regulating local mining operations. Such laws, rules and regulations may update from time to time and must be followed during mining-related activities.

6.4 Environmental Management

The objectives of environmental management are to proactively manage any human activities negatively impacting environmental quality and to coordinate the relationship between the economy and the environment. An established environmental management system can improve employees' environmental protection awareness, regulate the enterprises' management, and conduct production using methods and practices that minimize any adverse environmental

impacts. Therefore, pollution is controlled, and environmental quality is protected. Finally, a balance between environmental, social, and economic profit is achieved.

Based on our discussion with China Energy management and our review of environmental protection related documentation, we understand that an environmental protection management organization is established at each operation and designated managers are assigned and tasked with the responsibility of enacting necessary environmental protection policies and environmental management systems for the operation. Environmental protection efforts related to pollution prevention, control, and treatment; land reclamation; environmental facilities management; and soil and water conservation are routinely undertaken by the management organization.

Primary responsibilities of the environmental protection management are as follows:

- Supervising and reviewing the implementation of laws and regulations relating to environmental protection, as well as environmental standards.
- Reviewing long-term and annual plans regarding environmental protection related to the mines and supervising and monitoring subsequent implementation.
- Establishing an environmental protection system, including inspecting and supervising responsibilities.
- Establishing and carrying out the environmental protection plan, working with the enterprise leader to fulfill environmental protection obligations.
- Leading and organizing environmental protection monitoring, inspecting environmental protection facilities operation, and preparing files to document monitoring results.
- Coordinating regional environmental management.
- Accepting inspection and supervision from different levels of environmental protection authorities, submitting environmental protection files, and reporting performance regularly to administrative authorities.

6.5 Surface Land Subsidence

LW mining is the principal method of underground coal extraction used throughout the Chinese coal industry. Impacts to the overlying surface resulting from underground mining activities are primarily manifested by the following: surface subsidence and landscape changes (which impact scenery and surface water body flowing condition); fracturing, collapse and caving of the subsurface strata overlying the coal seams and areas being mined (which influence underground water level, water quality, vegetation growth to the ecological and underground water

environment). Accumulated impact of past and ongoing coal mining may result in permanent damage to the regional ecologic and underground environment. Therefore, PRC has an administrative licensing system to control the environmental impact related to mining, and to regulate and monitor mine operator activities to protect the mine ecology and to recover the environment, including environmental impact assessment, water and soil conservation plan, geological environment protection and land reclamation plan. The mine should strive to establish a proactive environmental policy based on sustainable and scientific development. The mine development should incorporate a balance between environmental, social, and economic benefit.

Environmental impact assessment reports and geological environment protection and land reclamation plans that conform to the regulations of national laws and statutes are prepared by the subject China Energy mines. As mining continues and subsidence occurs, ecological environment remediation and land reclamation will be conducted. Most of the subject underground mines plan to relocate villagers potentially endangered by subsidence. Some maintain roads, power lines, and water bodies impacted by mining are protected by leaving barrier pillars if relocation is not practical. The mines are expected to cooperate with the daily supervision and inspection from administrative authorities responsible for environmental oversight. Our review concludes that the surface subsidence management plans for the mines proposed in various reports are expected to fulfill their obligation to comply with environmental protection regulations if fully executed.

6.6 Soil and Water Conservation

In accordance with the PRC Soil and Water Conservation Law and the administrative licensing system, soil and water conservation plans were prepared. The mines accept administrative review and conduct soil and water conservation policies and practices, which is done simultaneously with the ongoing mining operation.

Based on the objective of minimizing the impact of mining and associated activities on water and soil loss, key prevention and control locations are identified, such as industrial site, offsite road, dedicated railway, refuse disposal site, water pipes, power lines, and subsidence area. Appropriate measures, such as engineering, vegetation, and temporary prevention, are established to address corresponding requirements and standards. Measures to be taken in each district as indicated in the reports are as follows:

- Subsidence area - Simple reclamation, such as fissure (surface crack) filling and land management is conducted.
- Consolidation of Soil and Water Conservation during Construction - Disturbance

of farming lands and vegetation is minimized during construction to control the loss of water and soil.

- Site Landscaping - In order to minimize disturbance due to fugitive dust and noise from the mine site, trees and shrubs are planted along the border between the mine construction site and villages. To achieve better working environments for employees, landscaping projects are conducted within and around the mining area.
- Treatment of Mining Impacts - For land, farmlands, and vegetation disturbed due to the impacts of mining activities, land reclamation planning will be conducted based upon the sequence of mining districts and in compliance with related requirements of the Regulations on Land Reclamation and the Soil and Water Conservation Law. Land reclamation expenses should be increased to encourage land users to conduct the reclamation, with the support and coordination of the township authorities. Refuse material generated from the mines is used as fill material for reclamation projects to the extent possible.
- Continuous Monitoring of Soil and Water Conservation Status – Routine site inspections and investigations are conducted to monitor the effectiveness of the soil and water conservation efforts. Results are documented and available for inspection by local authorities.

6.7 Refuse and Waste Rock Disposal

Waste rock (refuse) generated during the construction of the mines and CPPs will be transported by truck to the designated disposal sites. During operation, waste rock will be used for backfilling underground, as has been practiced more and more at the underground mines of Wuhai Energy. The waste rock backfilling system is designed to operate independently of the regular production system of the mines, ensuring no mutual interference. The backfilling plan is technically and economically feasible. For the open-pit mines, waste rock is placed in out-of-pit dump sites during the early stages of operation. As mining progresses and mined-out areas become available, in-pit dumping is gradually adopted, eventually transitioning to a fully in-pit waste disposal system.

6.8 Wastewater Disposal

The protection and conservation of water sources is strictly regulated by existing environmental protection laws and statutes.

Wastewater is generated mainly from domestic facilities and pit/underground pumping. Mine water is pumped to sedimentation tanks, where the wastewater that settles through inclined tubes in the tank is filtered through automatic water clarifiers

to remove suspended solids. The filtered water is sent to the clean water tank for disinfection with chlorine dioxide, prior to discharge into the water transmission pipeline networks to be fully reused. Water processing and pollution control measures generally meet the requirements of environmental protection regulations.

Strict local wastewater management regulations may have material impact on mine operations. For example, due to the Yellow River environmental discharge restrictions, all related facilities within 1 km distance from the Yellow River were ordered to close, which resulted in the dismantle of the Shaping CPP in 2024. Shaping Mine has to build a replacement CPP at a new location. Construction of the new Shaping CPP is expected to be completed by the end of 2027.

6.9 Air Pollution Control

Emissions from the coal-fired boilers and fugitive dust generated during normal mining and related activities, such as loading and handling of coal, coal waste, and ash from boiler operation, constitute the main sources of air pollution. Appropriate measures were designed to mitigate air pollution and to ensure that emissions meet the requirements of the environmental impact assessment and air pollution control laws and statutes. Local authorities require implementation of the following environmental protection measures to control air pollution:

- Dry dust capture units to be used during drilling operations to reduce dust released into the air.
- Blast parameters should be carefully designed to minimize dust and water spray must be used to suppress the dust generated.
- Water spray should be performed frequently at working sites and on the roads.
- Dust collectors are installed at crushing/screening stations, transfer stations and coal storage areas to control the fugitive dust.

6.10 Noise Pollution Control

Typically, equipment installed at the mines' industrial sites generates most of the noise pollution with the primary noise sources being ventilation fans, air compressors, pumps, etc. According to requirements of the approved environmental impact assessment, measures such as noise insulation, noise absorption, and vibration reduction will be taken.

Based on the EIAs of the mines, the following abatement measures have been instituted to minimize noise pollution:

- Functional layouts are utilized to maintain adequate distances between high noise generating equipment and buildings with low noise requirements, such as office buildings, dormitories, etc. Distance abatement, vegetation and shrubs are often employed for noise reduction.
- Equipment with relatively high noise levels, such as ventilation fans and air compressors, are equipped with noise insulation and reduction devices and diffusers with sound absorbing materials.
- Pumps and fans are mounted on shock-absorbing foundations; inlet and outlet pipes are equipped with flexible joints. Sound insulation is also installed.

6.11 "Cleaner Production"

As stated in the PRC Law on Promotion of Cleaner Production, "cleaner production" refers to the practice of making continuous design improvements, employing cleaner energy and materials, adopting advanced techniques and equipment, improving management and implementing a comprehensive program in order to: reduce source pollution; enhance comprehensive utilization of resources; and reduce or avoid generation and emission of pollutants during production, service, and product usage so that hazards to human health and the environment can be alleviated or even eliminated. The subject China Energy mines are designed in accordance with cleaner production standards to control pollution and to increase the resource application rate.

6.12 Implementing "Three-Simultaneous System"

Based on the communication with the management teams of the companies under China Energy, the new mines under planning/construction will make diligent efforts to implement environmental protection measures during construction and commencement of operation in the future. The mines will prepare their environmental impact assessment and establish and implement measures of environmental protection in a timely manner. Environmental protection facilities will be inspected and put into operation simultaneously with mining operations in accordance with requirements of the "Three-Simultaneous System" of environmental protection.

6.13 Land Reclamation

Land reclamation is a key task for mines at various sites when mining operation is completed, or dump sites which reached the design refuse receiving capacity and

finished service. Advance planning for land reclamation is required prior to mine closure or reclamation operations are needed. Land reclamation should attain the following standards upon operational shut-down, closure of the mine or a dump location is no more used:

1. Backfilling, leveling, and other work necessary to restore surface lands impacted by mining to a usable condition suitable for farming or sustaining vegetation.
2. Sealing and backfilling of exploratory trenches, shafts, inclines, and drill holes, etc. resulting from mining activities that cannot be used for other purposes.
3. Proper closure and reclamation of storage sites for tailings, waste rock, waste residue, and the placement of surface soil to ensure these sites are stable and safe, and to avoid impacting farming land and causing environmental pollution.
4. Constructing permanent irrigation facilities including trenches and pipelines.
5. Constructing trenches and raised ridges to facilitate dewatering during summer storms.
6. Plant trees and grasses at mining sites and waste storage yards.
7. Routine and long-term monitoring of land reclamation.

6.14 Environmental Protection Laws and Statutes Compliance

The subject China Energy mines generally operate in compliance with environmental protection laws and statues, although some individual mines were reported being subject to minor administrative penalties related to environmental protection. The mines corrected their practices after paying the penalties. There were not any other significant environmental pollutions, environmental protection claims, petitions due to environmental pollution matters, nor other environmental protection noncompliance reported.

7.0 RISK ASSESSMENT

7.1 Introduction

Coal mining operations are unlike other industrial facilities in that mines can be engineered or planned to a design capacity or cost structure, but there are inherent uncontrollable natural and external factors that can prevent the attainment of specific production, cost, and revenue targets. Mining operations are conducted in the earth's strata rather than within a homogeneous and controlled work environment.

There is inherent geologic risk, and mine operators must therefore contend with periodic adverse or variable geological conditions that cannot be fully anticipated in advance of actual mining activity. While the occurrences of these physical conditions are beyond the control of site management, it should not be interpreted that coal mining is inherently risky. On the contrary, there are established measures that mine operators utilize to minimize the operational and financial impacts associated with such encounters. Many regional coal mining operations have a demonstrated track record in sustaining consistent and predictable levels of performance.

Assessment of risk associated with any enterprise is largely subjective in nature and relies on the relevant experience of the professional completing the study in the specific industry and operating venue applicable to the subject enterprise. There are three general categories of business risk inherent in a mining operation, namely: geological, operational, and market. For purposes of this study and in accordance with HKEx guidelines, we define risk in three broad categories of severity, as follows:

- Major Risk: A factor that would have a materially adverse effect (15% to 20% or higher) on project cash flow for the risk assessment period, possibly leading to project failure, if the specific risk occurred and was not corrected.
- Moderate Risk: A factor that would have significant adverse effect (10% to 15%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected.
- Minor Risk: A factor that would have minimal or no adverse effect (less than 10%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected.

However, equally or perhaps more important, is the probability or likelihood that the specific risk will occur. For this study, a risk assessment period is considered with the following probability of occurrence ratings:

- Likely: Event is likely to occur.
- Possible: Event may occur.
- Unlikely: Event is unlikely to occur.

The overall risk assessment combines these two components, severity and probability, to determine the final overall risk assessment, as shown below:

Probability of Risk Occurring (within 7 years)	Severity (Consequence) of Risk		
	Minor	Moderate	Major
	Overall Risk Assessment		
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

The risk assessment period for this study is 2025 to 2031 and our risk assessment is based on Chinese coal industry conditions as of the end of July 2025 and does not reflect subsequent industry developments.

7.2 General Assessment

Given the large number of companies and assets under review, including both producing coal mines of different scales and mining methods and non-producing exploration right areas, it is not practical to evaluate risks on a mine-by-mine/area-by-area basis. The subject portfolio comprises operations that differ in geology, mine design, production maturity, and regional conditions; however, they generally operate under comparable technical standards and regulatory frameworks. To provide a coherent and balanced overview, this report adopts a consolidated risk assessment framework, focusing on the overall risk exposure of the project package rather than on individual sites. Based on our independent assessment of the mining operations, we conclude that the subject China Energy mines and exploration areas are medium in overall risk, with elevated risks to the high level for certain aspects in some mines, for the following reasons:

- Supportive of Medium Risk:
  - Most of the operating mines of China Energy are mature operations with extensive operational experience, and all the properties are in established coalfields where general mining conditions are known and necessary infrastructure in place to support coal production and marketing are in place.
  - Overall ranking of the geologic setting of the defined resources/reserves within the subject mining/exploration right areas is moderate to complex.
  - Reserves to be mined during the risk assessment period are generally reasonably explored by drilling and mining experience to date, although local abnormalities are frequently encountered during actual underground operations.

- While not anticipated, naturally occurring events, such as flooding due to excessive rainfall or an earthquake, could occur, but their impact would be regional in extent (i.e., not unique to the subject mines).
- Typical of all coal mining operations, production may be temporarily interrupted, which, depending on the duration and magnitude of the interruption, could significantly impact total company performance.
- Except for routine production risks that all coal mine operators experience, we has not identified any other extraordinary risks related to the future operation of the subject mines over the assessment period. The subject underground mines are at general industry risk for fires, explosions and flooding.
- The exploration-stage tenements are classified as presenting a medium level of risk. Although these projects are still in the resource delineation stage and have not yet reached production feasibility, the current exploration results indicate stable coal-bearing formations with continuous seam development and favorable regional geology. The exploration activities have been conducted in accordance with national standards, and no material geological or permitting issues have been identified to date. However, uncertainties remain with respect to future drilling results, resource conversion, and permitting schedules. These uncertainties are typical for projects at this stage of development and are therefore assessed as representing a medium, rather than high, level of technical and investment risk.

- Supportive of High Risk:
  - Most of the operating Wuhai Energy mines feature limited coal resource bases and long histories of coal extraction, which on one hand means limited availability of remaining coal resources/reserves, and on the other hand implies relatively more complicated mine working systems. The Laoshidan and Lutian mines will deplete their reserves during the assessment period.
  - Approximately half of the underground mines (Renjiazhuang, Huangbaici, Laoshidan, Luotuoshan, Pinggou, Tunbao and Wudong) are ranked as high-gas mines, among which Tunbao is also ranked as bump-prone mines. This had brought in strict inspection and monitoring policies, such as reduced authorized output level and higher capital expenditures/costs on degasification and bump control facilities and operations. Although these mines have made detailed plans to understand and control the gas and bump risks, accidents do not appear totally impossible. It is likely similar or more strict policies could be issued if any accidents related to gas or bump occur.
  - At projected output rates and current pricing, mining of the thicker seams is generally economic. However, if coal prices were to decline, and/or mining

operations enter thinner seams, some mines may not be economic for certain periods because of locally complicated geological conditions, thinner coal seam, and lower productivity.

- Many of the China Energy mines are operated to supply coal to jointly developed power plants. If the planned consumption from the power plants declines due to delayed expansion of projects, while the regional coal mines release production capacity rapidly, a substantial oversupply of thermal coal may occur in the local market. In such a case, the imbalance between supply and demand could result in a notable decline in coal prices. Prolonged price depression would directly weaken the project's profitability and cash flow, and under adverse market conditions, the mine could even operate at a loss. Therefore, the synchronization between mine operations and the commissioning of the power plants is considered a critical factor for maintaining the mines' economic viability.

Under this approach, each principal risk domain—geologic, reserves, operational, event, regulatory, and market—has been analyzed on a portfolio basis. Within each domain, mines or subsidiaries that exhibit relatively higher exposure are specifically highlighted as representative cases. This method ensures that the overall risk profile of the project package is clearly understood while the distinctive higher-risk conditions of certain operations are properly recognized in the corresponding risk discussions. The following text provides an expanded discussion of mining-related risks and our assessment of the risk profile for the subject China Energy mines.

7.3 Geologic Risk

7.3.1 General Geologic Risk

On a global basis, the geologic settings for the subject mine/exploration areas are judged to range from simple to complex. While the strata dip is generally manageable, splitting and thinning of the coal seams is a complicating factor for specific seams and significant faulting is present in most of the subject mine areas. The resource/reserve areas are generally well explored.

Risk Assessment

Severity: Minor to Major

Probability: Possible to Likely

Overall: Medium

7.3.2 Unforeseen Geologic Anomalies

The risk from unforeseen geologic anomalies is considered low to medium for the subject mines. These operations can generally mine through disruptions and displacements of coal seams with relatively minor impacts to output.

Unforeseen geological anomalies that extend over large areas could disrupt underground mine operations and require alterations of mining plans. Such an event can result in the cessation of production activities for an undefined but extended period (measured in months, and perhaps years). China Energy is highly experienced with potential impacts of geological anomalies and has redundant production capacity to replace output from affected areas. The subject mine reserve areas, particularly areas to be mined within the risk assessment period, are reasonably defined by drilling, minimizing the risk of unforeseen geologic anomalies. Faulting occurrences are well-mapped.

Routine exploration and reconnaissance using drilling, geophysical logging, and seismic surveying methods are successful in identifying larger displacement faults, but only partially successful in defining minor displacement faults in advance of mining. It is reasonable to expect that minor displacement faults may be encountered in future mining, but the impact on overall performance is not likely to be material over an extended period. Undetected faulting may result in reserve loss, the magnitude of which would be determined by the extent and degree of faulting.

Risk Assessment

Severity: Minor to Moderate
Probability: Possible
Overall: Low to Medium

7.4 Reserves

Based on the CP's independent estimates, most of the subject mines have sufficient remaining reserves to remain operational over the assessment period. However, the Laoshidan and Lutian mines are likely to deplete their remaining reserves within the assessment period, which in our opinion poses a major risk to the mines' operation. These mines have long operating history, and the potential of significantly increasing resource base is minimal. It is our opinion that the management of the mine, Wuhai Energy and China Energy should prepare mine closure plans to cope with the situation. Mines with coal reserves sufficient for less than 20 years include Huangbaici, Luotuoshan, Wuhushan, Yuanbaoshan Open-pit and Ciyaogou. We suggests these mines conduct necessary studies and additional exploration activities to evaluate the possibility of increasing their reserves and therefore mitigate the related closure risks.

The other mines appear to have sufficient reserve base to support the planned output level for over 20 years, and the associated risk for reserve depletion during the assessment period is low.

Risk Assessment
Severity: Major
Probability: Likely
Overall: Medium to High

7.5 Operational Risks – Naturally Occurring Events

7.5.1 Weather

Extraordinary weather occurrences (e.g., excessive rainfall) can result in disruption to the mining operations caused by power outages and loss of access into the mine site (movement of mine personnel, receipt of necessary operating supplies, etc.) and from the mine site (inability to load trucks or trains to dispatch coal to market, etc.).

Risk Assessment
Severity: Minor to Major
Probability: Possible
Overall: Low

7.5.2 Earthquakes

Available geologic background data report that while the general location of the China Energy mines in Heilongjiang, Shanxi, Shaanxi, Inner Mongolia, Ningxia and Xinjiang is known to be seismically active, large scale destructive events are rare.

Any naturally occurring events would affect the broader region where the China Energy mines operate, and the impacts would be felt industry-wide.

Risk Assessment
Severity: Minor to Major
Probability: Possible
Overall: Low

7.6 Operational Production Risks

There are two primary types of operational risks associated with coal mining: production and event. The first category of risk includes those variations in physical mining conditions, mechanical failures, and operational activities that can temporarily disrupt production activities.

7.6.1 Routine Operational Risks

The most common routine operational risks for surface and underground mines are as follows:

- Roof control issues and roof falls.
- Poor mining conditions (poor roof, floor, ribs).
- Water accumulations/soft floor conditions.
- Ventilation disruptions and concentrations of methane gas.
- Variations in seam consistency, thickness, and structure.
- Failures or breakdowns of operating equipment and supporting infrastructure.

The preceding conditions and circumstances can adversely affect production in the short term but are not regarded as significant to the long-term mining operations. Mine-level management is experienced and capable of dealing with these risks. We does not regard the issues listed above as being material to China Energy's mining operations or otherwise significantly compromising projected financial performance over the long term, although some short-term variance to projected output and financial performance should be anticipated.

Risk Assessment

Severity: Minor to Moderate
Probability: Possible
Overall: Medium

7.6.2 LW Subsidence

China Energy's underground mining operations primarily utilize LW mining practices, which by design cause subsidence of the overlying strata. The damage caused by LW subsidence is an issue in many countries and regions where LW mining techniques are utilized, and mining companies are sometimes restricted as to where LW mining operations can be performed.

In PRC, typical practice is to relocate affected surface structure owners depending on the value of the underlying coal and the physical extent of the surface structures. The mining company has the option to require surface structure owners be moved, but must provide appropriate compensation to affected owners.

The surface lands above some of the China Energy LW mining areas are populated residential areas and/or large commercial or industrial structures. Plans are in place to move the affected residential areas and/or commercial and industrial structures in a timely manner and include compensation to the structure owners and related

inhabitants. In some cases, backfilling methods are used to control the subsidence within acceptable scale. Subsidence-related costs are well-identified in future mine plans with little uncertainty as to the extent of structure relocations. Consequently, undermining of structures is not a significant issue for the subject mines, and the company is in the position of remediating damages. Depending on the physical extent and population density, villages and larger populated areas are generally relocated unless the costs are prohibitive relative to the coal recovered. The other underground mines, however, are located in very rural areas with few residents.

Structures considered as not suitable for undermining include national highways, mine physical plants, CPPs, coal chemical production plants, railways, railway loading stations, cement plants, pipelines, archaeological sites and transformers. These surface structures are explicitly excluded from future mine plans and reserve estimates.

Proper mine design and planning can either avoid or minimize the damage from subsidence in protected surface areas. While subsidence is a by-product of LW mining, mitigation actions taken by the mine operator can remediate surface damage.

Risk Assessment

Severity: Minor to Moderate

Probability: Possible

Overall: Low to Medium

7.7 Event Risks

The second type of major risk is categorized as event risk. Items in this category are rare, but significant occurrences are confined to an individual mine and ultimately have a pronounced impact on production activities and corresponding financial outcomes for that mine. Following such events, mines are subject to increased inspection/examinations and subsequent penalties and/or actions imposed by the PRC regulatory authorities. Examples of production-related event risks for underground mines are:

- Major underground fires.
- Explosions.
- Flooding of the underground workings.
- Bumps.

Operations Risks – Naturally Occurring Events (Section 7.5) also fall into the "event risk" category.

7.7.1 Major Underground and Equipment Fires

The potential for major underground fires is significant in any underground coal mining operation due to the combustible nature of the material being mined and the industrial setting with machinery using combustible diesel fuel and lubrication. Fires generally occur from explosions (see below), equipment fires, belt conveyor system fires, or spontaneous combustion. Equipment fires rarely result in major mine fires due to on-board extinguisher systems and in-mine firefighting gear. A major event due to an out-of-control equipment fire is a potential but small risk.

Belt conveyor fires pose a higher order of risk due to their extended and generally untended expanse. Belt conveyors have moving parts that can be prone to friction. Monitoring systems and effective belt patrol and maintenance programs are critical to avoiding major events. These practices also result in improved belt availability and performance. Because of the potential for fires, belt conveyors are monitored for products of combustion, and potential event-prone areas such as transfer points have water spray installations designed to engage if an elevated temperature is detected. Generally, these measures are adequate to avoid belt fires, but the potential is always present if the systems are not managed properly.

A major source of mine fires is spontaneous combustion, which is a common occurrence throughout the international mining industry. Spontaneous combustion typically occurs in areas that are not well-ventilated, where the combination of self-heating and oxygen is adequate to support sustained heating until a fire breaks out. In well-ventilated areas, the heat is carried away; in tightly sealed areas, the oxygen supply does not support sustained combustion. LW gob areas are especially susceptible to spontaneous combustion incidents. If not controlled, the combustion can inflame the surrounding workings and ignite methane, if present.

The underground mines are rated as having probability of spontaneous combustion at various level of likelihood. This propensity is well-recognized by the company and mine plans take this into account. Proper sealing of gob areas and appropriate ventilation designs may reduce the oxidation process and prevent spontaneous combustion. Alternatively, measures for rendering sealed areas inert, such as nitrogen injection and mud injection, are planned by the mines. Eliminating gob ventilation also serves to minimize the potential for gob fires due to spontaneous combustion. The potential for spontaneous combustion incidents will remain a significant risk issue for the subject mines, but one that can be minimized with proper planning and good mine management practices.

For open-pit mines, major earth-moving equipment and coal loading fleets are subject to fires on occasion. Generally, this is not a significant risk unless the piece of equipment is a key piece such as a large dragline. The subject open-pit mines utilize

a large fleet of shovels/excavators and trucks for earth-moving and coal loading. The loss of an individual truck or shovel is not significant to operations that employ multiple trucks and shovels and have extensive redundancy in the equipment fleets.

Risk Assessment

Severity: Minor to Major

Probability: Possible

Overall: Low

7.7.2 Explosions

Coal mine explosions typically are initiated by methane ignitions followed by coal dust explosions. Coal dust itself does not typically ignite, although under certain conditions it is possible. The coal resources in the subject mines are generally rated as explosive in dust form as is the case for nearly all coals in the world. The key to preventing explosions is the prevention of methane ignitions. In this regard, the subject mines are projected to have relatively low in situ methane content.

The mine staff is trained and experienced in taking state-mandated precautions for avoiding methane ignitions, including:

- Monitoring of airways for potential buildup of methane levels.
- Use of flame-proof enclosures for electrical controls and power-related components.
- Use of methane monitors and automatic de-energizing circuits on LW face equipment.
- Ban of personal smoking materials.
- Routine sealing of areas where mining has been completed.
- Installation of water curtains in the event an ignition occurs.
- Ventilation systems are designed to effectively remove methane from the mines at concentrations that are intrinsically safe (less than 1% of atmosphere).

If diligent practices are pursued, the risk of explosion can be minimized. The occasions of explosions have been relatively rare (although not eliminated) in the advanced international underground coal mining industries. Given present practices, the risk of an explosion is low in our view.

Risk Assessment

Severity: Minor to Major

Probability: Unlikely

Overall: Low

7.7.3 Floods

Risk from floods occurring in the underground mine workings can take two forms. One possibility is intercepting unmapped flooded workings. These incidents have periodically occurred in every major coal mining country.

In the planned mining areas for the subject mines, mining prior to China Energy's operation of the mines has either not occurred or is relatively limited, and prior mining activity will not be a threat to planned mining. An accidental flooding from uncharted works is unlikely in the subject mines.

A second risk arises from the potential inflow of ground water contained in faults and fissures and from surface and ground water entering the mine because of LW subsidence. Historically, potential inflow of water from faults has not been a significant issue for the China Energy mines. Owing to the depth of mining, ground water inflow issues have also been insignificant.

Based on discussions with engineering and geologic personnel, we would rate the potential for disruption to mining operations from inrushes of water as minor. Water inflows at the subject mines are generally typical of the region and are within the capabilities of the water-handling systems. Effective pumping systems include redundant primary sump pumps that control water inflows from the coal seam and overlying/underlying strata.

Open pit mines are generally designed to pump routine water inflows that accumulate in pits preventing mining operations to continue. The largest routine water inflows is easily controlled by standard pit pumping systems. However, water inflows can exceed design projections at times due either to unusual precipitation events or more typically encountering uncharted aquifers. Generally, pit flooding incidents are not catastrophic and mining operations can quickly mobilize to remove non-routine pit water accumulations (typically aquifers tend to release water in large amounts initially followed by much lower inflows). Neither mine reported incidences of pit flooding. As for major precipitation events, the mines are operating in a region where the climatic conditions are semi-arid.

Risk Assessment

Severity: Minor to Major

Probability: Unlikely

Overall: Low

7.7.4 Bumps / Pit Wall Failures

A coal mine bump (or rock burst) is a seismic jolt occurring within an underground mine due to the explosive collapse of one or more support pillars. Risk from mining induced bumps occurring in the underground mine workings generally increases as the mines become deeper and disturbance from mining operations gets intensified. Bump incidents have occurred in every major coal mining country. During our review, no bump cases were reported for the China Energy mines, although Tunbao is designed as bump-prone mines.

Bumps are severe accidents which can result in remarkable damage to underground equipment and mine workings, likely associated with miners' injuries/fatalities. Investigation of such accidents may require temporary suspension of operation and cause major time and income loss. Measures to reduce the possibility of mine bump are proposed in the mine design reports, which appears prudent in our opinion.

Pit wall failures occur in open-pit mines when pit slope angles exceed critical rock strength thresholds. Pit slopes are generally designed according to site ground conditions and historical experience. However, ground condition determinations are approximate at best and failures can occur. Generally, pit wall failures are not catastrophic events and mining operations can recover fairly quickly from these events.

Risk Assessment

Severity: Moderate to Major

Probability: Possible

Overall: Low to Medium

7.8 External Risk – Regulations

Various levels of government are involved in the promulgation and enforcement of regulations under which the China Energy mines must operate. These include operating standards and requirements, and the payment of fees and taxes. While governmental regulation policies are industry-wide, and beyond the control of China Energy, the company is responsible for operating their mines and facilities in compliance with all governmental regulations now in effect (or any future regulations).

Based on our review, we opine that China Energy has implemented appropriate environmental protection measures in response to national and local environmental protection laws regarding mining operations. Generally, the company's environmental protection work is comparable to similar mining enterprises elsewhere in the PRC. While the particulars of current environmental practices may need to be upgraded at some mines, there do not appear to be environmental constraints to future coal mining operations. In our opinion, in meeting the relevant requirements as required by natural laws, the environmental protection practices of China Energy comply with the PRC and World Bank's requirements for environmental protection related to coal mining activities.

To our knowledge, China Energy has paid all required resource fees to obtain mining rights, and all governmental taxes and fees.

The ability of China Energy to increase or sustain projected output levels over time is subject to government approval and permitting. Mining assets will continue to be subjected to economic, political, and legal developments within the PRC. Furthermore, domestic coal prices are largely impacted by the government through regulation, taxes, tariffs, and the national rail system. Passage of more restrictive or onerous government regulations could have adverse effects on future China Energy operations, but such a risk would be industry-wide and is unquantifiable at this time. An example of regulatory risk is the recent April 2016 circular issued by the State Administration of Coal Mine Safety requiring that all mines reduce their legal production capacity by 16% (reducing standard operating days from 330 to 276 or 276/330 [0.84 factor]) regardless of individual mine economic circumstances. This policy directive was abated in November 2016 as coal shortages were in evidence and coal prices were increasing.

Chinese mine operators are subject to similar regulations that can be arbitrarily put into effect. Thus, regulatory risks are significant and in some instances these risks are tied directly to controlling Chinese coal market developments such as excess coal supplies discussed in the Market Risk section.

Risk Assessment

Severity: Moderate to Major
Probability: Possible
Overall: Medium to High

7.9 Market Risk

A substantial reduction in market prices would have a material adverse impact on the financial performance of the China Energy mines. Such an event would occur if there

were surplus alternative coals from other suppliers, or a reduction in demand from China Energy's current customer base.

In the period 2013 to 2016, PRC coal demand on a composite industry basis appeared to have ceased growing, which provided a basis for considering that Chinese coal demand had peaked. The demand for coal for industrial use declined during the period, which offset increases in demand for coal for power generation. Coal prices, reacting to lower overall demand, decreased during the period. The central government imposed the 276- working day rule in March 2016 in part to support coal prices. The rule was abated in November 2016 as coal prices began to recover. Coal prices rebounded sharply in 2017 from the low-price coal market environment experienced in 2013 to 2016 period and leveled off in early 2018. In more recent years, the government set price limits to prevent sharp price hikes due to tight supply, which may potentially damage the national economy as a whole.

In some other years, international and domestic energy markets may suggest relatively tight supply during the assessment period. The government had been encouraging major coal producing companies to ensure coal supply, which implies optimistic price assumptions.

Most of the China Energy mines are key suppliers of thermal/chemical-making coal with well-established markets for its coal products. It is our opinion that new competitors are unlikely to generate surplus production capacity within the assessment period. There are high barriers to entry, as new mine development requires significant capital investment and government approvals (see External Risk – Regulation). On the other hand, if the planned consumption from the power plants declines due to delayed expansion of projects, while the regional coal mines release production capacity rapidly, a substantial oversupply of thermal coal may occur in the local market. In such a case, the imbalance between supply and demand could result in a notable decline in coal prices and mine profitability. The Xinjiang area is more affected by the supply-consumption balance due to the rapid release of new output capacity and power plant construction in recent years.

We anticipate the mines' location near their customer base will stabilize market conditions for the company over the risk assessment study period.

Risk Assessment

Severity: Moderate to Major
Probability: Possible
Overall: Medium

7.10 Summary of Risk Assessment (2025-2031)

The following section presents the Consolidated Risk Matrix summarizing the overall risk profile of the combined project package. This matrix integrates the results of the portfolio-based assessment described above, representing the aggregate exposure of all operating, construction, and planned assets during the assessment period (2025–2031). It reflects both the frequency and the potential impact of material risks identified across the portfolio, with weighting qualitatively assigned according to the scale and significance of each operation. Individual mines with notably higher risk levels, as highlighted in preceding sections, have been duly considered in deriving

the consolidated matrix. We conclude that the subject China Energy mines and exploration areas are medium in overall risk.

	Risk Assessment		
Hazard/Risk Issue	Severity	Probability	Overall
Geologic			
Overall (General)	Minor to Major	Possible to Likely	Medium
Unforeseen Anomalies	Minor to Moderate	Possible	Low to Medium
Reserve Availability	Minor	Likely	Medium to High
Naturally Occurring Events			
Weather	Minor to Major	Possible	Low
Earthquakes	Minor to Major	Possible	Low
Operational Productional			
Routine Operational Risks	Minor to Moderate	Possible	Medium
LW Subsidence	Minor to Moderate	Possible	Low to Medium
Major Events			
Major Equipment Fire	Minor to Major	Possible	Low
Explosions	Minor to Major	Unlikely	Low
Floods	Minor to Major	Unlikely	Low
Bumps / Pit Wall Failures	Moderate to Major	Possible	Low to Medium
Flooding of Pit	Minor	Possible	Low
External – Regulation	Moderate to Major	Possible	Medium to High
Market - Commercial	Moderate to Major	Possible	Medium

8.0 ECONOMIC ANALYSIS

8.1 Background

The 2012 Edition of the JORC Code requires that the Competent Person demonstrates that the reserves reported in the CPR are "economically mineable". The JORC Code specifies that *"Economically mineable" implies that extraction of the Ore Reserves has been demonstrated to be viable under reasonable financial assumptions.*

Accordingly, we have performed an economic analysis for each of the subject operating mines, except for Suhaitu. The Suhaitu Mine is recovering remaining coal (barrier pillars, etc.) left by previous underground mining using open-pit methods, to prevent future spontaneous combustion and facilitate land reclamation. No coal reserves for the Suhaitu Mine are reportable under JORC Code and, therefore, an economic analysis is not necessary.

Our economic analyses for the subject China Energy mines incorporate a DCF-NPV approach as specified by the JORC Code based on the geological, technical, and operational data presented in this report. The analyses are based on a specific analysis of projected income (net after-tax cash flow) of each mine over its 30-year operational period up to 2054. The subject China Energy mines are evaluated as standalone operations although the mines are managed by a central group that may provide services. The purpose of the analyses is to demonstrate the economic viability of the reported coal reserves and the analysis does not necessarily reflect current mine plans or optimize asset NPVs.

Our economic analyses reflect PRC coal industry circumstances as of the end of July 2025 and do not reflect subsequent pricing trends or regulatory developments. Coal pricing reflects calendar year 2022 to 2025 results.

8.2 Major Assumptions

Our mine economic analyses are based upon the following major assumptions:

- No material changes in government policies and regulation occur during the projection period.
- Approval will be granted for the target mines to renew and retain their mining rights, contingent upon payment of the mining right fees for the remaining reserves. The estimation of the amount of the mining right fees follows the same approach as that when the mine acquired the current mining rights.

- Geological conditions over the projection period are consistent with recent experience.
- Mining operations are not interrupted by external factors, such as mine accidents that result in extended shutdowns or periods of low productivity.
- Operating costs do not experience material fluctuations other than because of variations in output and seam conditions.
- Imposition of government taxes, fees, and other charges does not materially increase over the projection period.
- Company management operating performance remains competent and responsible.
- Force majeure events such as natural disasters do not occur during the projection period.

8.3 Pricing

Coal from the subject China Energy mines is sold on various basis (raw or processed) to either parallel power plants at internal prices or external customers at market prices. Generally, the internal prices are lower than the market prices. The market coal prices for the period from 2022 to July 2025 on a VAT-inclusive (value-

added tax [VAT] included) for each of the operating mines are shown in the following Table 8-1:

Table 8-1 Historical Composite Prices

	Historical Price (RMB/tonne)					
Mine	2020	2021	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.						
Chaoyang Open-pit	-	-	189	194	183	185
Dananhu No.2 Open-pit	123	139	168	132	134	121
Renjiazhuang	266	541	403	434	457	368
Sandaogou	297	424	515	500	458	456
Shangyuquan	225	316	359	351	335	340
China Energy Shaanxi Shenyan Coal Co., Ltd.						
Xiwan Open-pit	283	488	556	521	517	447
China Energy Wuhai Energy Co., Ltd.						
Gongwusu	372	674	1,120	836	753	307
Huangbaici	384	1,031	994	1,106	637	364
Laoshidan	241	887	1,028	871	473	229
Limin	470	927	1,207	889	750	588
Luotuoshan	-	-	-	-	-	221
Lutian	237	382	537	456	490	292
Suhaitu	376	809	1,054	813	748	441
Wuhushan	718	1,124	1,761	992	709	408
China Energy Xinjiang Energy and Chemical Co., Ltd.						
Heishan Open-pit	228	304	485	414	365	278
Hongshaquan No.1 Open-pit	93	111	150	176	190	120
Hongshaquan No.2 Open-pit	-	-	-	50	98	91
Tunbao	193	252	418	334	295	189
Wudong	227	262	433	419	340	216
Zhundong Open-pit	87	97	136	134	131	107
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.						
Chahasu	301	543	642	656	533	603
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.						
Baiyinhua No.1 Open-pit	182	263	297	270	262	246
Hesigewula South Open-pit	176	221	249	252	253	249
Yuanbaoshan Open-pit	220	276	269	251	276	270
Shanxi Jinshen Energy Co., Ltd.						
Ciyaogou	266	527	496	426	425	340
Shaping	282	549	484	398	393	255

The historical coal prices across the subject mines showed significant fluctuations between 2020 and 2025. Overall, prices for most mines increased substantially from 2020 to a peak in 2022, followed by a general declining trend from 2023 onwards into 2025. Some mines, particularly those under Wuhai Energy Co., Ltd., experienced extreme volatility, with prices at mines like Gongwusu and Wuhushan more than doubling from 2020 to 2022 before falling sharply by 2025. The historical prices indicates a notable market correction or price decrease for the year 2025 across nearly all operations.

To adopt reasonable prices for economic analysis, we assume the current market conditions will persist until 2026, followed by a gradual increase. Accordingly, in our economic analysis, the prices for 2026 are based on the average prices of each mine from January to July 2025. The prices for 2027 are based on the average prices of the preceding two years, for 2028 on the average prices of the preceding three years, and for 2029 and beyond on the average prices of the preceding four years.

8.4 Discount Rate

The discount rate is a critical input in any DCF valuation analysis. The following section discusses the methodology and assumptions we utilized to estimate a reasonable discount rate for the subject China Energy mines.

8.4.1 Peer Group Analysis

For the development of a discount rate, we reviewed the financial structure of twelve companies that primarily operate coal mining and preparation businesses and supply coal-related products into the domestic and international markets. The peer group analyzed and recent information regarding their current financial position are shown in the following table:

		(CNY 000's)				Percentage:	
Stock No.	Stock Name	Market Capitalization	Total Debt	Total Equity	Total Capitalization	Total Debt	Total Equity
						39.0%	61.0%
601898	China Coal Energy Co. Ltd.	137,474,700	99,639	155,714	255,353	39.0%	61.0%
600188	Yankuang Energy	112,677,600	124,342	84,443	208,785	59.6%	40.4%
601001	Jinneng Holding Shanxi Coal Ind.	21,289,460	2,335	18,321	20,656	11.3%	88.7%
900948	Inner Mongolia Yitai Coal Co. Ltd.	5,820,860	27,153	47,650	74,802	36.3%	63.7%
601225	Shaanxi Coal Industry Co. Ltd.	195,742,000	25,406	88,963	114,369	22.2%	77.8%
600546	Shanxi Coal International Energy Co.	19,289,300	10,818	15,942	26,760	40.4%	59.6%
600348	Shan Xi Hua Yang	25,180,350	27,099	33,250	60,349	44.9%	55.1%
600403	Henan Dayou Energy	8,726,470	6,436	4,845	11,281	57.0%	43.0%
601666	Pingdingshan Tianan Coal Mining Co.	19,532,610	28,184	26,997	55,181	51.1%	48.9%
600121	Zhengzhou Coal Industry	19,532,610	4,006	1,679	5,685	70.5%	29.5%
601101	Beijing Haohua Energy Res. Co.	10,411,180	6,843	11,914	18,756	36.5%	63.5%
600508	Shanghai Datun Energy Res. Co. Ltd.	8,759,340	2,221	12,854	15,075	14.7%	85.3%
Weighted Average:						37.9%	62.1%

Source: Reuters September 11, 2025

The China-based peer group companies are listed on the Shanghai Stock Exchange.

8.4.2 Weighted Average Cost of Capital

The weighted average cost of capital (WACC) is a required component of a DCF valuation. Simplistically, a company has two primary sources of capital: debt and equity. The WACC is the weighted average of the expected returns required by the providers of these two capital sources. Mathematically, the required return of each source of funding is multiplied by its respective weight in the company's capital structure. The sum of the weighted components equals the WACC. The basic formula for computing the after-tax WACC is as follows:

$$WACC = (k_e \, x \, W_e) + [k_d \, x \, W_d]$$

Where:

k_e = Cost of equity
k_d = After-tax cost of debt (i.e., pretax cost of debt * (1 – effective tax rate))
W_e = Percentage of equity capital in the capital structure
W_d = Percentage of debt capital in the capital structure

The peer group's financial statements and their associated public trading data points were reviewed to determine debt levels, market capitalizations, beta values (both levered and unlevered) and effective tax rates to compute the WACC for the Shenhua mining operations. As shown above, the peer group's capital structure includes both equity and long-term debt. Consequently, it is reasonable to assume that the capital structure of China Energy will also encompass both equity and debt. As such, a discount rate using the WACC approach is appropriate for discounting the target company's projected cash flow. Derivation of the components of WACC for China Energy mines is discussed below.

8.4.3 Equity Cost of Capital

The cost of equity is the return required by equity investors, which adequately compensates them for the risk assumed by investing in a given company's equity. There are several models that can be used to estimate the cost of equity, including the capital asset pricing model (CAPM), the buildup method, Fama-French three-factor model, and the arbitrage pricing theory (APT). For purposes of this analysis, we utilized the "build-up" approach.

The equity cost of capital is generally defined as the sum of a risk-free rate and a risk premium. The build-up model divides the risk premium into three main subcomponents: (1) an equity risk premium, (2) a size premium, and (3) a country and/or company-specific risk premium. The formula for the equity cost of capital using the build-up method is shown below:

$$k_e = R_f + ERP * \beta_L + R_{CP} + R_{SP} + R_{CS}$$

Where:

- The risk-free rate (R_f) is the theoretical return associated with an investment where the expected return equals the actual return. For the valuation of a Chinese company, the nominal risk-free rate is the yield on 10-year People's Republic of China (PRC) government bonds. As of July 1, 2025, the yield on the PRC 10-year government bond was 1.70%.
- The equity risk premium (ERP) is defined as the expected return on a fully diversified portfolio of equity securities less the expected rate of return on a risk-free security (i.e., ERP is the level of risk-reward that equity investors in the stock market would require as compensation for the level of risk undertaken versus a risk-free investment). For purposes of this analysis, We utilized ERP data for Chinese publicly traded companies published by the

Stern School of Business at New York University[1] as of July 1, 2025. The ERP value (5.25%) is adjusted for the target company's levered beta (1.27).

- Country risk premium (R_{CP}) published by the Stern School of Business at New York University as of July 1, 2025, was 1.04%.
- The size risk premium (R_{SP}) is a factor added to the cost of equity and refers to the excess return that an investor would require as compensation for the risk associated with investing in a small or start-up company. Size premium is based on research from the Center for Research in Security Prices that groups companies into deciles based upon market capitalization. Due to Shenhua's expected large-company status, we elected not to apply a company-size risk premium.
- Company-specific risk premiums (R_{CS}) are intended to account for any unsystematic risk not already captured by other risk factors.
  Some reasons utilized for the inclusion of company-specific risk premiums in a cost of equity estimate include projection risk, customer concentration risk, inferior management team, key employee risk, and limited liquidity. For this project, there are no additional company-specific risks present that would require inclusion of an additional risk premium.

Based on these factors, the cost of equity for China Energy is estimated to be 9.38%.

8.4.4 Debt Cost of Capital

The cost of debt is the interest rate that a company pays on its debt, which is typically based on the anticipated return on a bond if the bond is held until maturity (i.e., the yield to maturity (YTM) on its long-term debt). For companies that do not have publicly traded debt from which to derive YTM, the cost of debt can be viewed as the rate a prudent debt investor would require on comparable long-term interest-bearing debt. As such, we built an estimated after-tax cost of debt using the following equation:

$$k_d = [R_f + Country\ Borrowing\ Spread + R_{CP}\ ]\ x\ (1 - t)$$

Where:

- The risk-free rate (R_f) is again the yield on the 10-year PRC government bonds.
- Country Borrowing Spread is based on China's three-month interbank offered rate, which is the interest rate at which banks lend funds to one another in the

[1] Damodaran Online, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datacurrent.html#discrate. Updated values as of January 9, 2025, and July 1, 2025.

international interbank rate. As of July 31, 2025, the three-month interbank offered rate published by China's Central Bank was 1.57%.

- Country risk premium (R_{CP}) is again 1.04%.
- According to the Stern School of Business at New York University, as of January 9, 2025, the effective tax rate for coal and related energy companies was 20.76%.

Based on these factors, the cost of debt for Shenhua is estimated to be 3.41%.

8.4.5 Discount Rate Utilized

The following table summarizes the steps utilized to derive the nominal after-tax WACC:

Cost of Capital Build Up		Comment
$Weighted\ Average\ Cost\ of\ Capital = [(ke * We) + (k_d * W_d)]$		
% Equity Weighting (We)	62.1	From peer group analysis.
Cost of Equity (ke)	9.4	From above.
% Debt Weighting (Wd)	37.9	From peer group analysis.
After-Tax Cost of Debt*	3.4	From above.
Nominal after-tax WACC %	7.1	With the impact of inflation
PRC Inflation Rate %	-	FocusEconomics.com
Real after-tax WACC %	7.1	Without the impact of inflation.

* Based on an effective tax rate of 20.76%

Based on the results of the above analysis, we estimates the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025. Given our experience related to coal industry valuations, it is our opinion that a 6.0% to 10.0% after-tax discount rate is appropriate for an established operating mining company such as China Energy.

8.5 Economic Analysis

8.5.1 Basic Assumptions

The DCF method was selected as the appropriate method to complete the economic analyses. Consistent with international guidelines, the discount rate of 7.1% was adopted to calculate the NPV of the base case for the economic analysis. The

following economic parameters and assumptions are used to develop our base case DCF-NPV models for the subject mines:

1. Coal production, staffing, operating cost, and capital expenditures projections are based on the August 2025 to 2029 plans provided by China Energy, adjusted and extended by the CP to 2054, or the end of mine life when it's less than 30 years.
2. ROM output projections for most of the mines adhere to authorized output limits established by the provincial administrative authorities. Sales tonnages are developed according to historical yield performance or our independent analysis if no historical records were available.
3. Sales prices are expressed in constant RMB including VAT. The VAT is 13% of revenue with credit adjustment of 35% of raw materials + power + repairs/maintenance + capital expenditures.
4. Annual cash flow projections are calculated on an after-tax basis, with capital expenditures deducted in the year incurred. A PRC income tax rate of 25% is utilized, except for the mines qualified for the PRC's special policies, which utilized a PRC income tax rate of 15% during the period of 2020 to 2030 and 25% thereafter, based on the *Notice of the State Administration of Taxation on The Issue of Enterprise Income Tax concerning the In-depth Implementation of the Strategy for the Large-scale Development of the Western Region*.
5. Mid-year discounting and the 7.1% discount rate are used to calculate NPV.
6. Mine level general and administrative costs are included; corporate general and administrative charges are not included.
7. Sustaining capital spending (including CPPs) are projected based on historical CAPEX (2022-2025), China Energy projections and our experience. These mature mining operations are relatively steady-state operations with little need for high levels of sustaining capital. Sustaining capital spending ranges from RMB5 (open-pit mines) to RMB30 (underground mines) per commercial tonne of output at typical projected output levels.
8. The working capital/parts/inventory charge is projected based on two months of cash operating requirements (including CPP operating expenses VAT, resource tax and sales taxes) and will be recovered in the year of mine closure.
9. Decommissioning expense charges are projected in the final year of mine operation for mines that will be closed before 2054.
10. Depreciation is a standard pro-forma non-cash charge. Unique to PRC coal industry accounting are the production maintenance fee ("keep simple production"), shaft and roadway depreciation and the safety fund fee. According to GAAP, these charges are generally considered to be non-cash deductions to taxable income. China Energy mines also take a charge for amortization of the

fees paid for mining rights. The production maintenance fee and safety fund fee for each mine are summarized as follows:

Table 8-2 China Energy Non-cash Charges

	(RMB/t)	
Company / Mine	Production Maintenance Fee	Safety Fund
China Energy Guoyuan Power Co., Ltd.		
Chaoyang Open-pit	8.7	5.0
Dananhu No.2 Open-pit	8.5	5.0
Renjiazhuang	8.5	15.0
Sandaogou	10.5	30.0
Shangyuquan	10.0	15.0
China Energy Shaanxi Shenyan Coal Co., Ltd.		
Xiwan Open-pit	8.0	5.0
China Energy Wuhai Energy Co., Ltd.		
Gongwusu	9.5	15.0
Huangbaici	9.5	30.0
Laoshidan	9.5	30.0
Limin	9.5	15.0
Luotuoshan	9.5	50.0
Lutian	9.5	15.0
Pinggou	9.5	15.0
Suhaitu		
Wuhushan	9.5	50.0
China Energy Xinjiang Energy and Chemical Co., Ltd.		
Heishan Open-pit	8.5	5.0
Hongshaquan No.1 Open-pit	8.5	5.0
Hongshaquan No.2 Open-pit	8.5	5.0
Tunbao	8.5	50.0
Wudong	8.5	50.0
Zhundong Open-pit	8.5	5.0
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.		
Chahasu	7.0	30.0
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.		
Baiyinhua No.1 Open-pit	9.5	5.0
Boligou	8.5	15.0
Hesigewula South Open-pit	9.5	5.0
Yuanbaoshan Open-pit	9.5	5.0
Shanxi Jinshen Energy Co., Ltd.		
Ciyaogou	8.5	15.0
Shaping	8.5	15.0

11. Operating costs for the CPP at each mine were included in the overall operating cost.

12. Resource taxes are 4% - 10% of sales revenue net of the VAT. VAT surcharges such as city construction surcharge and education surcharges are calculated as

percentage of VAT, as shown in the following table:

Table 8-3 China Energy Resource Taxes, Income Taxes and VAT Surcharge

Company / Mine	Resource Tax Rate	Income Tax	VAT Surchage, %
China Energy Guoyuan Power Co., Ltd.			
Chaoyang Open-pit	4.0%	25.0%	10.0%
Dananhu No.2 Open-pit	9.0%	15.0%	6.0%
Renjiazhuang	6.5%	25.0%	10.0%
Sandaogou	10.0%	15.0%	10.0%
Shangyuquan	9.0%	25.0%	6.0%
China Energy Shaanxi Shenyan Coal Co., Ltd.			
Xiwan Open-pit	10.0%	15.0%	10.0%
China Energy Wuhai Energy Co., Ltd.			
Gongwusu	10.0%	15.0%	12.0%
Huangbaici	10.0%	15.0%	12.0%
Laoshidan	10.0%	15.0%	12.0%
Limin	10.0%	15.0%	12.0%
Luotuoshan	10.0%	15.0%	12.0%
Lutian	10.0%	15.0%	12.0%
Pinggou	10.0%	15.0%	12.0%
Suhaitu			
Wuhushan	10.0%	15.0%	12.0%
China Energy Xinjiang Energy and Chemical Co., Ltd.			
Heishan Open-pit	9.0%	15.0%	10.0%
Hongshaquan No.1 Open-pit	8.0%	15.0%	10.0%
Hongshaquan No.2 Open-pit	8.0%	15.0%	10.0%
Tunbao	8.0%	25.0%	10.0%
Wudong	8.0%	25.0%	10.0%
Zhundong Open-pit	9.0%	15.0%	10.0%
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.			
Chahasu	9.0%	25.0%	10.0%
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.			
Baiyinhua No.1 Open-pit	9.0%	25.0%	10.0%
Boligou	7.5%	25.0%	12.0%
Hesigewula South Open-pit	10.0%	25.0%	6.0%
Yuanbaoshan Open-pit	10.0%	25.0%	12.0%
Shanxi Jinshen Energy Co., Ltd.			
Ciyaogou	9.0%	25.0%	6.0%
Shaping	9.0%	25.0%	6.0%

13. Our LW face sequencing for this analysis projects mining of thinner coal resources included in our reserve analysis where necessary to avoid sterilization by undermining. Generally, this practice adversely impacts mine performance (lower output and higher operating costs). Lower profile LW faces are installed for the period needed to recover the thinner resources. We believe that China Energy has the financial, management, technical, and labor staffing resources to accomplish shorter term LW face installations in thinner coal resources.

8.5.2 NPV at Different Discount Rates

As shown in Table 8-4, Discounted Cash Flow Analysis (DCF), following this text, our Base Case NPV results at the discount rate of 7.1% as of 31 July 2025 are all positive, as summarized in the following table:

Table 8-4 China Energy NPV at Different Discount Rates

	NPV Under Various Sensitivity Cases (RMB Millions)					
Mine	6.0%	7.0%	Base Case (7.1%)	8.0%	9.0%	10.0%
China Energy Guoyuan Power Co., Ltd.						
Chaoyang Open-pit	1,881	1,593	1,562	1,350	1,144	968
Dananhu No.2 Open-pit	4,540	4,015	3,958	3,571	3,195	2,873
Renjiazhuang	2,832	2,628	2,605	2,446	2,284	2,140
Sandaogou	3,792	3,493	3,460	3,228	2,992	2,781
Shangyuquan	2,263	1,913	1,875	1,620	1,373	1,163
China Energy Shaanxi Shenyan Coal Co., Ltd.						
Xiwan Open-pit	26,820	24,093	23,797	21,795	19,845	18,178
China Energy Wuhai Energy Co., Ltd.						
Gongwusu	303	49	21	(167)	(351)	(508)
Huangbaici	159	49	37	(47)	(131)	(204)
Laoshidan	53	20	16	(10)	(37)	(61)
Limin	203	56	40	(68)	(173)	(261)
Luotuoshan	97	38	31	(16)	(65)	(109)
Lutian	5	5	5	5	5	5
Pinggou	148	61	51	(7)	(59)	(98)
Suhaitu	-	-	-	-	-	-
Wuhushan	152	67	57	(6)	(68)	(120)
China Energy Xinjiang Energy and Chemical Co., Ltd.						
Heishan Open-pit	9,871	8,180	7,998	6,780	5,612	4,632
Hongshaquan No.1 Open-pit	406	51	13	(238)	(475)	(671)
Hongshaquan No.2 Open-pit	460	65	23	(243)	(484)	(671)
Tunbao	180	25	8	(101)	(202)	(284)
Wudong	307	108	86	(55)	(188)	(298)
Zhundong Open-pit	667	80	19	(378)	(737)	(1,019)
Guodian Jiantou Inner Mongolia Energy Co., Ltd.						
Chahasu	7,977	7,331	7,259	6,762	6,258	5,808
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.						
Baiyinhua No.1 Open-pit	6,233	5,371	5,277	4,650	4,043	3,529
Boligou	3,724	3,378	3,340	3,077	2,812	2,579
Hesigewula South Open-pit	13,630	12,231	12,077	11,039	10,017	9,136
Yuanbaoshan Open-pit	220	89	75	(22)	(118)	(199)
Shanxi Jinshen Energy Co., Ltd.						
Ciyaogou	2,671	2,481	2,459	2,309	2,153	2,012
Shaping	304	197	186	109	35	(26)
Total	**89,901**	**77,666**	**76,337**	**68,742**	**61,770**	**55,804**

8.5.3 Sensitivity Analysis

To provide guidance on the probable range in value and sensitivity to various

analysis inputs and discount rates, we completed a series of base case DCF-NPV sensitivity analyses for the subject China Energy mines, as shown in the table below:

Table 8-5 China Energy DCF-NPV Sensitivity Analyses

		NPV in Different Sensitivity Cases (RMB Millions)								
	Sensitivity					Base Case				
Mine	Case	-20%	-15%	-10%	-5%	(7.1% Discount Rate)	5%	10%	15%	20%
					China Energy Guoyuan Power Co., Ltd.					
Chaoyang	Coal Price	-2,228	-1,211	-272	662	1,562	2,424	3,283	4,105	4,904
Open-pit	Cash Cost	3,888	3,347	2,772	2,169	1,562	928	263	-405	-1,069
	CAPEX	4,589	3,867	3,136	2,349	1,562	744	-114	-965	-1,838
	WACC	1,979	1,865	1,758	1,657	1,562	1,472	1,388	1,309	1,234
Dananhu	Coal Price	801	1,637	2,435	3,231	3,958	4,682	5,378	6,072	6,762
No.2	Cash Cost	5,567	5,172	4,780	4,379	3,958	3,536	3,088	2,618	2,144
Open-pit	CAPEX	6,133	5,593	5,057	4,524	3,958	3,391	2,793	2,163	1,534
	WACC	4,719	4,511	4,315	4,131	3,958	3,794	3,641	3,496	3,359
Renjiazhuang	Coal Price	147	774	1,383	1,994	2,605	3,171	3,740	4,308	4,868
	Cash Cost	3,916	3,589	3,264	2,935	2,605	2,244	1,879	1,514	1,153
	CAPEX	4,451	3,994	3,533	3,071	2,605	2,102	1,601	1,104	604
	WACC	2,899	2,821	2,746	2,674	2,605	2,539	2,475	2,414	2,356
Sandaogou	Coal Price	-3,775	-1,966	-158	1,650	3,460	5,273	6,988	8,591	10,178
	Cash Cost	8,540	7,364	6,167	4,836	3,460	2,088	713	-659	-2,040
	CAPEX	9,900	8,389	6,855	5,203	3,460	1,718	-15	-1,745	-3,476
	WACC	3,890	3,776	3,666	3,561	3,460	3,363	3,271	3,182	3,096
Shangyuquan	Coal Price	-1,808	-839	134	1,062	1,875	2,698	3,514	4,335	5,158
	Cash Cost	4,080	3,532	2,974	2,424	1,875	1,324	718	52	-620
	CAPEX	5,063	4,266	3,466	2,666	1,875	1,080	221	-702	-1,626
	WACC	2,382	2,243	2,112	1,990	1,875	1,767	1,666	1,571	1,481
					China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan	Coal Price	12,504	15,495	18,271	21,041	23,797	26,560	29,324	32,090	34,846
Open-pit	Cash Cost	29,994	28,446	26,896	25,345	23,797	22,247	20,700	19,138	17,581
	CAPEX	31,500	29,572	27,644	25,720	23,797	21,874	19,950	18,019	16,080
	WACC	27,750	26,666	25,650	24,695	23,797	22,951	22,155	21,404	20,696
					China Energy Wuhai Energy Co., Ltd.					
Gongwusu	Coal Price	-1,984	-1,417	-929	-453	21	493	966	1,433	1,904
	Cash Cost	1,294	972	657	339	21	-298	-623	-943	-1,273
	CAPEX	1,911	1,439	965	496	21	-452	-918	-1,390	-1,922
	WACC	389	289	194	105	21	-58	-133	-204	-271
Huangbaici	Coal Price	-1,488	-1,104	-727	-341	37	383	708	1,033	1,349
	Cash Cost	1,110	852	590	323	37	-275	-591	-902	-1,218
	CAPEX	1,371	1,046	717	392	37	-346	-731	-1,110	-1,494
	WACC	195	153	112	73	37	2	-32	-64	-94
Laoshidan	Coal Price	-621	-465	-302	-140	16	171	308	451	589
	Cash Cost	498	383	263	146	16	-117	-249	-383	-516
	CAPEX	613	470	322	175	16	-150	-315	-477	-642
	WACC	63	51	39	27	16	5	-5	-15	-25
Limin	Coal Price	-1,694	-1,257	-833	-393	40	473	869	1,232	1,595
	Cash Cost	1,417	1,096	781	421	40	-341	-729	-1,115	-1,503
	CAPEX	1,673	1,290	911	499	40	-419	-878	-1,337	-1,786
	WACC	253	195	140	88	40	-6	-49	-89	-127
Luotuoshan	Coal Price	-797	-588	-381	-177	31	236	436	636	833
	Cash Cost	682	522	361	197	31	-138	-305	-469	-635
	CAPEX	861	657	451	240	31	-181	-394	-605	-813
	WACC	117	94	72	51	31	12	-7	-25	-43
Lutian	Coal Price	-16	-11	-7	1	5	10	16	22	27
	Cash Cost	86	66	45	25	5	-15	-36	-56	-76
	CAPEX	91	69	48	27	5	-16	-37	-59	-80
	WACC	5	5	5	5	5	5	5	5	5
Pinggou	Coal Price	-1,142	-851	-546	-247	51	350	648	946	1,242
	Cash Cost	1,044	796	540	300	51	-197	-446	-686	-935
	CAPEX	1,261	959	654	357	51	-253	-557	-851	-1,156
	WACC	180	143	110	79	51	26	3	-18	-37
Wuhushan	Coal Price	-1,695	-1,259	-820	-380	57	488	924	1,363	1,774
	Cash Cost	1,592	1,226	840	448	57	-340	-736	-1,125	-1,519
	CAPEX	1,951	1,521	1,034	542	57	-434	-922	-1,411	-1,899
	WACC	181	148	116	86	57	31	5	-18	-41

Table 8-5 China Energy DCF-NPV Sensitivity Analyses – Continued

		NPV in Different Sensitivity Cases (RMB Millions)								
Mine	Sensitivity Case	-20%	-15%	-10%	-5%	Base Case (7.1% Discount Rate)	5%	10%	15%	20%
China Energy Xinjiang Energy and Chemical Co., Ltd.										
Heishan	Coal Price	-2,769	113	3,007	5,589	7,998	10,382	12,771	15,128	17,486
Open-pit	Cash Cost	14,657	13,003	11,355	9,678	7,998	6,299	4,589	2,506	409
	CAPEX	16,207	14,163	12,123	10,063	7,998	5,912	3,687	1,142	-1,401
	WACC	10,453	9,775	9,142	8,551	7,998	7,481	6,998	6,544	6,119
Hongshaquan	Coal Price	-9,220	-6,906	-4,593	-2,289	13	2,326	4,630	6,943	9,149
No.1	Cash Cost	8,495	6,519	4,347	2,184	13	-2,159	-4,321	-6,483	-8,654
Open-pit	CAPEX	9,718	7,606	5,080	2,541	13	-2,514	-5,038	-7,563	-10,085
	WACC	530	386	252	128	13	-94	-194	-286	-373
Hongshaquan	Coal Price	-8,283	-6,200	-4,119	-2,047	23	2,104	4,174	6,255	8,243
No.2	Cash Cost	7,188	5,528	3,689	1,863	23	-1,816	-3,646	-5,474	-7,314
Open-pit	CAPEX	8,317	6,532	4,365	2,189	23	-2,141	-4,305	-6,468	-8,629
	WACC	602	437	287	149	23	-92	-197	-293	-382
Tunbao	Coal Price	-1,271	-957	-641	-317	8	326	647	964	1,297
	Cash Cost	1,073	798	532	275	8	-257	-523	-790	-1,056
	CAPEX	1,314	985	657	328	8	-320	-646	-974	-1,292
	WACC	235	172	113	58	8	-38	-82	-121	-158
Wudong	Coal Price	-1,842	-1,356	-877	-391	86	564	1,043	1,474	1,878
	Cash Cost	1,446	1,145	802	446	86	-261	-621	-980	-1,330
	CAPEX	1,913	1,501	1,046	573	86	-388	-861	-1,343	-1,815
	WACC	377	296	221	151	86	26	-30	-82	-131
Zhundong	Coal Price	-8,415	-6,311	-4,203	-2,097	19	2,126	4,243	6,348	8,403
Open-pit	Cash Cost	7,366	5,554	3,709	1,863	19	-1,814	-3,658	-5,503	-7,349
	CAPEX	8,577	6,609	4,416	2,212	19	-2,170	-4,360	-6,547	-8,719
	WACC	876	633	410	206	19	-152	-309	-453	-584
Guodian Jiantou Inner Mongolia Energy Co., Ltd.										
Chahasu	Coal Price	-927	1,162	3,199	5,230	7,259	9,291	11,322	13,352	15,382
	Cash Cost	12,702	11,342	9,983	8,619	7,259	5,900	4,540	3,177	1,819
	CAPEX	14,275	12,522	10,764	9,015	7,259	5,514	3,766	2,021	260
	WACC	8,192	7,942	7,703	7,476	7,259	7,052	6,853	6,663	6,481
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.										
Baiyinhua	Coal Price	5,069	5,126	5,185	5,231	5,277	5,324	5,370	5,415	5,462
No.1	Cash Cost	8,545	7,727	6,911	6,093	5,277	4,439	3,527	2,601	1,611
Open-pit	CAPEX	9,373	8,348	7,322	6,304	5,277	4,215	3,090	1,920	615
	WACC	6,529	6,184	5,862	5,560	5,277	5,012	4,762	4,528	4,307
Boligou	Coal Price	1,928	2,290	2,636	2,985	3,340	3,682	4,019	4,359	4,701
	Cash Cost	3,875	3,742	3,609	3,473	3,340	3,196	3,055	2,914	2,776
	CAPEX	4,242	4,017	3,790	3,565	3,340	3,106	2,873	2,641	2,411
	WACC	3,839	3,705	3,577	3,456	3,340	3,230	3,125	3,024	2,928
Hesigewula	Coal Price	6,328	7,764	9,207	10,646	12,077	13,517	14,954	16,396	17,836
South	Cash Cost	14,804	14,121	13,439	12,765	12,077	11,400	10,727	10,038	9,362
Open-pit	CAPEX	15,839	14,898	13,958	13,020	12,077	11,140	10,206	9,272	8,337
	WACC	14,103	13,551	13,031	12,541	12,077	11,640	11,226	10,835	10,464
Yuanbaoshan	Coal Price	-3,859	-2,874	-1,894	-909	75	1,056	2,034	2,978	3,902
Open-pit	Cash Cost	3,511	2,684	1,831	958	75	-809	-1,685	-2,572	-3,451
	CAPEX	4,043	3,113	2,129	1,106	75	-960	-1,986	-3,020	-4,052
	WACC	264	213	164	118	75	34	-5	-41	-76
Shanxi Jinshen Energy Co., Ltd.										
Ciyaogou	Coal Price	40	655	1,267	1,876	2,459	3,037	3,614	4,188	4,739
	Cash Cost	4,132	3,737	3,308	2,884	2,459	2,033	1,581	1,126	673
	CAPEX	4,703	4,163	3,600	3,030	2,459	1,889	1,291	690	91
	WACC	2,733	2,661	2,591	2,524	2,459	2,397	2,337	2,279	2,223
Shaping	Coal Price	-4,255	-3,141	-2,029	-916	186	1,300	2,409	3,526	4,574
	Cash Cost	3,859	2,980	2,057	1,117	186	-740	-1,678	-2,602	-3,534
	CAPEX	4,782	3,718	2,537	1,363	186	-984	-2,151	-3,323	-4,486
	WACC	341	298	258	221	186	153	122	94	67

The sensitivity analysis indicates that:

- The product prices are key factors affecting the NPVs of all subject mines, especially for those located in Inner Mongolia Wuhai Region and all mines located in Xinjiang Autonomous Region.
- The impact of CAPEX on NPV is large for all mines, especially for some of the Wuhai mines (i.e. Gongwusu, Huangbaici, Laoshidan and Limin) and some mines in Xinjiang Autonomous Region (i.e. Hongshanquan No.1 and No.2, Tunbao and Zhundong Open-pit), indicating that capital expenditure and financing costs are critical to mine economics.
- Cash costs also have a great impact on NPV, especially for the mines listed above, indicating that operating cost control is critical for these mines.

8.6 Conclusion

Based on our NPV analyses and pricing for various products, as reported by China Energy, the China Energy mines meet NPV hurdle requirements and the CP concludes there is reasonable expectation that the reserve tonnages reported for these mines are economically mineable (and qualify as reserves), as of the end of July 2025.

Following this page are:

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Discounted Cash Flow

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Table 8-31 Discounted Cash Flow of Ciyaogou
Table 8-32 Discounted Cash Flow of Shaping

TABLE 8-6

DISCOUNTED CASH FLOW
CHAOYANG OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.56	7.68	9.12	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56
Revenue RMB (millions)																														
Revenue (Including VAT)	474	1,413	1,708	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983
Revenue (Excluding VAT)	420	1,251	1,512	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	85	100	102	103	103	103	103	122	122	122	122	122	122	122	122	142	142	142	142	142	142	142	142	142	142	142	142	142	142	142
																			RMB (millions)											
Mine Operating Costs (including CPP)	217	771	929	1,088	1,087	1,087	1,087	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503
Value Added Tax with credit	33	93	113	131	131	131	131	122	122	122	122	122	122	122	122	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112
Total Cash Cost of Sales	250	864	1,042	1,219	1,218	1,218	1,218	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Depreciation (including CPP)	64	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73
Amortization (including CPP)	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Simple Production Maintainance	23	70	83	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96
Safety Production	13	40	48	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55
Total Non-Cash Costs	102	184	205	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226
Resource Tax	18	53	64	74	74	74	74	74	74	74	74	74	74	74	74	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Construction & Education Supplementary Tax	3	9	11	13	13	13	13	12	12	12	12	12	12	12	12	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	373	1,110	1,322	1,531	1,531	1,531	1,531	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927
Taxable Income	47	140	190	223	223	223	223	37	37	37	37	37	37	37	37	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)
Income Tax	12	35	47	56	56	56	56	9	9	9	9	9	9	9	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	191	452	544	621	622	622	622	482	482	482	482	482	482	482	482	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281
Working Capital/Parts/Inventory	300	600	600	600	600	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,326)
Capital Expenditures (including CPP)	40	120	143	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	340	720	743	765	765	315	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	(1,161)
Net After-Tax Cash Flow	(149)	(268)	(199)	(144)	(143)	307	457	317	317	317	317	317	317	317	317	116	116	116	116	116	116	116	116	116	116	116	116	116	116	1,443
Discounted Cash Flow at 7.1%	(147)	(251)	(174)	(118)	(110)	219	304	197	184	172	160	150	140	130	122	42	39	36	34	32	30	28	26	24	22	21	20	18	17	197
Cumulative Discounted Cash Flow	(147)	(398)	(572)	(690)	(800)	(581)	(277)	(80)	104	275	436	585	725	855	977	1,018	1,057	1,094	1,128	1,159	1,189	1,216	1,242	1,266	1,289	1,309	1,329	1,347	1,364	1,562

TABLE 8-7

DISCOUNTED CASH FLOW
DANANHU NO.2 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	4.34	10.45	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35
Revenue RMB (millions)																														
Revenue (Including VAT)	525	1,332	1,593	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714
Revenue (Excluding VAT)	465	1,179	1,410	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	61	61	61	61	61	61	61	61	61	72	72	72	72	72	72	72	72	72	83	83	83	83	83	83	83	83	83	83	83	83
																			RMB (millions)											
Mine Operating Costs (including CPP)	267	643	760	760	760	760	760	760	760	890	890	890	890	890	890	890	890	890	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Value Added Tax with credit	37	103	126	123	123	123	123	123	123	117	117	117	117	117	117	117	117	117	111	111	111	111	111	111	111	111	111	111	111	111
Total Cash Cost of Sales	304	746	886	883	883	883	883	883	883	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131
Depreciation (including CPP)	35	103	104	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105
Amortization (including CPP)	18	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42
Simple Production Maintainance	27	66	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78
Safety Production	23	56	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65
Total Non-Cash Costs	103	268	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290
Resource Tax	44	111	132	143	143	143	143	143	143	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144
Construction & Education Supplementary Tax	2	6	8	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	453	1,129	1,315	1,323	1,323	1,323	1,323	1,323	1,323	1,448	1,448	1,448	1,448	1,448	1,448	1,448	1,448	1,448	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571
Taxable Income	12	50	95	193	193	193	193	193	193	69	69	69	69	69	69	69	69	69	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
Income Tax	2	8	14	29	29	29	48	48	48	17	17	17	17	17	17	17	17	17	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	173	462	554	652	652	652	632	632	632	539	539	539	539	539	539	539	539	539	432	432	432	432	432	432	432	432	432	432	432	432
Working Capital/Parts/Inventory	200	400	400	400	400	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,520)
Capital Expenditures (including CPP)	34	25	12	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	234	425	412	530	530	320	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	(1,390)
Net After-Tax Cash Flow	(60)	37	142	122	122	332	502	502	502	409	409	409	409	409	409	409	409	409	302	302	302	302	302	302	302	302	302	302	302	1,822
Discounted Cash Flow at 7.1%	(60)	35	124	100	93	237	334	312	291	221	207	193	180	168	157	147	137	128	88	82	77	72	67	63	58	54	51	47	44	249
Cumulative Discounted Cash Flow	(60)	(25)	100	199	292	529	863	1,175	1,467	1,688	1,895	2,088	2,268	2,436	2,593	2,740	2,876	3,004	3,092	3,175	3,251	3,323	3,390	3,453	3,511	3,566	3,616	3,664	3,708	3,958

TABLE 8-8

DISCOUNTED CASH FLOW
RENJIAZHUANG MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Product Tonnes (millions)	2.83	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.06
Revenue RMB (millions)																					
Revenue (Including VAT)	1,042	1,433	1,458	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,273
Revenue (Excluding VAT)	922	1,268	1,290	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,127
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	127	138	138	196	196	196	196	196	196	254	254	254	254	254	254	254	254	311	311	311	311
										RMB (millions)											
Mine Operating Costs (including CPP)	358	481	481	681	681	681	681	681	681	881	881	881	881	881	881	881	881	1,081	1,081	1,081	953
Value Added Tax with credit	77	108	111	100	100	64	100	100	100	91	91	91	91	55	91	91	91	82	82	82	72
Total Cash Cost of Sales	435	589	592	781	781	745	781	781	781	972	972	972	972	936	972	972	972	1,163	1,163	1,163	1,025
Depreciation (including CPP)	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	111
Amortization (including CPP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	30	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	28
Safety Production	53	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	50
Total Non-Cash Costs	209	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	190
Resource Tax	63	86	88	87	87	90	87	87	87	88	88	88	88	90	88	88	88	89	89	89	78
Construction & Education Supplementary Tax	8	11	11	10	10	6	10	10	10	9	9	9	9	6	9	9	9	8	8	8	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	715	901	906	1,093	1,093	1,056	1,093	1,093	1,093	1,284	1,284	1,284	1,284	1,247	1,284	1,284	1,284	1,475	1,475	1,475	1,300
Taxable Income	208	368	384	185	185	221	185	185	185	(7)	(7)	(7)	(7)	31	(7)	(7)	(7)	(198)	(198)	(198)	(173)
Income Tax	31	55	58	28	28	33	46	46	46	-	-	-	-	8	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	505	692	710	538	538	569	520	520	520	375	375	375	375	405	375	375	375	184	184	184	163
Working Capital/Parts/Inventory	200	400	400	400	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(966)
Capital Expenditures (including CPP)	98	120	120	120	120	400	120	120	120	120	120	120	120	400	120	120	120	120	120	120	106
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	443
Deductions to Cash Flow	298	520	520	520	260	400	120	120	120	120	120	120	120	400	120	120	120	120	120	120	(418)
Net After-Tax Cash Flow	207	172	190	18	278	169	400	400	400	255	255	255	255	5	255	255	255	64	64	64	580
Discounted Cash Flow at 7.1%	204	162	166	15	212	121	266	248	232	138	129	120	112	2	98	91	85	20	19	17	147
Cumulative Discounted Cash Flow	204	366	532	547	759	880	1,146	1,394	1,626	1,764	1,893	2,013	2,125	2,127	2,225	2,316	2,402	2,421	2,440	2,457	2,605

TABLE 8-9

DISCOUNTED CASH FLOW
SANDAOGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Product Tonnes (millions)	4.86	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	2.46
Revenue RMB (millions)																						
Revenue (Including VAT)	2,215	3,948	4,072	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	1,187
Revenue (Excluding VAT)	1,960	3,494	3,604	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	1,051
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	127	187	302	302	302	302	302	302	302	302	302	302	314	325	337	349	360	372	383	395	406	406
													RMB (millions)									
Mine Operating Costs (including CPP)	617	1,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,712	2,812	2,912	3,012	3,112	3,212	3,312	3,412	3,512	1,001
Value Added Tax with credit	178	294	237	270	270	247	270	270	270	270	270	247	242	261	233	252	248	243	238	234	206	65
Total Cash Cost of Sales	795	1,906	2,849	2,882	2,882	2,859	2,882	2,882	2,882	2,882	2,882	2,859	2,954	3,073	3,145	3,264	3,360	3,455	3,550	3,646	3,718	1,066
Depreciation (including CPP)	83	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	54
Amortization (including CPP)	24	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	15
Simple Production Maintainance	45	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	27
Safety Production	128	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	77
Total Non-Cash Costs	279	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	173
Resource Tax	204	365	384	390	390	392	390	390	390	390	390	392	392	391	393	391	392	392	393	393	396	112
Construction & Education Supplementary Tax	18	29	24	27	27	25	27	27	27	27	27	25	24	26	23	25	25	24	24	23	21	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,296	2,905	3,862	3,904	3,904	3,881	3,904	3,904	3,904	3,904	3,904	3,881	3,975	4,095	4,166	4,285	4,382	4,476	4,572	4,667	4,740	1,357
Taxable Income	665	589	(258)	(217)	(217)	(193)	(217)	(217)	(217)	(217)	(217)	(193)	(288)	(408)	(479)	(598)	(695)	(789)	(885)	(980)	(1,052)	(306)
Income Tax	100	88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	1,099	1,560	816	868	868	891	868	868	868	868	868	891	797	677	606	487	390	296	200	105	33	3
Working Capital/Parts/Inventory	400	1,000	1,000	920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,220)
Capital Expenditures (including CPP)	152	270	450	270	270	450	270	270	270	270	270	450	450	270	450	270	270	270	270	270	450	77
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,422
Deductions to Cash Flow	552	1,270	1,450	1,190	270	450	270	270	270	270	270	450	450	270	450	270	270	270	270	270	450	(1,721)
Net After-Tax Cash Flow	547	290	(634)	(322)	598	441	598	598	598	598	598	441	347	407	156	217	120	26	(70)	(165)	(417)	1,724
Discounted Cash Flow at 7.1%	539	272	(556)	(263)	457	315	398	372	347	324	302	208	153	167	60	78	40	8	(20)	(45)	(106)	409
Cumulative Discounted Cash Flow	539	812	256	(7)	450	764	1,163	1,534	1,881	2,205	2,508	2,716	2,869	3,036	3,096	3,174	3,214	3,222	3,202	3,157	3,051	3,460

TABLE 8-10

DISCOUNTED CASH FLOW
SHANGYUQUAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.10	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29
Revenue RMB (millions)																														
Revenue (Including VAT)	712	1,784	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807
Revenue (Excluding VAT)	630	1,578	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	209	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223
																			RMB (millions)											
Mine Operating Costs (including CPP)	437	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177
Value Added Tax with credit	(12)	71	71	103	103	103	103	103	103	71	103	103	103	103	103	103	103	103	71	103	103	103	103	103	103	103	103	71	71	71
Total Cash Cost of Sales	425	1,248	1,248	1,280	1,280	1,280	1,280	1,280	1,280	1,248	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,248	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,248	1,248	1,248
Depreciation (including CPP)	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	4	4	4	4	4	4	4	4	4	4
Amortization (including CPP)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	28	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	2	2	2	2	2	2	2	2	2	2
Safety Production	42	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	4	4	4	4	4	4	4	4	4	4
Total Non-Cash Costs	117	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	10	10	10	10	10	10	10	10	10	10
Resource Tax	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Construction & Education Supplementary Tax	(1)	7	7	10	10	10	10	10	10	7	10	10	10	10	10	10	10	10	7	10	10	10	10	10	10	10	10	7	7	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	543	1,480	1,480	1,515	1,515	1,515	1,515	1,515	1,515	1,480	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,480	1,515	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,267	1,267	1,267
Taxable Income	88	98	119	84	84	84	84	84	84	119	84	84	84	84	84	84	84	84	119	84	297	297	297	297	297	297	297	333	333	333
Income Tax	13	15	18	13	13	13	21	21	21	30	21	21	21	21	21	21	21	21	30	21	74	74	74	74	74	74	74	83	83	83
Gross After-Tax Cash Flow	274	512	533	503	503	503	494	494	494	521	494	494	494	494	494	494	494	494	521	494	441	441	441	441	441	441	441	467	467	467
Working Capital/Parts/Inventory	150	300	300	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,654)
Capital Expenditures (including CPP)	500	437	458	208	208	210	210	210	210	458	210	210	210	210	210	210	210	210	458	210	210	210	210	210	210	210	210	458	458	458
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	650	737	758	408	208	210	210	210	210	458	210	210	210	210	210	210	210	210	458	210	210	210	210	210	210	210	210	458	458	(1,196)
Net After-Tax Cash Flow	(376)	(225)	(225)	95	295	293	284	284	284	63	284	284	284	284	284	284	284	284	63	284	231	231	231	231	231	231	231	10	10	1,663
Discounted Cash Flow at 7.1%	(371)	(211)	(197)	78	225	209	189	177	165	34	144	134	125	117	109	102	95	89	18	77	59	55	51	48	45	42	39	1	1	228
Cumulative Discounted Cash Flow	(371)	(582)	(780)	(702)	(477)	(268)	(79)	98	263	297	440	575	700	817	926	1,028	1,123	1,212	1,230	1,307	1,366	1,421	1,472	1,520	1,564	1,606	1,645	1,646	1,648	1,875

TABLE 8-11

DISCOUNTED CASH FLOW
XIWAN OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	4.76	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35
Revenue RMB (millions)																														
Revenue (Including VAT)	2,127	5,953	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113
Revenue (Excluding VAT)	1,883	5,268	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	285	245	247	252	262	262	262	262	274	274	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277
															RMB (millions)																
Mine Operating Costs (including CPP)	1,357	3,021	3,048	3,116	3,242	3,242	3,242	3,242	3,388	3,388	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419
Value Added Tax with credit	144	464	470	464	458	458	458	458	451	451	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450
Total Cash Cost of Sales	1,501	3,485	3,518	3,580	3,700	3,700	3,700	3,700	3,839	3,839	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869
Depreciation (including CPP)	96	245	265	266	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348
Amortization (including CPP)	74	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163
Simple Production Maintainance	41	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104
Safety Production	26	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65
Total Non-Cash Costs	237	578	597	598	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680
Resource Tax	2	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Construction & Education Supplementary Tax	14	46	47	46	46	46	46	46	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,754	4,114	4,168	4,230	4,431	4,431	4,431	4,431	4,570	4,570	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Taxable Income	129	1,154	1,242	1,180	979	979	979	979	840	840	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810
Income Tax	19	173	186	177	147	147	245	245	210	210	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203
Gross After-Tax Cash Flow	591	2,244	2,356	2,304	2,215	2,215	2,117	2,117	2,014	2,014	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991
Working Capital/Parts/Inventory	200	400	400	400	400	260	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,481)
Capital Expenditures (including CPP)	84	34	109	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	284	434	509	530	530	390	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	(6,351)
Net After-Tax Cash Flow	307	1,810	1,848	1,774	1,685	1,825	1,987	1,987	1,884	1,884	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	8,342
Discounted Cash Flow at 7.1%	302	1,699	1,619	1,451	1,287	1,301	1,323	1,235	1,093	1,020	941	878	820	765	715	667	623	581	543	507	473	442	412	385	359	335	313	292	273	1,142
Cumulative Discounted Cash Flow	302	2,002	3,621	5,072	6,360	7,661	8,984	10,219	11,312	12,332	13,272	14,151	14,971	15,736	16,451	17,118	17,740	18,322	18,864	19,371	19,844	20,285	20,698	21,082	21,442	21,777	22,090	22,382	22,655	23,797

TABLE 8-12

DISCOUNTED CASH FLOW
GONGWUSU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Product Tonnes (millions)	0.23	1.17	1.17	1.17	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	1.53
Revenue RMB (millions)																					
Revenue (Including VAT)	72	620	739	882	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,152
Revenue (Excluding VAT)	64	549	654	781	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,020
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	988	451	451	451	402	402	402	402	402	402	402	402	402	402	402	402	402	402	402	402	402
											RMB (millions)										
Mine Operating Costs (including CPP)	231	528	528	528	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	615
Value Added Tax with credit	(13)	5	(37)	(54)	61	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	82
Total Cash Cost of Sales	218	533	491	474	908	963	963	963	963	963	963	963	963	963	963	963	963	963	963	963	697
Depreciation (including CPP)	14	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	44
Amortization (including CPP)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	3	14	14	14	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	19
Safety Production	5	23	23	23	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	29
Total Non-Cash Costs	23	97	97	97	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	92
Resource Tax	8	62	78	94	153	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	107
Construction & Education Supplementary Tax	(2)	1	(4)	(6)	7	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	10
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	247	693	662	659	1,195	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	905
Taxable Income	(184)	(144)	(7)	122	210	155	155	155	155	155	155	155	155	155	155	155	155	155	155	155	114
Income Tax	-	-	-	18	32	23	39	39	39	39	39	39	39	39	39	39	39	39	39	39	29
Gross After-Tax Cash Flow	(153)	25	175	302	488	441	425	425	425	425	425	425	425	425	425	425	425	425	425	425	310
Working Capital/Parts/Inventory	100	200	250	250	250	250	250	250	-	-	-	-	-	-	-	-	-	-	-	-	(1,036)
Capital Expenditures (including CPP)	73	265	675	920	481	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	375
Deductions to Cash Flow	173	465	925	1,170	731	304	304	304	54	54	54	54	54	54	54	54	54	54	54	54	(606)
Net After-Tax Cash Flow	(325)	(441)	(750)	(868)	(243)	137	121	121	371	371	371	371	371	371	371	371	371	371	371	371	917
Discounted Cash Flow at 7.1%	(321)	(414)	(658)	(710)	(186)	98	81	75	216	201	188	175	164	153	143	133	124	116	108	101	233
Cumulative Discounted Cash Flow	(321)	(734)	(1,392)	(2,102)	(2,288)	(2,190)	(2,109)	(2,034)	(1,818)	(1,617)	(1,429)	(1,254)	(1,090)	(937)	(795)	(662)	(537)	(421)	(313)	(212)	21

TABLE 8-13

DISCOUNTED CASH FLOW
HUANGBAICI MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Product Tonnes (millions)	0.40	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	0.22
Revenue RMB (millions)															
Revenue (Including VAT)	145	766	1,075	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	169
Revenue (Excluding VAT)	129	678	951	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	149
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	1,027	474	474	474	474	474	474	474	474	474	474	474	474	474	474
							RMB (millions)								
Mine Operating Costs (including CPP)	410	725	725	725	725	725	725	725	725	725	725	725	725	725	103
Value Added Tax with credit	(12)	40	72	83	83	83	40	83	83	83	83	83	83	83	12
Total Cash Cost of Sales	398	765	797	808	808	808	765	808	808	808	808	808	808	808	115
Depreciation (including CPP)	10	69	69	69	69	69	69	69	69	69	69	69	69	69	10
Amortization (including CPP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	5	17	17	17	17	17	17	17	17	17	17	17	17	17	17
Safety Production	17	54	54	54	54	54	54	54	54	54	54	54	54	54	8
Total Non-Cash Costs	33	141	141	141	141	141	141	141	141	141	141	141	141	141	35
Resource Tax	16	73	100	110	110	110	115	110	110	110	110	110	110	110	16
Construction & Education Supplementary Tax	(1)	5	9	10	10	10	5	10	10	10	10	10	10	10	1
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	446	983	1,046	1,068	1,068	1,068	1,025	1,068	1,068	1,068	1,068	1,068	1,068	1,068	167
Taxable Income	(317)	(305)	(95)	(19)	(19)	(19)	25	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(18)
Income Tax	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(268)	(77)	169	258	258	258	295	258	258	258	258	258	258	258	36
Working Capital/Parts/Inventory	100	150	250	250	250	250	250	250	-	-	-	-	-	-	(1,458)
Capital Expenditures (including CPP)	62	36	36	36	36	36	370	36	36	36	36	36	36	36	5
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	320
Deductions to Cash Flow	162	186	286	286	286	286	620	286	36	36	36	36	36	36	(1,133)
Net After-Tax Cash Flow	(430)	(263)	(117)	(28)	(28)	(28)	(325)	(28)	222	222	222	222	222	222	1,169
Discounted Cash Flow at 7.1%	(424)	(247)	(102)	(23)	(21)	(20)	(216)	(17)	129	120	112	105	98	92	449
Cumulative Discounted Cash Flow	(424)	(670)	(773)	(795)	(816)	(836)	(1,052)	(1,069)	(940)	(819)	(707)	(602)	(504)	(412)	37

TABLE 8-14

DISCOUNTED CASH FLOW
LAOSHIDAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Product Tonnes (millions)	0.19	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.14
Revenue RMB (millions)										
Revenue (Including VAT)	88.12	556.42	654.67	674.61	674.61	674.61	674.61	674.61	674.61	113.00
Revenue (Excluding VAT)	77.98	492.40	579.36	597.00	597.00	597.00	597.00	597.00	597.00	100.00
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	1,023	545	545	495	495	495	495	495	495	495
					RMB (millions)					
Mine Operating Costs (including CPP)	191	451	451	410	410	410	410	410	410	69
Value Added Tax with credit	(1)	31	45	49	24	47	47	47	47	8
Total Cash Cost of Sales	190	482	496	459	434	457	457	457	457	77
Depreciation (including CPP)	14	37	37	33	33	33	33	33	33	6
Amortization (including CPP)	0	5	5	5	5	5	5	5	5	1
Simple Production Maintainance	3	11	11	11	11	11	11	11	11	2
Safety Production	8	36	36	36	36	36	36	36	36	6
Total Non-Cash Costs	25	89	89	86	86	86	86	86	86	14
Resource Tax	9	53	61	63	65	63	63	63	63	10
Construction & Education Supplementary Tax	(0)	4	5	6	3	6	6	6	6	1
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Total Production Costs	223	628	652	613	587	611	611	611	611	102
Taxable Income	(145)	(136)	(72)	(16)	10	(14)	(14)	(14)	(14)	(2)
Income Tax	-	-	-	-	1	-	-	-	-	-
Gross After-Tax Cash Flow	(110)	18	92	147	171	149	149	149	149	25
Working Capital/Parts/Inventory	60	150	150	150	150	-	-	-	-	(600)
Capital Expenditures (including CPP)	10	37	11	10	200	24	24	24	24	4
Decommissioning	-	-	-	-	-	-	-	-	-	183
Deductions to Cash Flow	70	187	161	160	350	24	24	24	24	(413)
Net After-Tax Cash Flow	(180)	(169)	(69)	(13)	(179)	125	125	125	125	438
Discounted Cash Flow at 7.1%	(177)	(159)	(60)	(11)	(136)	89	83	78	73	237
Cumulative Discounted Cash Flow	(177)	(336)	(396)	(407)	(544)	(454)	(371)	(294)	(221)	16

TABLE 8-15

DISCOUNTED CASH FLOW
LIMIN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Product Tonnes (millions)	0.35	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	0.75
Revenue RMB (millions)																						
Revenue (Including VAT)	205.56	802.80	890.80	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	640.59
Revenue (Excluding VAT)	181.92	710.44	788.32	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	566.89
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	1,498	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584
											RMB (millions)											
Mine Operating Costs (including CPP)	524	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	436
Value Added Tax with credit	(4)	48	55	62	52	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	45
Total Cash Cost of Sales	520	749	756	763	753	770	770	770	770	770	770	770	770	770	770	770	770	770	770	770	770	481
Depreciation (including CPP)	21	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	29
Amortization (including CPP)	3	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	5
Simple Production Maintainance	6	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	9
Safety Production	10	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	14
Total Non-Cash Costs	40	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	57
Resource Tax	21	75	84	97	98	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	60
Construction & Education Supplementary Tax	(0)	6	7	7	6	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	5
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	581	921	938	959	949	966	966	966	966	966	966	966	966	966	966	966	966	966	966	966	966	603
Taxable Income	(399)	(211)	(150)	(47)	(37)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(36)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(335)	(27)	44	163	173	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	94
Working Capital/Parts/Inventory	100	200	200	250	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,398)
Capital Expenditures (including CPP)	8	16	27	88	160	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	-
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	290
Deductions to Cash Flow	108	216	227	338	410	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	(1,108)
Net After-Tax Cash Flow	(443)	(243)	(182)	(175)	(237)	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	1,203
Discounted Cash Flow at 7.1%	(436)	(228)	(160)	(143)	(181)	90	84	78	73	68	64	59	56	52	48	45	42	39	37	34	32	285
Cumulative Discounted Cash Flow	(436)	(664)	(824)	(967)	(1,148)	(1,058)	(974)	(896)	(823)	(755)	(691)	(631)	(576)	(524)	(476)	(430)	(388)	(349)	(312)	(278)	(246)	40

TABLE 8-16

DISCOUNTED CASH FLOW
LUOTUOSHAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Product Tonnes (millions)	0.68	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	0.94
Revenue RMB (millions)												
Revenue (Including VAT)	140.15	379.08	566.28	702.27	753.41	753.41	753.41	753.41	753.41	753.41	753.41	587.08
Revenue (Excluding VAT)	124.02	335.47	501.13	621.48	666.73	666.73	666.73	666.73	666.73	666.73	666.73	519.54
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	337	337	337	337	337	337	337	337	420	420	420	420
						RMB (millions)						
Mine Operating Costs (including CPP)	229	404	404	404	404	404	404	404	504	504	504	393
Value Added Tax with credit	1	14	33	47	52	52	26	52	48	48	48	37
Total Cash Cost of Sales	230	418	437	451	456	456	430	456	552	552	552	430
Depreciation (including CPP)	42	74	74	74	74	74	74	74	74	74	74	74
Amortization (including CPP)	17	30	30	30	30	30	30	30	30	30	30	30
Simple Production Maintainance	8	14	14	14	14	14	14	14	14	14	14	14
Safety Production	43	75	75	75	75	75	75	75	75	75	75	75
Total Non-Cash Costs	109	193	193	193	193	193	193	193	193	193	193	193
Resource Tax	13	33	48	59	63	63	65	63	63	63	63	50
Construction & Education Supplementary Tax	0	2	4	6	6	6	3	6	6	6	6	4
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	352	646	682	709	718	718	691	718	814	814	814	677
Taxable Income	(228)	(310)	(181)	(87)	(51)	(51)	(24)	(51)	(147)	(147)	(147)	(158)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(103)	(74)	77	186	228	228	255	228	132	132	132	103
Working Capital/Parts/Inventory	160	300	300	-	-	-	-	-	-	-	-	(809)
Capital Expenditures (including CPP)	26	45	45	45	45	45	250	45	45	45	45	35
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	244
Deductions to Cash Flow	186	345	345	45	45	45	250	45	45	45	45	(530)
Net After-Tax Cash Flow	(289)	(419)	(268)	141	183	183	5	183	87	87	87	632
Discounted Cash Flow at 7.1%	(284)	(393)	(235)	116	140	130	3	114	51	47	44	299
Cumulative Discounted Cash Flow	(284)	(678)	(913)	(797)	(657)	(527)	(523)	(410)	(359)	(312)	(267)	31

TABLE 8-17

DISCOUNTED CASH FLOW
LUTIAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025
Product Tonnes (millions)	0.51
Revenue RMB (millions)	
Revenue (Including VAT)	149.80
Revenue (Excluding VAT)	132.56
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	649
	RMB (millions)
Mine Operating Costs (including CPP)	333
Value Added Tax with credit	-
Total Cash Cost of Sales	333
Depreciation (including CPP)	10
Amortization (including CPP)	0
Simple Production Maintainance	8
Safety Production	21
Total Non-Cash Costs	40
Resource Tax	15
Construction & Education Supplementary Tax	-
Sales Taxes	-
Total Production Costs	388
Taxable Income	(255)
Income Tax	-
Gross After-Tax Cash Flow	(198)
Working Capital/Parts/Inventory	(320)
Capital Expenditures (including CPP)	-
Decommissioning	116
Deductions to Cash Flow	(204)
Net After-Tax Cash Flow	5
Discounted Cash Flow at 7.1%	5
Cumulative Discounted Cash Flow	5

TABLE 8-18

DISCOUNTED CASH FLOW
PINGGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Product Tonnes (millions)	-	-	-	-	1.17	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	0.05
Revenue RMB (millions)																													
Revenue (Including VAT)	-	-	-	-	685	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	31
Revenue (Excluding VAT)	-	-	-	-	606	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	28
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	-	-	-	-	364	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404
																			RMB (millions)										
Mine Operating Costs (including CPP)	-	-	-	-	425	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	21
Value Added Tax with credit	-	-	-	-	35	42	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	2
Total Cash Cost of Sales	-	-	-	-	460	609	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	23
Depreciation (including CPP)	-	-	-	-	30	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	2
Amortization (including CPP)	-	-	-	-	26	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	1
Simple Production Maintainance	-	-	-	-	14	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	1
Safety Production	-	-	-	-	68	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	3
Total Non-Cash Costs	-	-	-	-	138	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	7
Resource Tax	-	-	-	-	65	78	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	3
Construction & Education Supplementary Tax	-	-	-	-	4	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	0
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	-	-	-	-	667	876	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	34
Taxable Income	-	-	-	-	(61)	(148)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(6)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	-	-	-	-	155	129	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	4
Working Capital/Parts/Inventory	-	-	-	-	200	200	200	200	200	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,150)
Capital Expenditures (including CPP)	1	10	651	534	120	124	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	1
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	266
Deductions to Cash Flow	1	10	651	534	320	324	236	236	236	186	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	(883)
Net After-Tax Cash Flow	(1)	(10)	(651)	(534)	(165)	(195)	(118)	(118)	(118)	(68)	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	887
Discounted Cash Flow at 7.1%	(1)	(10)	(571)	(437)	(126)	(139)	(78)	(73)	(68)	(37)	42	39	36	34	32	29	27	26	24	22	21	19	18	17	16	15	14	13	130
Cumulative Discounted Cash Flow	(1)	-	-	-	(126)	(265)	(344)	(417)	(485)	(522)	(481)	(442)	(406)	(372)	(340)	(311)	(283)	(258)	(234)	(211)	(191)	(171)	(153)	(136)	(120)	(105)	(91)	(79)	51

TABLE 8-19

DISCOUNTED CASH FLOW
WUHUSHAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Product Tonnes (millions)	0.43	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	0.56
Revenue RMB (millions)																			
Revenue (Including VAT)	176	894	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	393
Revenue (Excluding VAT)	156	791	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	348
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	712	498	498	498	498	498	501	501	501	501	501	501	501	501	501	501	501	501	501
									RMB (millions)										
Mine Operating Costs (including CPP)	308	796	796	796	796	796	802	802	802	802	802	802	802	802	802	802	802	802	280
Value Added Tax with credit	(4)	44	72	67	77	20	70	70	70	70	70	70	70	70	30	70	70	70	19
Total Cash Cost of Sales	304	840	868	863	873	816	872	872	872	872	872	872	872	872	832	872	872	872	299
Depreciation (including CPP)	18	72	72	72	72	72	72	72	72	72	72	72	72	72	72	72	72	72	25
Amortization (including CPP)	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1
Simple Production Maintainance	7	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	7
Safety Production	21	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	21
Total Non-Cash Costs	46	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	53
Resource Tax	18	85	105	106	105	110	105	105	105	105	105	105	105	105	109	105	105	105	37
Construction & Education Supplementary Tax	(0)	5	9	8	9	2	8	8	8	8	8	8	8	8	4	8	8	8	2
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	367	1,083	1,134	1,130	1,140	1,081	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,097	1,138	1,138	1,138	392
Taxable Income	(211)	(292)	(139)	(134)	(145)	(86)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(102)	(143)	(143)	(143)	(44)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(145)	(37)	143	147	137	196	139	139	139	139	139	139	139	139	180	139	139	139	54
Working Capital/Parts/Inventory	50	100	100	100	50	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,495)
Capital Expenditures (including CPP)	65	79	50	83	13	450	60	60	60	60	60	60	60	60	370	60	60	60	60
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	341
Deductions to Cash Flow	115	179	150	183	63	450	60	60	60	60	60	60	60	60	370	60	60	60	(1,094)
Net After-Tax Cash Flow	(260)	(216)	(7)	(36)	74	(254)	79	79	79	79	79	79	79	79	(190)	79	79	79	1,148
Discounted Cash Flow at 7.1%	(256)	(203)	(6)	(29)	57	(181)	53	49	46	43	40	37	35	33	(73)	28	26	25	335
Cumulative Discounted Cash Flow	(256)	(459)	(465)	(495)	(438)	(619)	(567)	(517)	(472)	(429)	(389)	(351)	(317)	(284)	(357)	(329)	(302)	(278)	57

TABLE 8-20

DISCOUNTED CASH FLOW
HEISHAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	5.75	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20
Revenue RMB (millions)																														
Revenue (Including VAT)	1,598	4,887	5,355	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860
Revenue (Excluding VAT)	1,414	4,325	4,739	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	214	229	229	229	229	230	230	230	230	230	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231
	RMB (millions)																													
Mine Operating Costs (including CPP)	1,233	3,483	3,488	3,488	3,488	3,500	3,500	3,500	3,500	3,500	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504
Value Added Tax with credit	86	318	366	417	417	417	417	417	379	417	416	416	416	416	416	416	416	379	416	416	416	416	416	416	416	416	379	416	416	416
Total Cash Cost of Sales	1,319	3,801	3,854	3,905	3,905	3,917	3,917	3,917	3,879	3,917	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,883	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,883	3,920	3,920	3,920
Depreciation (including CPP)	101	175	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180
Amortization (including CPP)	4	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Simple Production Maintainance	84	142	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136
Safety Production	50	84	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
Total Non-Cash Costs	239	407	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403
Resource Tax	136	411	449	490	490	490	490	490	493	490	490	490	490	490	490	490	490	493	490	490	490	490	490	490	490	490	493	490	490	490
Construction & Education Supplementary Tax	10	38	44	50	50	50	50	50	45	50	50	50	50	50	50	50	50	45	50	50	50	50	50	50	50	50	45	50	50	50
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,703	4,658	4,750	4,848	4,848	4,860	4,860	4,860	4,820	4,860	4,863	4,863	4,863	4,863	4,863	4,863	4,863	4,824	4,863	4,863	4,863	4,863	4,863	4,863	4,863	4,863	4,824	4,863	4,863	4,863
Taxable Income	(290)	(333)	(10)	338	338	326	326	326	365	326	323	323	323	323	323	323	323	361	323	323	323	323	323	323	323	323	361	323	323	323
Income Tax	-	-	-	51	51	49	81	81	91	81	81	81	81	81	81	81	81	90	81	81	81	81	81	81	81	81	90	81	81	81
Gross After-Tax Cash Flow	133	636	1,009	1,364	1,364	1,354	1,321	1,321	1,351	1,321	1,319	1,319	1,319	1,319	1,319	1,319	1,319	1,348	1,319	1,319	1,319	1,319	1,319	1,319	1,319	1,319	1,348	1,319	1,319	1,319
Working Capital/Parts/Inventory	900	2,000	2,000	1,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,996)
Capital Expenditures (including CPP)	160	160	160	160	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	160
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	1,060	2,160	2,160	1,960	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	(6,836)
Net After-Tax Cash Flow	(927)	(1,524)	(1,151)	(596)	1,204	1,194	1,161	1,161	901	1,161	1,159	1,159	1,159	1,159	1,159	1,159	1,159	898	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	898	1,159	1,159	8,155
Discounted Cash Flow at 7.1%	(914)	(1,431)	(1,009)	(488)	920	851	773	722	523	629	586	547	511	477	445	416	388	281	338	316	295	275	257	240	224	209	151	182	170	1,116
Cumulative Discounted Cash Flow	(914)	(2,344)	(3,353)	(3,841)	(2,921)	(2,070)	(1,297)	(575)	(52)	577	1,163	1,710	2,221	2,698	3,143	3,558	3,946	4,227	4,565	4,880	5,175	5,450	5,707	5,947	6,170	6,379	6,530	6,712	6,882	7,998

TABLE 8-21

DISCOUNTED CASH FLOW
HONGSHAQUAN NO.1 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	11.31	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50
Revenue RMB (millions)																														
Revenue (Including VAT)	1,358	4,418	4,617	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532
Revenue (Excluding VAT)	1,202	3,909	4,086	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	222	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124
																			RMB (millions)											
Mine Operating Costs (including CPP)	2,517	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523
Value Added Tax with credit	16	270	290	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282
Total Cash Cost of Sales	2,533	3,793	3,813	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
Depreciation (including CPP)	20	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29
Amortization (including CPP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	101	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255
Safety Production	60	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Total Non-Cash Costs	181	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434
Resource Tax	107	332	346	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340
Construction & Education Supplementary Tax	2	27	29	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	2,822	4,586	4,622	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607
Taxable Income	(1,621)	(676)	(536)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(1,283)	265	429	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358
Working Capital/Parts/Inventory	200	500	500	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,462)
Capital Expenditures (including CPP)	60	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	260	650	650	650	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	(2,312)
Net After-Tax Cash Flow	(1,543)	(385)	(221)	(292)	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	2,670
Discounted Cash Flow at 7.1%	(1,521)	(361)	(194)	(239)	159	148	139	129	121	113	105	98	92	86	80	75	70	65	61	57	53	49	46	43	40	37	35	33	31	365
Cumulative Discounted Cash Flow	(1,521)	(1,882)	(2,076)	(2,315)	(2,156)	(2,008)	(1,869)	(1,740)	(1,619)	(1,507)	(1,401)	(1,303)	(1,211)	(1,126)	(1,046)	(971)	(902)	(837)	(776)	(719)	(667)	(617)	(571)	(528)	(488)	(450)	(415)	(383)	(352)	13

TABLE 8-22

DISCOUNTED CASH FLOW
HONGSHAQUAN NO.2 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.50	9.50	19.00	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50
Revenue RMB (millions)																														
Revenue (Including VAT)	300	1,473	3,078	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532
Revenue (Excluding VAT)	265	1,303	2,724	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	79	79	79	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124
	RMB (millions)																													
Mine Operating Costs (including CPP)	196	747	1,495	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523
Value Added Tax with credit	14	96	226	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282
Total Cash Cost of Sales	210	843	1,721	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
Depreciation (including CPP)	-	-	-	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29
Amortization (including CPP)	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	22	85	170	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255
Safety Production	13	50	100	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Total Non-Cash Costs	35	135	270	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434
Resource Tax	23	110	228	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340
Construction & Education Supplementary Tax	1	10	23	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	270	1,098	2,241	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607
Taxable Income	(5)	205	483	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)
Income Tax	-	31	72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	65	479	1,034	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358
Working Capital/Parts/Inventory	400	800	800	800	800	800	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,790)
Capital Expenditures (including CPP)	60	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	460	950	950	950	950	950	450	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	(4,640)
Net After-Tax Cash Flow	(395)	(471)	84	(592)	(592)	(592)	(92)	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	4,998
Discounted Cash Flow at 7.1%	(389)	(442)	74	(484)	(452)	(422)	(61)	129	121	113	105	98	92	86	80	75	70	65	61	57	53	49	46	43	40	37	35	33	31	684
Cumulative Discounted Cash Flow	(389)	(832)	(758)	(1,242)	(1,694)	(2,116)	(2,178)	(2,048)	(1,928)	(1,815)	(1,710)	(1,611)	(1,520)	(1,434)	(1,354)	(1,280)	(1,210)	(1,145)	(1,084)	(1,028)	(975)	(926)	(879)	(836)	(796)	(759)	(724)	(691)	(661)	23

TABLE 8-23

DISCOUNTED CASH FLOW
TUNBAO MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	0.60	1.12	1.15	1.28	1.95	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38
Revenue RMB (millions)																														
Revenue (Including VAT)	113.10	270.46	314.33	394.28	603.66	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18
Revenue (Excluding VAT)	100.09	239.34	278.17	348.92	534.21	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	559	299	308	259	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195
															RMB (millions)																
Mine Operating Costs (including CPP)	334	335	355	331	381	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463
Value Added Tax with credit	(6)	7	11	20	39	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48
Total Cash Cost of Sales	328	342	366	351	420	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511
Depreciation (including CPP)	25	26	26	26	26	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32
Amortization (including CPP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	6	11	11	12	19	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23
Safety Production	34	64	66	73	111	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135
Total Non-Cash Costs	65	100	103	111	156	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190
Resource Tax	10	21	24	30	45	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55
Construction & Education Supplementary Tax	(1)	1	1	2	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	403	464	494	494	625	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762
Taxable Income	(303)	(225)	(215)	(145)	(91)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(225)	(93)	(77)	11	134	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162
Working Capital/Parts/Inventory	50	100	100	100	100	130	150	150	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(857)
Capital Expenditures (including CPP)	20	40	40	40	40	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	70	140	140	140	140	171	191	191	191	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	(816)
Net After-Tax Cash Flow	(295)	(233)	(217)	(129)	(6)	(8)	(28)	(28)	(28)	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	979
Discounted Cash Flow at 7.1%	(290)	(219)	(190)	(106)	(4)	(6)	(19)	(18)	(16)	66	62	57	54	50	47	44	41	38	36	33	31	29	27	25	24	22	20	19	18	134
Cumulative Discounted Cash Flow	(290)	(509)	(699)	(805)	(809)	(815)	(834)	(851)	(868)	(802)	(740)	(683)	(629)	(579)	(532)	(488)	(448)	(409)	(374)	(341)	(310)	(281)	(254)	(229)	(205)	(183)	(163)	(144)	(126)	8

TABLE 8-24

DISCOUNTED CASH FLOW
WUDONG MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	1.25	2.80	2.40	2.40	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Revenue RMB (millions)																														
Revenue (Including VAT)	269.57	778.40	780.00	844.80	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60
Revenue (Excluding VAT)	238.56	688.85	690.27	747.61	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	401	205	239	239	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205
																													RMB (millions)	
Mine Operating Costs (including CPP)	501	574	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573
Value Added Tax with credit	(1)	39	42	48	61	61	61	61	16	61	61	61	61	61	61	61	61	16	61	61	61	61	61	61	61	61	16	61	61	61
Total Cash Cost of Sales	500	613	615	621	634	634	634	634	589	634	634	634	634	634	634	634	634	589	634	634	634	634	634	634	634	634	589	634	634	634
Depreciation (including CPP)	16	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
Amortization (including CPP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	12	30	26	26	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Safety Production	73	175	150	150	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Total Non-Cash Costs	101	244	214	214	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244
Resource Tax	22	59	59	64	74	74	74	74	78	74	74	74	74	74	74	74	74	78	74	74	74	74	74	74	74	74	78	74	74	74
Construction & Education Supplementary Tax	(0)	4	4	5	6	6	6	6	2	6	6	6	6	6	6	6	6	2	6	6	6	6	6	6	6	6	2	6	6	6
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	623	919	893	904	958	958	958	958	912	958	958	958	958	958	958	958	958	912	958	958	958	958	958	958	958	958	912	958	958	958
Taxable Income	(385)	(230)	(202)	(157)	(86)	(86)	(86)	(86)	(40)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(40)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(40)	(86)	(86)	(86)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(252)	103	102	155	271	271	271	271	317	271	271	271	271	271	271	271	271	317	271	271	271	271	271	271	271	271	317	271	271	271
Working Capital/Parts/Inventory	150	350	350	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,146)
Capital Expenditures (including CPP)	47	105	90	90	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	105
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	197	455	440	490	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	(1,041)
Net After-Tax Cash Flow	(449)	(352)	(338)	(335)	166	166	166	166	(133)	166	166	166	166	166	166	166	166	(133)	166	166	166	166	166	166	166	166	(133)	166	166	1,313
Discounted Cash Flow at 7.1%	(443)	(331)	(297)	(274)	127	119	111	103	(77)	90	84	78	73	68	64	60	56	(42)	48	45	42	39	37	34	32	30	(22)	26	24	180
Cumulative Discounted Cash Flow	(443)	(773)	(1,070)	(1,344)	(1,217)	(1,099)	(988)	(885)	(962)	(872)	(788)	(709)	(636)	(568)	(504)	(444)	(388)	(430)	(382)	(336)	(294)	(255)	(218)	(183)	(151)	(121)	(144)	(118)	(93)	86

TABLE 8-25

DISCOUNTED CASH FLOW
ZHUNDONG OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	10.47	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25
Revenue RMB (millions)																														
Revenue (Including VAT)	1,120	3,957	4,123	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223
Revenue (Excluding VAT)	991	3,502	3,649	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	204	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
	RMB (millions)																													
Mine Operating Costs (including CPP)	2,137	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992
Value Added Tax with credit	10	244	261	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271
Total Cash Cost of Sales	2,147	3,236	3,253	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263
Depreciation (including CPP)	46	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64
Amortization (including CPP)	80	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112
Simple Production Maintainance	94	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298
Safety Production	55	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Total Non-Cash Costs	275	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649
Resource Tax	100	334	348	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356
Construction & Education Supplementary Tax	1	24	26	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	2,523	4,244	4,276	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295
Taxable Income	(1,532)	(742)	(628)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(1,128)	362	496	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576
Working Capital/Parts/Inventory	230	500	500	600	600	600	600	600	600	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,980)
Capital Expenditures (including CPP)	55	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	285	675	675	775	775	775	775	775	775	775	775	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	(5,805)
Net After-Tax Cash Flow	(1,413)	(313)	(179)	(199)	(199)	(199)	(199)	(199)	(199)	(199)	(199)	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	6,382
Discounted Cash Flow at 7.1%	(1,393)	(294)	(157)	(162)	(152)	(142)	(132)	(123)	(115)	(108)	(100)	189	177	165	154	144	134	125	117	109	102	95	89	83	77	72	68	63	59	873
Cumulative Discounted Cash Flow	(1,393)	(1,687)	(1,844)	(2,006)	(2,158)	(2,300)	(2,432)	(2,555)	(2,670)	(2,778)	(2,878)	(2,689)	(2,512)	(2,347)	(2,193)	(2,049)	(1,914)	(1,789)	(1,672)	(1,563)	(1,461)	(1,365)	(1,276)	(1,193)	(1,116)	(1,044)	(976)	(913)	(854)	19

TABLE 8-26

DISCOUNTED CASH FLOW
CHAHASU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.58	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Revenue RMB (millions)																														
Revenue (Including VAT)	1,556	4,090	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301
Revenue (Excluding VAT)	1,377	3,619	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	397	245	245	245	245	269	269	269	269	269	296	296	296	463	463	470	470	470	470	470	470	470	470	470	470	470	470	470	470	470
															RMB (millions)																
Mine Operating Costs (including CPP)	1,026	1,761	1,761	1,761	1,761	1,937	1,937	1,937	1,937	1,937	2,131	2,131	2,131	3,331	3,331	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381
Value Added Tax with credit	101	305	327	299	327	319	319	319	319	319	310	282	282	228	255	253	253	253	253	253	253	226	226	253	253	253	253	253	253	253
Total Cash Cost of Sales	1,127	2,066	2,088	2,060	2,088	2,256	2,256	2,256	2,256	2,256	2,441	2,413	2,413	3,559	3,586	3,634	3,634	3,634	3,634	3,634	3,634	3,607	3,607	3,634	3,634	3,634	3,634	3,634	3,634	3,634
Depreciation (including CPP)	118	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277
Amortization (including CPP)	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	20	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56
Safety Production	85	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240
Total Non-Cash Costs	223	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574
Resource Tax	131	341	358	360	358	358	358	358	358	358	359	362	362	367	364	364	364	364	364	364	364	367	367	364	364	364	364	364	364	364
Construction & Education Supplementary Tax	10	31	33	30	33	32	32	32	32	32	31	28	28	23	26	25	25	25	25	25	25	23	23	25	25	25	25	25	25	25
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,491	3,011	3,053	3,024	3,053	3,220	3,220	3,220	3,220	3,220	3,405	3,377	3,377	4,523	4,549	4,597	4,597	4,597	4,597	4,597	4,597	4,570	4,570	4,597	4,597	4,597	4,597	4,597	4,597	4,597
Taxable Income	(114)	608	754	782	754	586	586	586	586	586	401	429	429	(717)	(743)	(791)	(791)	(791)	(791)	(791)	(791)	(764)	(764)	(791)	(791)	(791)	(791)	(791)	(791)	(791)
Income Tax	-	-	-	-	-	-	147	147	147	147	100	107	107	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	288	1,652	1,822	1,851	1,822	1,655	1,508	1,508	1,508	1,508	1,369	1,390	1,390	352	325	277	277	277	277	277	277	304	304	277	277	277	277	277	277	277
Working Capital/Parts/Inventory	700	1,500	1,500	740	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,527)
Capital Expenditures (including CPP)	86	240	240	450	240	240	240	240	240	240	240	450	450	450	240	240	240	240	240	240	240	450	450	240	240	240	240	240	240	240
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	786	1,740	1,740	1,190	240	240	240	240	240	240	240	450	450	450	240	240	240	240	240	240	240	450	450	240	240	240	240	240	240	(3,287)
Net After-Tax Cash Flow	(498)	(88)	82	661	1,582	1,415	1,268	1,268	1,268	1,268	1,129	940	940	(98)	85	37	37	37	37	37	37	(146)	(146)	37	37	37	37	37	37	3,564
Discounted Cash Flow at 7.1%	(491)	(83)	72	541	1,208	1,009	844	788	736	687	571	444	414	(40)	33	13	12	12	11	10	9	(35)	(32)	8	7	7	6	6	5	488
Cumulative Discounted Cash Flow	(491)	(574)	(502)	39	1,247	2,256	3,100	3,888	4,623	5,310	5,881	6,325	6,739	6,699	6,731	6,745	6,757	6,769	6,779	6,790	6,799	6,764	6,732	6,740	6,747	6,754	6,760	6,766	6,771	7,259

TABLE 8-27

DISCOUNTED CASH FLOW
BAIYINHUA NO.1 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Product Tonnes (millions)	5.97	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	10.31
Revenue RMB (millions)																															
Revenue (Including VAT)	1,468.92	2,926.08	2,987.52	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	2,770.92
Revenue (Excluding VAT)	1,299.92	2,589.45	2,643.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,452.14
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	143	146	145	146	148	148	148	148	148	148	148	148	148	148	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169
															RMB (millions)																	
Mine Operating Costs (including CPP)	856	1,688	1,672	1,687	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,742
Value Added Tax with credit	96	214	221	213	231	230	230	230	179	230	230	230	230	230	219	219	219	168	219	219	219	219	219	219	219	219	168	219	219	219	195
Total Cash Cost of Sales	952	1,902	1,893	1,900	1,933	1,932	1,932	1,932	1,881	1,932	1,932	1,932	1,932	1,932	2,165	2,165	2,165	2,114	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,114	2,165	2,165	2,165	1,937
Depreciation (including CPP)	18	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
Amortization (including CPP)	7	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Simple Production Maintainance	59	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114
Safety Production	31	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Total Non-Cash Costs	115	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233
Resource Tax	124	244	249	259	258	258	258	258	263	258	258	258	258	258	259	259	259	264	259	259	259	259	259	259	259	259	264	259	259	259	232
Construction & Education Supplementary Tax	10	21	22	21	23	23	23	23	18	23	23	23	23	23	22	22	22	17	22	22	22	22	22	22	22	22	17	22	22	22	20
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,200	2,400	2,397	2,413	2,447	2,446	2,446	2,446	2,395	2,446	2,446	2,446	2,446	2,446	2,679	2,679	2,679	2,628	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,628	2,679	2,679	2,679	2,421
Taxable Income	100	189	247	327	293	294	294	294	345	294	294	294	294	294	61	61	61	112	61	61	61	61	61	61	61	61	112	61	61	61	31
Income Tax	25	47	62	82	73	73	73	73	86	73	73	73	73	73	15	15	15	28	15	15	15	15	15	15	15	15	28	15	15	15	8
Gross After-Tax Cash Flow	359	712	762	834	808	809	809	809	848	809	809	809	809	809	635	635	635	673	635	635	635	635	635	635	635	635	673	635	635	635	575
Working Capital/Parts/Inventory	450	1,000	1,000	1,000	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,404)
Capital Expenditures (including CPP)	111	55	55	195	55	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	60
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	804
Deductions to Cash Flow	561	1,055	1,055	1,195	285	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	(2,540)
Net After-Tax Cash Flow	(202)	(343)	(293)	(361)	523	749	749	749	398	749	749	749	749	749	575	575	575	223	575	575	575	575	575	575	575	575	223	575	575	575	3,115
Discounted Cash Flow at 7.1%	(199)	(322)	(257)	(295)	400	534	499	466	231	406	379	354	330	308	221	206	192	70	168	157	146	136	127	119	111	104	38	90	84	79	398
Cumulative Discounted Cash Flow	(199)	(522)	(779)	(1,074)	(674)	(140)	359	825	1,055	1,461	1,840	2,194	2,524	2,832	3,053	3,259	3,451	3,521	3,689	3,845	3,991	4,128	4,255	4,374	4,485	4,589	4,626	4,716	4,801	4,879	5,277

TABLE 8-28

DISCOUNTED CASH FLOW
BOLIGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	-	-	-	1.58	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
Revenue RMB (millions)																														
Revenue (Including VAT)	-	-	-	518	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036
Revenue (Excluding VAT)	-	-	-	459	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	-	-	-	74	74	74	74	74	74	74	74	102	102	102	102	137	137	137	137	137	179	179	179	179	179	228	228	228	228	228
																													RMB (millions)	
Mine Operating Costs (including CPP)	-	-	-	116	233	233	233	233	233	233	233	324	324	324	324	433	433	433	433	433	564	564	564	564	564	721	721	721	721	721
Value Added Tax with credit	-	-	-	43	87	87	87	87	87	87	36	75	75	75	75	70	70	70	27	70	64	64	64	64	64	57	14	57	57	57
Total Cash Cost of Sales	-	-	-	159	320	320	320	320	320	320	269	399	399	399	399	503	503	503	460	503	628	628	628	628	628	778	735	778	778	778
Depreciation (including CPP)	-	-	-	64	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127
Amortization (including CPP)	-	-	-	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Simple Production Maintainance	-	-	-	17	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34
Safety Production	-	-	-	30	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Total Non-Cash Costs	-	-	-	111	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222
Resource Tax	-	-	-	36	71	71	71	71	71	71	75	72	72	72	72	72	72	72	76	72	73	73	73	73	73	73	77	73	73	73
Construction & Education Supplementary Tax	-	-	-	5	10	10	10	10	10	10	4	9	9	9	9	8	8	8	3	8	8	8	8	8	8	7	2	7	7	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	-	-	-	312	623	623	623	623	623	623	570	702	702	702	702	806	806	806	761	806	931	931	931	931	931	1,080	1,036	1,080	1,080	1,080
Taxable Income	-	-	-	147	294	294	294	294	294	294	347	215	215	215	215	112	112	112	156	112	(14)	(14)	(14)	(14)	(14)	(163)	(119)	(163)	(163)	(163)
Income Tax	-	-	-	37	73	73	73	73	73	73	87	54	54	54	54	28	28	28	39	28	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	-	-	-	281	562	562	562	562	562	562	602	503	503	503	503	425	425	425	458	425	328	328	328	328	328	178	222	178	178	178
Working Capital/Parts/Inventory	55	55	55	100	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(465)
Capital Expenditures (including CPP)	602	1,041	3,397	31	60	60	60	60	60	60	450	120	120	120	120	120	120	120	450	120	120	120	120	120	120	450	120	120	120	
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	657	1,096	3,452	131	160	160	60	60	60	60	450	120	120	120	120	120	120	120	450	120	120	120	120	120	120	450	120	120	(345)	
Net After-Tax Cash Flow	(657)	(1,096)	(3,452)	150	402	402	502	502	502	502	152	383	383	383	383	305	305	305	8	305	208	208	208	208	208	58	(228)	58	58	523
Discounted Cash Flow at 7.1%	(647)	(1,029)	(3,026)	123	307	286	334	312	291	272	77	181	169	157	147	109	102	95	2	83	53	49	46	43	40	10	(38)	9	9	72
Cumulative Discounted Cash Flow	(647)	-	-	123	430	716	1,050	1,362	1,653	1,925	2,002	2,182	2,351	2,508	2,655	2,765	2,867	2,962	2,964	3,048	3,100	3,150	3,196	3,238	3,279	3,289	3,251	3,260	3,268	3,340

TABLE 8-29

DISCOUNTED CASH FLOW
HESIGEWULA SOUTH OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Product Tonnes (millions)	6.04	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	2.42
Revenue RMB (millions)																															
Revenue (Including VAT)	1,503.56	3,614.40	3,619.20	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	606.61
Revenue (Excluding VAT)	1,330.59	3,198.58	3,202.83	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	536.83
Total Cash Operating Cost	83	102	85	87	84	84	84	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	808
(Mine + CPP RMB/ Product Tonne)															RMB (millions)																
Mine Operating Costs (including CPP)	503	1,466	1,230	1,255	1,211	1,211	1,211	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,954
Value Added Tax with credit	116	294	305	285	305	293	293	236	275	275	275	275	275	275	275	275	236	275	275	275	275	275	275	275	275	236	275	275	275	275	(30)
Total Cash Cost of Sales	619	1,760	1,535	1,540	1,516	1,504	1,504	1,847	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,847	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,847	1,886	1,886	1,886	1,886	1,924
Depreciation (including CPP)	44	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119
Amortization (including CPP)	31	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76
Simple Production Maintainance	60	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143
Safety Production	31	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Total Non-Cash Costs	167	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412
Resource Tax	139	332	331	333	331	332	332	337	334	334	334	334	334	334	334	334	337	334	334	334	334	334	334	334	334	337	334	334	334	334	64
Construction & Education Supplementary Tax	7	18	18	17	18	18	18	14	17	17	17	17	17	17	17	17	14	17	17	17	17	17	17	17	17	14	17	17	17	17	(2)
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	932	2,522	2,296	2,303	2,278	2,266	2,266	2,611	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,611	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,611	2,649	2,649	2,649	2,649	2,399
Taxable Income	398	677	907	893	917	929	929	585	546	546	546	546	546	546	546	546	585	546	546	546	546	546	546	546	546	585	546	546	546	546	(1,862)
Income Tax	100	169	227	223	229	232	232	146	137	137	137	137	137	137	137	137	146	137	137	137	137	137	137	137	137	146	137	137	137	137	-
Gross After-Tax Cash Flow	639	1,335	1,509	1,497	1,516	1,524	1,524	1,266	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,266	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,266	1,237	1,237	1,237	1,237	(1,380)
Working Capital/Parts/Inventory	450	1,000	1,000	650	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,419)
Capital Expenditures (including CPP)	111	55	55	195	55	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	25
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	795
Deductions to Cash Flow	561	1,055	1,055	845	55	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	(1,599)
Net After-Tax Cash Flow	78	280	454	652	1,461	1,374	1,374	816	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	816	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	816	1,087	1,087	1,087	1,087	219
Discounted Cash Flow at 7.1%	76	263	398	534	1,116	980	915	507	631	589	550	513	479	447	417	390	273	340	317	296	276	258	241	225	210	147	183	171	159	149	28
Cumulative Discounted Cash Flow	76	340	737	1,271	2,387	3,367	4,282	4,789	5,420	6,009	6,558	7,071	7,551	7,998	8,415	8,805	9,078	9,418	9,735	10,031	10,307	10,565	10,806	11,031	11,241	11,388	11,571	11,741	11,901	12,049	12,077

TABLE 8-30

DISCOUNTED CASH FLOW
YUANBAOSHAN OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Product Tonnes (millions)	4.15	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	5.20
Revenue RMB (millions)													
Revenue (Including VAT)	1,120	3,145	3,060	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	1,387
Revenue (Excluding VAT)	991	2,783	2,708	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	1,227
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	169	183	185	195	202	202	202	202	202	202	202	202	202
	RMB (millions)												
Mine Operating Costs (including CPP)	701	2,106	2,134	2,250	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	1,053
Value Added Tax with credit	79	215	205	201	197	197	197	197	197	197	197	197	89
Total Cash Cost of Sales	780	2,321	2,339	2,451	2,529	2,529	2,529	2,529	2,529	2,529	2,529	2,529	1,142
Depreciation (including CPP)	37	123	123	123	123	123	123	123	123	123	123	123	55
Amortization (including CPP)	39	93	93	93	93	93	93	93	93	93	93	93	42
Simple Production Maintainance	45	95	95	95	95	95	95	95	95	95	95	95	43
Safety Production	24	50	50	50	50	50	50	50	50	50	50	50	23
Total Non-Cash Costs	145	361	361	361	361	361	361	361	361	361	361	361	163
Resource Tax	104	293	286	287	287	287	287	287	287	287	287	287	130
Construction & Education Supplementary Tax	9	26	25	24	24	24	24	24	24	24	24	24	11
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,038	3,001	3,011	3,123	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201	1,446
Taxable Income	(47)	(218)	(303)	(406)	(484)	(484)	(484)	(484)	(484)	(484)	(484)	(484)	(219)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	226	505	410	308	231	231	231	231	231	231	231	231	104
Working Capital/Parts/Inventory	250	500	500	500	500	500	500	500	500	400	-	-	(4,662)
Capital Expenditures (including CPP)	26	72	72	72	72	72	72	72	72	72	72	72	33
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	960
Deductions to Cash Flow	276	572	572	572	572	572	572	572	572	472	72	72	(3,669)
Net After-Tax Cash Flow	(50)	(67)	(162)	(264)	(341)	(341)	(341)	(341)	(341)	(241)	159	159	3,773
Discounted Cash Flow at 7.1%	(49)	(63)	(142)	(216)	(261)	(244)	(227)	(212)	(198)	(131)	80	75	1,662
Cumulative Discounted Cash Flow	(49)	(112)	(253)	(469)	(730)	(974)	(1,201)	(1,413)	(1,611)	(1,742)	(1,662)	(1,587)	75

TABLE 8-31

DISCOUNTED CASH FLOW
CIYAOGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Product Tonnes (millions)	1.87	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.63
Revenue RMB (millions)														
Revenue (Including VAT)	542	1,626	1,687	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,659
Revenue (Excluding VAT)	479	1,439	1,493	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,468
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	313	179	182	182	182	215	215	215	215	215	265	265	265	262
							RMB (millions)							
Mine Operating Costs (including CPP)	587	897	908	908	908	1,073	1,073	1,073	1,073	1,073	1,325	1,325	1,325	1,213
Value Added Tax with credit	20	56	102	122	122	114	114	114	114	75	103	103	103	96
Total Cash Cost of Sales	607	953	1,010	1,030	1,030	1,187	1,187	1,187	1,187	1,148	1,428	1,428	1,428	1,309
Depreciation (including CPP)	20	54	54	54	54	54	54	54	54	54	54	54	54	54
Amortization (including CPP)	14	18	18	18	18	18	18	18	18	18	18	18	18	18
Simple Production Maintainance	16	43	43	43	43	43	43	43	43	43	43	43	43	43
Safety Production	28	75	75	75	75	75	75	75	75	75	75	75	75	75
Total Non-Cash Costs	77	189	189	189	189	189	189	189	189	189	189	189	189	189
Resource Tax	47	141	143	150	150	151	151	151	151	155	152	152	152	141
Construction & Education Supplementary Tax	1	3	6	7	7	7	7	7	7	5	6	6	6	6
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	733	1,287	1,349	1,377	1,377	1,534	1,534	1,534	1,534	1,497	1,776	1,776	1,776	1,645
Taxable Income	(254)	152	144	209	209	52	52	52	52	89	(190)	(190)	(190)	(177)
Income Tax	-	-	-	-	-	-	13	13	13	22	-	-	-	-
Gross After-Tax Cash Flow	(114)	528	528	605	605	448	435	435	435	463	206	206	206	204
Working Capital/Parts/Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,455)
Capital Expenditures (including CPP)	65	529	220	150	150	150	150	150	150	450	150	150	150	139
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	533
Deductions to Cash Flow	65	529	220	150	150	150	150	150	150	450	150	150	150	(1,784)
Net After-Tax Cash Flow	(179)	(1)	307	455	455	298	285	285	285	13	56	56	56	1,988
Discounted Cash Flow at 7.1%	(176)	(1)	269	372	347	212	190	177	165	7	28	26	25	818
Cumulative Discounted Cash Flow	(176)	(177)	92	464	812	1,024	1,214	1,390	1,556	1,563	1,591	1,617	1,642	2,459

TABLE 8-32

DISCOUNTED CASH FLOW
SHAPING MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Product Tonnes (millions)	4.08	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	3.90
Revenue RMB (millions)																					
Revenue (Including VAT)	884.34	2,203.20	2,370.93	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	1,266.80
Revenue (Excluding VAT)	782.60	1,949.73	2,098.17	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	1,121.06
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	168	152	152	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239
										RMB (millions)											
Mine Operating Costs (including CPP)	684	1,212	1,212	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	932
Value Added Tax with credit	(8)	162	177	177	147	147	147	147	106	147	147	147	147	147	147	147	106	147	147	147	71
Total Cash Cost of Sales	676	1,374	1,389	2,090	2,060	2,060	2,060	2,060	2,019	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,019	2,060	2,060	2,060	1,003
Depreciation (including CPP)	54	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	70
Amortization (including CPP)	8	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	7
Simple Production Maintainance	35	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	33
Safety Production	61	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	58
Total Non-Cash Costs	157	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	169
Resource Tax	80	184	197	218	221	221	221	221	225	221	221	221	221	221	221	221	225	221	221	221	108
Construction & Education Supplementary Tax	(0)	10	11	11	9	9	9	9	6	9	9	9	9	9	9	9	6	9	9	9	4
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	913	1,914	1,943	2,666	2,637	2,637	2,637	2,637	2,598	2,637	2,637	2,637	2,637	2,637	2,637	2,637	2,598	2,637	2,637	2,637	1,284
Taxable Income	(131)	35	155	(364)	(335)	(335)	(335)	(335)	(296)	(335)	(335)	(335)	(335)	(335)	(335)	(335)	(296)	(335)	(335)	(335)	(163)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	129	635	774	282	311	311	311	311	350	311	311	311	311	311	311	311	350	311	311	311	152
Working Capital/Parts/Inventory	180	400	400	400	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,416)
Capital Expenditures (including CPP)	512	58	69	9	240	240	240	240	550	240	240	240	240	240	240	240	550	240	240	240	117
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	791
Deductions to Cash Flow	692	458	469	409	640	240	240	240	550	240	240	240	240	240	240	240	550	240	240	240	(1,508)
Net After-Tax Cash Flow	(563)	177	305	(127)	(329)	71	71	71	(200)	71	71	71	71	71	71	71	(200)	71	71	71	1,660
Discounted Cash Flow at 7.1%	(555)	166	268	(104)	(252)	50	47	44	(116)	38	36	33	31	29	27	25	(67)	22	21	19	422
Cumulative Discounted Cash Flow	(555)	(389)	(121)	(225)	(477)	(426)	(379)	(335)	(451)	(413)	(377)	(344)	(313)	(284)	(257)	(231)	(298)	(276)	(255)	(236)	186

APPENDIX A

MAPS PREPARED TO ILLUSTRATE THE ESTIMATED COAL RESOURCES AND RESERVE FOR EACH MINING/EXPLORATION RIGHTS

(TOTAL 526 MAPS -- SEPARATE VOLUME)

APPENDIX B

JORC CODE
2012 EDITION
TABLE 1

(TOTAL 17 COALFIELDS)

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APPENDIX B-1 JORC Code, 2012 Edition – Table 1 – Baiyinhua Coalfield

The Baiyinhua No.1 Open-pit Mine controlled by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. Is located in the Baiyinhua Coalfield.

Section 1 Sampling Techniques and Data

The coal drilling activities of the Baiyinhua Coalfield dates back to the 2004and ends in 2008. There are some drilling activities after 2008, but they are not for coal core drilling. The coal drilling techniques employed in 2004 and 2008 are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	duplicate/second-half sampling. • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Tianbao 5700 Dynamic GPS. • The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct

Criteria	JORC Code explanation	Commentary
		and appropriate. A 10% random re-survey was conducted on 75 engineering boreholes in this area using the repeat observation method. The coordinate discrepancies between the two datasets range as follows: ΔX 0.020–0.125 m, ΔY 0.018–0.146 m, and ΔH 0.002–0.053 m. • The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The drilling grid in the eastern part of the mining area, covering approximately one-third of the total area, is 250×250 meters, while a 500×500 meter grid is adopted in the remaining majority of the region. This drilling spacing is sufficient to classify the majority of the resources in the Baiyinhua mining area as the **Measured** category. The data spacing is adequate to establish geological and quality continuity • Sample compositing is not applicable to coal.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results. • There is no bias for coal.
Sample security	• *The measures taken to ensure sample security.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Audits or	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and

Criteria	JORC Code explanation	Commentary
reviews		data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Baiyinhua No.1 Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Baiyinhua No.1 Open-pit Coal Mine, Xi Ujimqin Banner, Inner Mongolia Mining Right Number: C1000002008091110000935 Area: 19.9154 km² Location: Yuanbaoshan District, Chifeng City, Inner Mongolia Autonomous Region Ownership: Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (100% owned by China Energy Investment Corporation) • According to the current status survey, the Baiyinhua No.1 Open-pit Mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, scenic spots, water source protection zones, or cultural relics and historic sites. • The mining right certificate for the mine is within the valid period. No known impediments to maintaining and renewing such mining certificate were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining rights located in the Baiyinhua Coalfield, we were provided with two exploration report issued by the Inner Mongolia Autonomous Region Coalfield Geology Bureau 104 Exploration Team in 2004 and 2008, respectively. Both exploration programs of the two reports include collection of data on coal occurrence and quality, hydrology,

Criteria	JORC Code explanation	Commentary
		and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Coal deposit. • The geologic settings of the Baiyinhua No.1 Open-pit is judged to be moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas. • Regional Geology: The Baiyinhua Coalfield occupies the northeastern segment of the Wunit Faulted Depression at the eastern termination of the Erlian Basin. The coalfield constitutes a classic graben-style rift basin system. The NE-trending Wunit Faulted Depression extends approximately 326 km in length and 9 to16 km in width. It is bounded to the north by the Chagan Aobao–Arongqi Deep Fault Zone, to the south by the Xilaimiao–Daqing Pasture Major Fault, to the west by the Sonid Uplift, and to the east by the Greater Khingan Range Uplift Belt. • Structure: The Baiyinhua No.1 Open-pit is located in the southwestern part of the Baiyinhua Coalfield. The mine area is characterized by a NE-trending, WS-plunging asymmetrical syncline,

Criteria	JORC Code explanation	Commentary
		measuring approximately 4.65 km in axial length and 4.3 km in width. The northwestern limb of the syncline exhibits gentler dips of around 5 degrees, while the southeastern limb is slightly steeper, with dips ranging from 5 to 9 degrees. Local undulations are present along both limbs. A limited number of small-scale normal faults, all striking NW–SE with displacements under 20 m, are developed within the mine area. No magmatic intrusions have been identified within the coal-bearing strata.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Not applicable as no Exploration Results included in the report.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modeling. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. The database was verified using Carlson SURVCAD before modeling. The completed model was cross-checked and

Criteria	JORC Code explanation	Commentary
	estimation. • *The factors affecting continuity both of grade and geology.*	validated against the attached maps in the geological reports. If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Baiyinhua No. 1 Open-pit Mine is high. The competent persons for this report, through the review of borehole logs and geophysical logs for seam correlation, as well as subsequent model representation, consider the geological interpretation of the Baiyinhua No. 1 Open-pit Mine to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>intrusions.
- Faulting.
- outcrop.</td></tr>
<tr><td>Dimensions</td><td>• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>• The resources area is delineated by the authorized mine boundary, covering an area of 19.9154 km², with vertical mining elevation limits between +650 m to +1050 m. The following tables show the detailed characteristics of each seam at Baiyinhua No Open-pit:
<table>
<tr><th rowspan="2">Mine</th><th rowspan="2">Seam</th><th colspan="3">Thickness (m)</th><th rowspan="2">Distance from the Upper Seam (m)</th><th rowspan="2">Seam Depth Range (m)</th><th rowspan="2">Seam Dip (deg.)</th><th rowspan="2">Seam Occurrence</th></tr>
<tr><th>Coal</th><th>Parting</th><th>Seam</th></tr>
<tr><td>Baiyinhua No.1 Open-pit</td><td>1-1</td><td>2.1</td><td>0.40</td><td>2.5</td><td>-</td><td>10 - 180</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
<tr><td></td><td>1</td><td>5.1</td><td>0.85</td><td>5.9</td><td>25</td><td>0 - 190</td><td>4-NW, 7-SE</td><td>Moderate</td></tr>
<tr><td></td><td>2U</td><td>2.2</td><td>4.92</td><td>7.1</td><td>45</td><td>30 - 240</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
<tr><td></td><td>2</td><td>14.9</td><td>2.05</td><td>16.9</td><td>35</td><td>0 - 270</td><td>4-NW, 7-SE</td><td>Uniform</td></tr>
<tr><td></td><td>2L</td><td>1.2</td><td>1.90</td><td>3.1</td><td>5</td><td>10 - 250</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-1-1</td><td>6.5</td><td>0.66</td><td>7.2</td><td>60</td><td>30 - 330</td><td>4-NW, 7-SE</td><td>Moderate</td></tr>
<tr><td></td><td>3-1-2</td><td>1.9</td><td>0.56</td><td>2.4</td><td>20</td><td>60 - 330</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-1</td><td>14.4</td><td>2.37</td><td>16.8</td><td>70</td><td>60 - 390</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-1L</td><td>1.6</td><td>6.09</td><td>7.7</td><td>10</td><td>90 - 390</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-2U</td><td>1.6</td><td>2.35</td><td>4.0</td><td>20</td><td>140 - 390</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-2</td><td>6.7</td><td>1.32</td><td>8.0</td><td>20</td><td>110 - 400</td><td>4-NW, 7-SE</td><td>Eratic</td></tr>
</table></td></tr>
<tr><td>Estimation and modelling techniques</td><td>• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.
• The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.
• The assumptions made regarding recovery of by-products.
• Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage</td><td>• The model of the Baiyinhua No. 1 Open-pit Coal Mine was constructed using Carlson SURVCAD software based on the original data in the Beijing 1954 coordinate system. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam. The SURVCAD software can generate triangulated surface models for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam.
• The modeling utilized all borehole data within the mining area, and</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	characterisation). • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell. The key parameters and assumptions used for the resource estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The critical step in coal modeling data validation lies in seam correlation, which is conducted *prior to* database establishment. The Qualified Person (QP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% • Calorific Value Qnet,d: 15.7 MJ/kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be*	• The following assumptions are made specifically for open-pit mining: partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters.

Criteria	JORC Code explanation	Commentary
	reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The subject open-pit mine provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Baiyinhua Coalfield area is a regional coal-producing center, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk

Criteria	JORC Code explanation	Commentary
	evaluation process of the different materials.	density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines.
	• *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*	• Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition).
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may

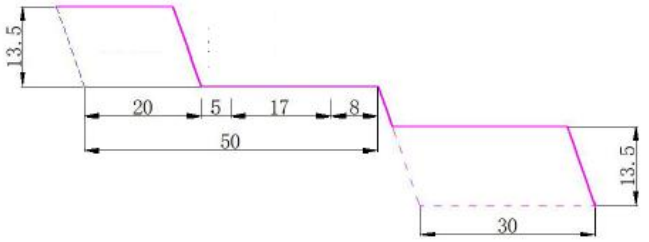
Criteria	JORC Code explanation	Commentary
	• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.5 m thick for bituminous thermal coal as presented at the Baiyinhua Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated). - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and*	• The Competent Person, Mr. Jisheng Han and BOYD Senior

Criteria	JORC Code explanation	Commentary
	the outcome of those visits. • *If no site visits have been undertaken indicate why this is the case.*	Geologist, Mr. Yongliang Xing visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Baiyinhua No.1 Open-pit was provided, which is the typical mine design report for open-pit coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas. The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 15.7 MJ/kg
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Preliminary Design Report for the mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected for the open-pit mine was shovel-truck approach with semi-mobile crushing/bot transportation arrangement. • The coal seams in the Baiyinhua Coalfield feature shallow occurrences with generally simple geological settings. The dry weather and weak water-bearing strata are benefit for open-pit

Criteria	JORC Code explanation	Commentary
		mining. In addition, this area has only sparsely distributed population. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining method in the mine is considered appropriate.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Geotechnical parameters are designed based on the geotechnical testing of rock and coal strata. Baiyinhua No.2 Open-pit Min has years of operating history. Major mining and geotechnical parameters are as follows:  Parameter / Unit / Mining / Stripping Bench Height / m / 13.5 / 13.5 Working Width / m / 30 / 20 Bench Face Angle / ° / 65 / Soil:50 Rock:65 Safety Offset / m / 1 / 1 Blast Pile Projection Distance / m / 0 / 4 Road Width / m / 17 / 17 Safety Clearance / m / 5 / 5 Minimum Working Bench Width / m / 50 / 40
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• OSD of 3% was considered for all the seams during mining.
	• *The mining recovery factors used.*	• A 98% recovery factor was used for the open-pit mine.

Criteria	JORC Code explanation	Commentary
	• *Any minimum mining widths used.*	• Minimum mining working bench width used was 50 m for Baiyinhua No.1 Open-pit.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded.
	• *The infrastructure requirements of the selected mining methods.*	• Baiyinhua Coalfield is located in the eastern part of Inner Mongolia Autonomous Region, which is major coal-producing area with numerous mines in operation and planned. Infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Baiyinhua No.1 Open-pit has crusher systems to produce coal at different sizes. The 350-50 mm coal is processed using TDS technology. The proposed coal processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The crushing and screening and TDS technologies are all widely adopted coal processing technologies and have been well tested throughout the coal industry in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Test work undertaken for the Baiyinhua No.1 Open-pit does not involve metallurgical testing. Instead, coal processing test work has been completed to assess the performance of crushing and screening and TDS dry separation. The test work is considered representative of the coal seams included in the Coal Reserve estimate. Yield (recovery) factors applied to the Coal Reserve estimate are derived from the test work and available operational data.
	• *Any assumptions or allowances made for deleterious elements.*	• No deleterious elements
	• *The existence of any bulk sample or pilot scale test work and the*	• The subject open-pit mine has well-established coal processing

Criteria	JORC Code explanation	Commentary
	degree to which such samples are considered representative of the orebody as a whole.	history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value parameter and ash content in coal quality are the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• The subject open-pit mine provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Baiyinhua Coalfield area is a regional coal-producing center, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Baiyinhua Coalfield is located in the eastern part of Inner Mongolia Autonomous Region. Due to the well-developed coal industry and designated energy base status, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided covering civil constructions, equipment purchases, etc. Sustaining capital at RMB5/t of coal producing capacity was assumed which is typical for large open-pit mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by the mine based on historical

Criteria	JORC Code explanation	Commentary
		performance and adjusted for certain changes such as stripping ratio. The competent person extended the projection period to the year when the Coal Reserves are depleted.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine. Baiyinhua No.1 Open-pit: RMB268.75/t
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specification was reported and penalties for such failure were not considered in forecasting.
	• *The allowances made for royalties payable, both Government and private.*	• The mine already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine. Baiyinhua No.1 Open-pit: RMB268.75/t
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand*	• Most of coal product from the subject open-pit mine will supply the nearby power plants and local market. The Baiyinhua Coalfield is one

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>into the future.
• A customer and competitor analysis along with the identification of likely market windows for the product.
• Price and volume forecasts and the basis for these forecasts.
• For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</td><td>of the major coal producing areas in Inner Mongolia. The coal products from the mine have consistent coal quality and are expected to continue their market share.
• Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average price was used for our economic analysis of the mine.</td></tr>
<tr><td>Economic</td><td>• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.
• NPV ranges and sensitivity to variations in the significant assumptions and inputs.</td><td>• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.
<table><tr><th></th><th colspan="6">NPV Under Various Sensitivity Cases (RMB Millions)</th></tr><tr><th></th><th colspan="6">Base Case</th></tr><tr><th>Mine</th><th>6.0%</th><th>7.0%</th><th>(7.1%)</th><th>8.0%</th><th>9.0%</th><th>10.0%</th></tr><tr><td>Baiyinhua No.1 Open-pit</td><td>6,233</td><td>5,371</td><td>5,277</td><td>4,650</td><td>4,043</td><td>3,529</td></tr></table></td></tr>
<tr><td>Social</td><td>• The status of agreements with key stakeholders and matters leading to social licence to operate.</td><td>• The mine recognizes its social responsibility and has maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.</td></tr>
<tr><td>Other</td><td>• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:
• Any identified material naturally occurring risks.
• The status of material legal agreements and marketing arrangements.
• The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and</td><td>• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statent of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion*	• The Ore Reserve estimate for the open-pit operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.

Criteria	JORC Code explanation	Commentary
	of the factors which could affect the relative accuracy and confidence of the estimate. • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained. • Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for surface mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-2 JORC Code, 2012 Edition – Table 1 – Baoqing Coalfield

The Chaoyang Open-pit Mine controlled by China Energy Guoyuan Power Co., Ltd. is located in the Baoqing Coalfield.

Section 1 Sampling Techniques and Data

The drilling activities of the Baoqing Coalfield dates back to the 1990s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity at Baoqing Coalfield was completed in 2007. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	situ material collected, including for instance results for field duplicate/second-half sampling. • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	In the Exploration report it's documented as follows: • The coordinate system is the 2000 National Coordinate system, and the elevation system adopts the 1985 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the drone radar combined with RTK manual measurement. The measurement accuracy is at the centimeter level. • The surveying instruments used for borehole positioning hold valid

Criteria	JORC Code explanation	Commentary
		annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 422 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters • The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The drilling grid of the subject Guoyuan Power property in Baoqing Coalfield are as follows: • As shown in that above table, Chaoyang Open-pit is moderately defined by drill holes. The data spacing is adequate to establish reasonable geological and quality continuity. • Sample compositing is not applicable to coal.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results. • There is no bias for coal.

	Mining Area			Rsources %		
Mining	Initial	Successive	Backup	Measured	Indicated	Inferred
Chaoyang	250	500	1,000	28	25	47

Criteria	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Chaoyang Open-pit Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Baoqing Coal Power and Coal Chemical Co., Ltd. Chaoyang Open-pit Mine Mining Right Number: C1000020090611100207 51 Area: 122.5073 km² Location: Baoqing County, Shuangyashan City, Heilongjiang Province Ownership: China Energy Baoqing Coal Power and Coal Chemical Co., Ltd. (90% owned by China Energy Investment Corporation directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the Chaoyang Open-pit Mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, scenic spots, water source protection zones, or cultural relics and historic sites. • Related coal mine in the Baoqing Coalfield is Chaoyang Open-pit Mine. The mining right certificate for the mine is within the valid period. No known impediments to maintaining and renewing such

Criteria	JORC Code explanation	Commentary
		mining certificate were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining rights located in the Baoqing Coalfield, the following exploration reports were provided for our review: - Geological Report on Coal Prospecting in the Fangsheng Area, Baoqing County, Heilongjiang Province, 1991 - 1993. - Reconnaissance Geological Report of the Chaoyang Area, Baoqing County, Heilongjiang Province,1993 - 1996 - Interim Geological Summary of the Detailed Exploration & Open-pit Exploration Design for the Chaoyang Exploration Area, Baoqing County, Heilongjiang Province, 2004 - Coal Exploration Report of the Chaoyang Exploration Area, Baoqing County, Heilongjiang Province, 2005 - Specialized Hydrogeological and Engineering Geological Investigation Report for the Initial Mining Area of Chaoyang Open-pit Coal Mine, Baoqing County, Heilongjiang Province, 2007 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation.

Criteria	JORC Code explanation	Commentary
		• It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geologic settings of the Chaoyang Open-pit Coal Mine is judged to vary from simple to moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas. • The regional area structure is a fault-bounded basin formed within a regional tectonic context. The northern sedimentary boundary is controlled by the Chaoyang-Dagushan Fault, while the southern and eastern boundaries are constrained by northeast-trending Paleozoic uplifts. The basement exhibits undulating topography. Distinct folding and faulting occurred within the Paleogene-Neogene strata. These structures had limited impact on the Neogene coal-bearing strata, generating only minor folds and small-scale dislocations. The overall morphology of the Neogene coal-bearing basin is a broad, gentle monocline, with strata striking 30 to 60 degrees and dipping at angles of 3 degrees–5 degrees. • The overall structural framework of the area is a NE-trending monocline with slight undulations. Strata dip at 3 degrees–5 degrees, exhibiting gentle and consistent attitudes with minimal variation along both strike and dip directions. Apart from the boundary fault (Chaoyang-Dagushan Fault F1) and the central F2 fault, subordinate synclines and minor faults are developed south of mine property. Fault displacements generally range from 0 to 20 m, with limited lateral extension within the area. The coal seams are unaffected by magmatic activity.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modeling.

Criteria	JORC Code explanation	Commentary
		• The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Guoyuan Power Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Competent Person converted the data from the editable versions into the database for this resource estimation. The database was verified using Carlson SURVCAD before modeling. The completed model was cross-checked and validated against the attached maps in the geological reports. If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Chaoyang Open-pit Mine is high. The competent persons for this report, through the review of borehole logs and geophysical logs for seam correlation, as well as subsequent

Criteria	JORC Code explanation	Commentary
		model representation, consider the geological interpretation of the Chaoyang Open-pit Mine to be highly reliable.
	• *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.*	• The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion.
	• *The factors affecting continuity both of grade and geology.*	• Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources area is delineated by the authorized mine boundary, covering an area of 122.5073 km², with vertical mining elevation limits between +28 m to -90 m.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and*	• The model of the Chaoyang Open-pit Coal Mine was developed using Carlson SURVCAD software based on the original data in the 2000 National Coordinate system. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam.

Criteria	JORC Code explanation	Commentary
	parameters used. • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	The SURVCAD software can generate triangulated surface models for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam. • The modeling utilized all borehole data within the mining area, and the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell. The key parameters and assumptions used for the resource estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The critical step in coal modeling data validation lies in seam correlation, which is conducted *prior to* database establishment. The Competent Person (CP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 15.7 MJ/kg

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for open-pit mining: partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The subject open-pit mine provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Baoqing Coalfield area is a regional coal-producing center, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The

Criteria	JORC Code explanation	Commentary
	frequency of the measurements, the nature, size and representativeness of the samples. • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may

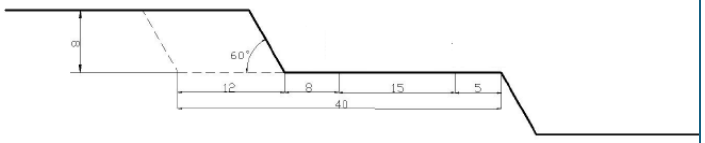
Criteria	JORC Code explanation	Commentary
	confidence of the estimate. • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.5 m thick for lignite thermal coal as presented at the Baoqing Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated). - Using database to create geologic model, apply pit shell and other boundaries - Using parameters such as hole spacing, minimum

Criteria	JORC Code explanation	Commentary
		recoverable seam thickness, OSD, recovery, etc. to calculate tonnages - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Guoyuan Power in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Chaoyang Open-pit was provided, which is the typical mine design report for open-pit coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas. The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3%

Criteria	JORC Code explanation	Commentary
		Calorific Value Qnet,d: 15.7 MJ/kg
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• Preliminary Design Report for the mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected for the open-pit mine was shovel-truck approach with semi-mobile crushing/bot transportation arrangement.
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• The coal seams in the Baoqing Coalfield feature shallow occurrences with generally simple geological settings. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining method in the mine is considered appropriate.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Geotechnical parameters are designed based on the geotechnical testing of rock and coal strata. Chaoyang Open-pit Mine has years of operating history. Major mining and geotechnical parameters are as follows:  Parameter / Unit / Mining / Stripping Bench Height: m / 8 / 8 Working Width: m / 12 / 12 Bench Face Angle: ° / 60 / 60 Safety Offset: m / 8 / 8 Road Width: m / 15 / 15 Safety Clearance: m / 5 / 5 Minimum Working Bench Width: m / 40 / 40
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable

Criteria	JORC Code explanation	Commentary
	• *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• OSD of 3% was considered for all the seams during mining. • A 98% recovery factor was used for the open-pit mine. • Minimum mining working bench width used was 40 m for Chaoyang Open-pit. • In Coal Reserve estimation, Inferred Coal Resources were excluded. • Baoqing Coalfield is located in the eastern part of Heilongjiang Province, which is major coal-producing base in northeastern China. Infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve*	• Chaoyang Open-pit has crusher systems to produce coal at different sizes. The coal is used to supply the nearby power plant and local thermal market. The processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by their customers. • The crushing and screening technologies are all widely adopted and have been well tested throughout the coal industry in China. • Test work undertaken for the Chaoyang Open-pit does not involve metallurgical testing. The crushing and screening process is relatively simple. Yield (recovery) factors applied to the Coal Reserve estimate are derived from the test work and available operational data at approximately 96%. • No deleterious elements • The subject open-pit mine has well-established coal processing history, thus no bulk sample or pilot scale test work is needed. • Calorific Value parameter and ash content in coal quality are the main

Criteria	JORC Code explanation	Commentary
	estimation been based on the appropriate mineralogy to meet the specifications?	focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• The subject open-pit mine provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Baoqing Coalfield area is a regional coal-producing center, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Baoqing Coalfield is located in the eastern part of Heilongjiang Province. Due to the well-developed coal industry and designated energy base status in northeastern China, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided covering civil constructions, equipment purchases, etc. Sustaining capital at RMB5/t of coal producing capacity was assumed which is typical for large open-pit mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by the mine based on historical performance and adjusted for certain changes such as stripping ratio. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine.

Criteria	JORC Code explanation	Commentary
		Chaoyang Open-pit: RMB187.75/t
	• *The source of exchange rates used in the study.* • *Derivation of transportation charges.*	• Exchange rates: not applicable • Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting.
	• *The allowances made for royalties payable, both Government and private.*	• The mine already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine. Chaoyang Open-pit: RMB187.75/t
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Most of coal product from the subject open-pit mine will supply the nearby power plants and local market. The Baoqing Coalfield is one of the major coal producing areas in northeastern China. The coal products from the mine have consistent coal quality and are expected to continue their market share. • Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average price was used for our economic analysis of the mine.
Economic	• *The inputs to the economic analysis to produce the net present value*	• The projection on output, operating costs, capital expenditures, tax

Criteria	JORC Code explanation	Commentary
	(NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.	rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.
	• *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine | 6.0% | 7.0% | (7.1%) | 8.0% | 9.0% | 10.0% Chaoyang Open-pit | 1,881 | 1,593 | 1,562 | 1,350 | 1,144 | 968
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mine recognizes its social responsibility and has maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases,

Criteria	JORC Code explanation	Commentary
		the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statent of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the open-pit operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for

Criteria	JORC Code explanation	Commentary
	remaining areas of uncertainty at the current study stage. • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	surface mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-3 JORC Code, 2012 Edition – Table 1 – Dananhu Coalfield

One mining right (Dananhu No.2 Open-pit Mine) and three exploration right areas (Dananhu West F1 South, Dananhu West No.1 East and Dananhu West No.3) held by China Energy Guoyuan Power Co., Ltd. are located in the Dananhu Coalfield.

Section 1 Sampling Techniques and Data

There was no coal drilling activities in Dananhu No.2 Open-pit since 2006. Coal drilling and sampling techniques employed are difficult to trace with precision. Though the geological reports were compiled according to Chinese standards, but lack detailed descriptions of the sampling/drilling techniques used during drilling. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations. The exploration programs for Dananhu West F1 South, Dananhu West No.1 East and Dananhu West No.3 were completed in 2022, 2021 and 2018. The comments in this section are based on the practice of these drilling programs.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required,*	• All coal seam samples were collected in accordance with China's "Regulations on the Collection of Coal Samples for Coal Resource Exploration". All seams with a thickness greater than the minimum minable thickness (0.8 m for the coal seams in Dananhu Coalfield) are sampled by core logging. The sampling thickness for each interval is typically less than 3 meters. For multi-layer coal seams, each individual coal layer is to be sampled separately, while partings and carbonaceous mudstone are also sampled independently. When the thickness of a parting exceeds 0.10 meters, only 0.10 meters is collected. The samples are described layer by layer according to specified requirements. After sorting and cleaning, the length and weight recovery rates are calculated. Finally, the samples are packaged, boxed, and sent to the testing laboratory along with the sample submission forms and coal

Criteria	JORC Code explanation	Commentary
	such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	sample summary sheets.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Core drilling was employed. Hard rock strata are drilled using PDC (Polycrystalline Diamond Compact) bits or surface-set diamond bits. Double split core barrels were used for coal. Coal Core diameter is 63.5 mm. All holes are vertical holes.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core recovery was determined by measuring the sample length and weight, which was later compared with the geophysical logs that were run after the hole was completed. According to Chinese Standard, the minimum acceptable linear and weight recovery requirements are 75% and 60%, respectively. Seam cores with lower recoveries were not analyzed per Chinese standards. While these minimum recoveries are lower than some international standards, actual core recoveries were generally higher.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• During rock stratum drilling, a single-tube core barrel is typically employed. When the drillers determine that the coal seam has been entered based on the returning drilling mud, they switch to a double-tube coal coring tool and appropriately adjust the drilling rate and pressure to ensure coal core recovery.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• There was no obvious relationship found between coal core recovery and coal quality.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or*	• All core samples were lithologically logged and described using standardized codes for rock type, grain size, color, and Rock Quality Designation (RQD). Core photos were taken before logging. Logging was initially recorded on paper forms at the site and then entered into a spreadsheet in the office afterwards.

Criteria	JORC Code explanation	Commentary
	costean, channel, etc) photography. • *The total length and percentage of the relevant intersections logged.*	• All drill holes also underwent geophysical logging to verify parameters such as the thickness of lithological strata in the coal-bearing sequence, coal seam structure, hole diameter, and deviation. Logs run include natural gamma, density, resistivity, calliper, and vertical deviation.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sub-sampling techniques are not applicable to coal. The entire core for all mineable coal seams was sampled and there was no subsampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples taken for analytical testing were delivered to a licensed laboratory where individual samples were weighed, air dried, crushed, and riffled according to Chinese standards. Subsamples of the riffled samples are taken for various analyses, with the remainder of the sample retained for future analyses. • The laboratories conduct quality control procedures, including sending duplicates to other labs and internal audits.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Due to large-scale occurrence and consistent coal quality, the verification of significant intersections is not applicable to coal projects.
	• *The use of twinned holes.*	• Twinned holes were generally not drilled.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Data recoding field work, such as core logging, sampling records were handwritten and was scanned and transferred to electronic version after the field work was completed. Laboratories use electronic data entry system at each testing station.
	• *Discuss any adjustment to assay data.*	• No adjustments were made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters.
	• *Specification of the grid system used.*	• The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters
	• *Quality and adequacy of topographic control.*	• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject Guoyuan Power properties in Dananhu Coalfield are as follows:
<table>
<tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr>
<tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr>
<tr><td>Dananhu No.2 Open-pit</td><td>250</td><td>500</td><td>1,000</td><td>19</td><td>62</td><td>19</td></tr>
<tr><td>Dananhu West F1 South</td><td>500</td><td>1,000</td><td>2,000</td><td>22</td><td>33</td><td>45</td></tr>
<tr><td>Dananhu West No.1 East</td><td>700</td><td>1,000</td><td>2,000</td><td>-</td><td>82</td><td>18</td></tr>
<tr><td>Dananhu West No.3</td><td>500</td><td>1,000</td><td>2,000</td><td>45</td><td>30</td><td>25</td></tr>
</table></td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</td><td>• As shown in the table, the resources at all properties have been reasonably defined. The data spacing is adequate to establish reasonable geological and quality continuity.</td></tr>
<tr><td></td><td>• Whether sample compositing has been applied.</td><td>• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.</td></tr>
<tr><td></td><td>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</td><td>• There is no bias for coal.</td></tr>
<tr><td>Sample security</td><td>• The measures taken to ensure sample security.</td><td>• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.</td></tr>
<tr><td>Audits or reviews</td><td>• The results of any audits or reviews of sampling techniques and data.</td><td>• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.</td></tr>
</table>

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Dananhu No.2 Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: State Grid Energy Hami Coal Power Co., Ltd. Dananhu No.2 Open-pit Coal Mine Mining Right Number: C6500020171111110145780 Area: 40.5177 km² Location: Yizhou District, Hami City, Xinjiang Autonomous Region Ownership: State Grid Energy Hami Coal Power Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to the current status survey, the Dananhu No.2 Open-pit Coal Mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, scenic spots, water source protection zones, or cultural relics and historic sites. • Dananhu Mine Area West F1 South Exploration: Type of Mining Right: Exploration Right Mining Right Name: Xinjiang Dananhu Mine Area West F1 South Coal Exploration Mining Right Number: T6500020090910100337 23 Area: 61.09 km² Location: Yizhou District, Hami City, Xinjiang Autonomous Region Ownership: State Grid Energy Hami Coal Power Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Dananhu Mine Area West No.1 East Exploration: Type of Mining Right: Exploration Right

Criteria	JORC Code explanation	Commentary
		Mining Right Name: Xinjiang Dananhu Mine Area West No.1 East Coal Exploration Mining Right Number: T650000201803101005462 1 Area: 15.54 km² Location: Yizhou District, Hami City, Xinjiang Autonomous Region Ownership: State Grid Energy Hami Coal Power Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Dananhu Mine Area West No.3 Exploration: Type of Mining Right: Exploration Right Mining Right Name: Xinjiang Dananhu Mine Area West No.3 Coal Exploration Mining Right Number: T650000201803101005462 4 Area: 42.36 km² Location: Yizhou District, Hami City, Xinjiang Autonomous Region Ownership: State Grid Energy Hami Coal Power Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Related coal mine in the Dananhu Coalfield include Dananhu No.2 Open-pit; exploration right areas include Dananhu West F1 South, Dananhu West No.1 East and Dananhu West No.3. The mining right certificates and exploration right certificates for these are all valid. No known impediments to maintaining and renewing such mining and exploration certificates were identified.
Exploration done by other	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Dananhu Coalfield, the

Criteria	JORC Code explanation	Commentary
parties		following exploration reports were provided for our review: - Dananhu No.2 Open-pit: = Exploration Report for the Dananhu No.2 Mine, December 2006 = Special Hydrogeological Exploration for the Initial Mining Area of the Northern Open-pit Coal Mine, Dananhu Mining Area, May 2011 = 2016 Annual Reserves Verification Report = 2024 Annual Reserves Verification Report = Annual Reserves Reports and Ledgers of Mined Resource Reserves for the Period 2018 to 2024 and the First Half of 2025 - Dananhu West F1 South: = Exploration Report for the Dananhu West F1 South, 2022 - Dananhu West No.1 East: = Exploration Report for the Dananhu West No.1 East, July 2021 - Dananhu West No.3: = Exploration Report for the Dananhu West No.3, April 2018 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation.

Criteria	JORC Code explanation	Commentary
		• It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geologic settings of the Guoyuan Power properties in Dananhu Coalfield are judged to vary from simple to moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas. • Regional Geology: The Dananhu Coalfield is located within the Dananhu Depression, which forms part of the Turpan-Hami Intermontane Depression in the North Tianshan Geosynclinal Fold Belt. Its tectonic evolution was primarily controlled by the Yanshanian and Himalayan orogenies, resulting in an overall simple structural framework characterized by gently dipping strata. The target mines are distributed within the western section of the Dananhu area. • Structure: The overall strata attitude in the Dananhu Coalfield is gentle, with dips generally ranging from 3 to 13 degrees, and locally nearly horizontal. On the southern limb of the Nanhu Syncline, dips are typically 14° to 26°. The general structural trend is approximately east-west, dominated by EW-trending folds that control coal seam occurrence and zoning. A NE-trending normal fault, F1, with a 70° dip and a throw of 60–400 m, is developed within the area. No magmatic intrusions are observed.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
reporting	*and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The Dananhu No.2 Open-pit database was verified using Carlson SURVCAD before modelling. Databases of other mining/exploration rights were verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the

Criteria	JORC Code explanation	Commentary
		process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Guoyuan Power Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Competent Person converted the data from the editable versions into the database for this resource estimation. The database was verified using Carlson SURVCAD before modeling for the open-pit mines, and using excel tools for underground mining/exploration rights. The completed model or seam figure was cross-checked and validated against the attached maps in the geological reports. If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Dananhu Coalfield is high. The competent persons for this report, through the review of borehole logs and geophysical logs for coal quality, seam correlation, as well as subsequent model representation, consider the geological

Criteria	JORC Code explanation	Commentary
		interpretation of the subject mining right areas and/or exploration right areas to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources areas of the mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits as follows: - Dananhu No.2 Open-pit: +727 m to -47 m • The resources areas of the exploration rights (i.e. Dananhu West F1 South, Dananhu West No.1 East and Dananhu West No.3) are only delineated by the authorized mine boundary

Criteria	JORC Code explanation	Commentary

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Dananhu	3	4.8	0.57	5.4	-	10 - 402	8 - Syncline	Moderate
No.2	5	3.4	0.04	3.4	15	38 - 410	8 - Syncline	Moderate
Open-pit	8	3.4	0.08	3.5	15	49 - 437	8 - Syncline	Eratic
	9	4.8	0.15	4.9	6	20 - 444	8 - Syncline	Moderate
	11	2.6	0.37	2.9	26	9 - 481	8 - Syncline	Moderate
	12	2.5	0.08	2.5	4	11 - 490	8 - Syncline	Moderate
	14	2.1	0.27	2.4	17	4 - 513	8 - Syncline	Eratic to Moderate
	15	2.6	0.51	3.1	16	115 - 533	8 - Syncline	Eratic
	16	5.3	0.11	5.4	3	6 - 537	8 - Syncline	Eratic to Moderate
	17	1.5	0.05	1.5	7	58 - 550	8 - Syncline	Eratic
	18	2.7	0.26	3.0	14	12 - 566	8 - Syncline	Moderate
	19	2.7	0.33	3.0	15	14 - 585	8 - Syncline	Moderate
	21	3.2	0.22	3.4	4	29 - 637	8 - Syncline	Eratic to Moderate
	22	5.2	0.11	5.3	9	49 - 644	8 - Syncline	Moderate
	25	13.2	0.36	13.6	15	51 - 673	8 - Syncline	Moderate
	26	1.1	0.15	1.3	4	83 - 692	8 - Syncline	Eratic to Moderate
	27	1.7	0.05	1.8	14	94 - 708	8 - Syncline	Eratic
	28	4.6	0.15	4.7	4	96 - 713	8 - Syncline	Eratic to Moderate
	29	5.6	0.05	5.6	6	68 - 719	8 - Syncline	Eratic to Moderate
	30	1.5	0.05	1.5	18	97 - 745	8 - Syncline	Eratic to Moderate

Criteria	JORC Code explanation	Commentary

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Dananhu	2-4	2.0	0.0	2.0	-	8 - 458	8-Syncline	Eratic to Moderate
West F1	2-3	2.8	0.1	2.9	5	11 - 473	8-Syncline	Eratic to Moderate
South	2-2	2.7	0.1	2.8	5	8 - 482	8-Syncline	Eratic to Moderate
	2-1	1.8	0.0	1.8	6	11 - 485	8-Syncline	Eratic to Moderate
	2	2.1	0.1	2.2	21	30 - 491	8-Syncline	Eratic to Moderate
	3	3.0	0.3	3.3	28	18 - 511	8-Syncline	Eratic to Moderate
	5	3.3	0.1	3.4	42	11 - 540	8-Syncline	Eratic to Moderate
	8	1.5	0.0	1.5	14	13 - 575	8-Syncline	Eratic to Moderate
	11	1.4	0.0	1.4	27	15 - 574	8-Syncline	Eratic to Moderate
	12	2.5	0.0	2.6	6	8 - 596	8-Syncline	Eratic to Moderate
	15	4.8	0.0	4.8	37	16 - 627	8-Syncline	Eratic to Moderate
	16	1.6	0.1	1.6	13	39 - 649	8-Syncline	Eratic to Moderate
	18	5.1	0.0	5.1	25	9 - 645	8-Syncline	Eratic to Moderate
	19	2.1	-	2.1	23	10 - 707	8-Syncline	Eratic to Moderate
	19L	1.8	0.0	1.8	9	13 - 715	8-Syncline	Eratic to Moderate
	20	3.3	0.0	3.3	18	24 - 733	8-Syncline	Eratic to Moderate
	22U	1.5	0.0	1.6	-	-	8-Syncline	Eratic
	22	2.6	0.1	2.7	23	16 - 767	8-Syncline	Eratic to Moderate
	22L	1.6	0.0	1.6	6	21 - 776	8-Syncline	Eratic
	25	4.9	0.1	5.0	49	52 - 846	8-Syncline	Eratic to Moderate
	26	5.1	0.1	5.2	26	21 - 899	8-Syncline	Eratic to Moderate
	27	1.7	0.1	1.8	28	42 - 939	8-Syncline	Eratic to Moderate
	28	3.2	0.1	3.3	32	69 - 917	8-Syncline	Eratic
	29	4.3	0.2	4.5	44	93 - 931	8-Syncline	Eratic
	30	2.3	0.1	2.4	26	134 - 972	8-Syncline	Eratic to Moderate
Dananhu	4	1.8	-	1.8	-	24 - 86	8-N	Eratic
West No.1	5	2.9	0.1	3.0	21	14 - 157	8-N	Eratic
East	6	1.3	0.3	1.6	20	16 - 184	8-N	Eratic
	11	1.2	0.1	1.4	101	69 - 289	8-N	Eratic
	12	1.3	0.2	1.5	25	73 - 303	8-N	Moderate
	13	1.5	0.2	1.6	13	90 - 312	8-N	Moderate
	14	1.8	0.4	2.2	23	110 - 285	8-N	Moderate
	15	3.2	0.3	3.5	17	128 - 361	8-N	Moderate
	16	1.7	0.4	2.1	6	133 - 367	8-N	Moderate
	17	1.7	0.1	1.7	3	76 - 370	8-N	Moderate
	18U	1.1	0.2	1.3	32	112 - 415	8-N	Eratic
	18	2.7	0.5	3.3	3	117 - 418	8-N	Moderate
	19U	1.7	0.1	1.7	18	132 - 393	8-N	Moderate
	19	2.2	0.2	2.4	9	149 - 634	8-N	Moderate
	20	2.0	0.3	2.3	25	177 - 465	8-N	Moderate
	21	1.7	0.1	1.9	18	199 - 486	8-N	Moderate
	22A	1.3	0.1	1.3	32	253 - 551	8-N	Moderate
	22	1.5	0.3	1.8	21	286 - 580	8-N	Moderate
	23	1.2	0.0	1.3	30	330 - 524	8-N	Eratic
	24	1.8	-	1.8	2	316 - 493	8-N	Eratic
	25U	2.0	0.1	2.1	5	319 - 527	8-N	Eratic
	25	10.6	1.2	11.8	11	323 - 626	8-N	Moderate
	26	1.3	0.1	1.4	10	343 - 816	8-N	Eratic
	28	1.1	0.0	1.1	17	368 - 839	8-N	Eratic
	29	2.2	0.1	2.3	21	380 - 850	8-N	Moderate

Criteria	JORC Code explanation	Commentary

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Dananhu West No.3	2-2	2.3	0.1	2.4	-	29 - 316	8-SW	Moderate to Uniform
	2	3.1	0.3	3.5	3	17 - 384	8-SW	Moderate to Uniform
	2-4	1.7	0.0	1.8	10	32 - 340	8-SW	Moderate to Uniform
	3	3.3	0.2	3.5	41	25 - 471	8-SW	Moderate to Uniform
	4	2.0	0.1	2.1	5	37 - 460	8-SW	Moderate to Uniform
	5	3.9	0.1	4.0	9	48 - 500	8-SW	Moderate to Uniform
	6	1.8	-	1.8	11	60 - 495	8-SW	Moderate to Uniform
	8	1.8	0.1	1.8	7	71 - 533	8-SW	Moderate to Uniform
	9	2.3	0.0	2.4	3	75 - 546	8-SW	Moderate to Uniform
	10	1.8	0.1	1.9	5	79 - 537	8-SW	Moderate to Uniform
	11	2.0	-	2.0	20	96 - 573	8-SW	Moderate to Uniform
	12	2.5	-	2.5	6	108 - 584	8-SW	Moderate to Uniform
	14	1.5	0.1	1.6	18	97 - 661	8-SW	Moderate to Uniform
	15	2.0	0.0	2.0	18	115 - 651	8-SW	Moderate to Uniform
	16	1.4	0.0	1.4	5	120 - 661	8-SW	Moderate to Uniform
	18	1.1	-	1.1	27	29 - 731	8-SW	Moderate to Uniform
	19	1.5	-	1.5	18	49 - 753	8-SW	Moderate to Uniform
	22U	1.4	0.1	1.6	59	226 - 826	8-SW	Moderate to Uniform
	22	1.8	0.1	1.9	9	101 - 833	8-SW	Moderate to Uniform
	24	3.0	0.2	3.2	31	254 - 862	8-SW	Moderate to Uniform
	25	6.6	0.2	6.8	10	159 - 875	8-SW	Moderate to Uniform
	26	1.6	-	1.6	7	187 - 891	8-SW	Moderate to Uniform
	28	3.1	0.1	3.2	21	248 - 902	8-SW	Moderate to Uniform
	29	1.7	0.1	1.8	10	319 - 922	8-SW	Moderate to Uniform

Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to*	• The model of the Dananhu No.2 Open-pit was constructed using Carlson SURVCAD software based on the original data in the Beijing 1954 coordinate system. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam. The SURVCAD software can generate triangulated surface models for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam. • The modeling utilized all borehole data within the mining area, and the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell. The key parameters and assumptions used for the resource

Criteria	JORC Code explanation	Commentary
	the average sample spacing and the search employed. • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The critical step in coal modeling data validation lies in seam correlation, which is conducted prior to database establishment. The Qualified Person (QP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data. • The resource estimation methodology for all underground mines and is detailed as follows: - Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. - Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. - Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data.

Criteria	JORC Code explanation	Commentary
		- Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. - Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). - Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. - Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. - In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent

Criteria	JORC Code explanation	Commentary
		dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: Lignite 15.7 MJ/kg. Bituminous Coal 17.0 MJ/Kg
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for open-pit mining: partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). - In-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmen-	• *Assumptions made regarding possible waste and process residue*	• The Dananhu No.2 Open-pit Mining Right provided preliminary design

Criteria	JORC Code explanation	Commentary
tal factors or assumptions	*disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	report which covers dump site descriptions and environmental impact assessment report. The Dananhu Coalfield area is a designated major energy base, where approval process for waste dump site acquisition has been smooth for Dananhu No.2 Open-pit, and no obstacle in obtaining future sites for waste storage was identified. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.

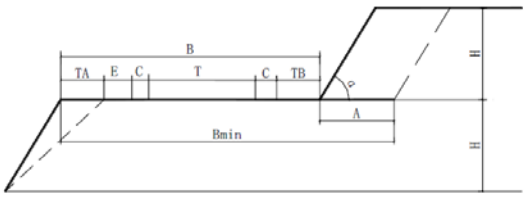
Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.5 m thick at the Dananhu No.2 Open-pit and greater than 0.8 m

Criteria	JORC Code explanation	Commentary
		thick within other exploration rights. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated). - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Guoyuan Power Co., Ltd in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Dananhu No.2 Open-pit was provided, which is the typical mine design report for underground and open-pit coal mines in China, respectively, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated

Criteria	JORC Code explanation	Commentary
parameters		Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Preliminary Design Report for each mine was provided, which has the necessary mining design details for coal reserve estimation. Coal deposit depth is the main consideration in selecting underground or open-pit mining method. Dananhu No.2 Open-pit employs shovel-truck approach with semi-mobile crushing/bot transportation arrangement. • The coal seams of Dananhu No.2 Open-pit in the Dananhu Coalfield feature shallow occurrence with generally simple geological settings. The dry weather and weak water-bearing strata are benefit for open-pit mining. In addition, this area has only sparsely distributed population. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining methods in the two mines is considered appropriate. • For Dananhu No.2 Open-pit, geotechnical parameters are designed based on the geotechnical testing of rock and coal strata. Since the mine had years of operating history, extension of mining started from the current location. Mining and geotechnical parameters are as follows: 

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th>Sign</th><th>Parameter</th><th>Unit</th><th>Mining</th><th>Stripping</th></tr>
<tr><td>H</td><td>Bench Height</td><td>m</td><td>10</td><td>10</td></tr>
<tr><td>A</td><td>Working Width</td><td>m</td><td>25</td><td>25</td></tr>
<tr><td>a</td><td>Bench Face Angle</td><td>°</td><td>70</td><td>70</td></tr>
<tr><td>TA</td><td>Safety Offset</td><td>m</td><td>1</td><td>1.5</td></tr>
<tr><td>TB</td><td>Blast Pile Projection Distance</td><td>m</td><td>0</td><td>8</td></tr>
<tr><td>T</td><td>Road Width</td><td>m</td><td>15</td><td>19</td></tr>
<tr><td>C</td><td>Safety Clearance</td><td>m</td><td>2</td><td>8.5</td></tr>
<tr><td>B_{min}</td><td>Minimum Working Bench Width</td><td>m</td><td>60</td><td>35</td></tr>
</table>
</td></tr>
<tr><td></td><td>• The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).
• The mining dilution factors used.
• The mining recovery factors used.
• Any minimum mining widths used.
• The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.
• The infrastructure requirements of the selected mining methods.</td><td>• Not applicable
• For Dananhu No.2 Open-pit, OSD of 3% was considered for all the seams during mining.
• For Dananhu No.2 Open-pit, a 98% recovery factor was used
• Minimum mining working bench width used was 60 m for Dananhu No.2 Open-pit
• In Coal Reserve estimation, Inferred Coal Resources were excluded.
• Dananhu Coalfield is located in the eastern part of Xinjiang Uygur Autonomous Region, which is designated by the central and regional government to be a major energy base with numerous mines in operation and planned. Infrastructure needed for underground and open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.</td></tr>
<tr><td>Metallurgical factors or assumptions</td><td>• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.
• Whether the metallurgical process is well-tested technology or novel</td><td>• Dananhu No.2 Open-pit only has crusher systems to produce coal at different sizes.
The proposed coal processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by the power plants.
• The crushing and screening and TDS technologies are all widely</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	in nature.	adopted coal processing technologies and have been well tested throughout the coal industry in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• The two mines do not involve metallurgical testing. Instead, coal processing test work has been completed to assess the performance of crushing and screening and TDS dry separation. The test work is considered representative of the coal seams included in the Coal Reserve estimate.
	•	Product yield for Dananhu No.2 Open-pit used is 96% since only crushing and screening are involved.
	•	
	• *Any assumptions or allowances made for deleterious elements.*	• No deleterious elements
	• *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• The two subject mines have well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value and ash content parameters in coal quality are the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Each of the two subject mines provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Dananhu Coalfield area is a designated major energy base, where approval process for waste dump site acquisition has been smooth for Dananhu No.2 Open-pit, and no obstacle in obtaining future sites for waste storage was identified.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Dananhu Coalfield is located in the eastern part of Xinjiang Uygur Autonomous Region. Due to the well-developed coal industry and designated energy base status, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.

Criteria	JORC Code explanation	Commentary
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t and RMB5/t of coal producing capacity were assumed for Dananhu No.2 Open-pit mines, respectively, which are typical for underground operations and large open-pit mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by each mine based on historical performance and adjusted for certain changes such as stripping ratio. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average prices (VAT inclusive) were used for our economic analysis of each mine. Dananhu No.2 Open-pit: RMB138.75/t
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting, which appears common for coal mines.
	• *The allowances made for royalties payable, both Government and private.*	• The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.

Criteria	JORC Code explanation	Commentary
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average prices (VAT inclusive) were used for our economic analysis of each mine. Dananhu No.2 Open-pit: RMB138.75/t
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Most of coal products from the subject open-pit mines will supply the nearby power plants and local market. The Dananhu Coalfield is one of the major coal producing areas in Xinjiang and is a designated energy base. The coal products from the Dananhu No.2 Open-pit have consistent coal quality and are expected to continue its market share. • Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices were used for our economic analysis of the mine.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimates the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025. NPV Under Various Sensitivity Cases (RMB Millions) Mine | 6.0% | 7.0% | Base Case (7.1%) | 8.0% | 9.0% | 10.0% Dananhu No.2 Open-pit | 4,540 | 4,015 | 3,958 | 3,571 | 3,195 | 2,873
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mines recognize their social responsibility and have maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been

Criteria	JORC Code explanation	Commentary
	• *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative	• *Where appropriate a statent of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure*	• The Ore Reserve estimate for the underground and open-pit operations may exhibit minor variance due to equipment-dependent

Criteria	JORC Code explanation	Commentary
accuracy/ confidence	*deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small. • The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained. • Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-4 JORC Code, 2012 Edition – Table 1 – Dongsheng Coalfield

The Chahasu Mine controlled by Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. is located in the Dongsheng Coalfield.

Section 1 Sampling Techniques and Data

The drilling activities of the Chahasu Mine has been stopped for over a decade. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters. • The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters
• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.
• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
• Whether sample compositing has been applied.</td><td>• The drilling grids for different areas of Chahasu Mine in Dongsheng Coalfield are as follows:
<table><tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr><tr><th>Mining</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr><tr><td>Chahasu</td><td>500</td><td>1,000</td><td>2,000</td><td>59</td><td>26</td><td>15</td></tr></table>As shown in the table, the resources at Chahasu Mine have been well defined. The data spacing is adequate to establish geological and quality continuity.
• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.
• There is no bias for coal.</td></tr>
<tr><td>Sample security</td><td>• The measures taken to ensure sample security.</td><td>• The exploration activities date too far back in history, and the relevant information can no longer be traced.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Chahasu Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Inner Mongolia Autonomous Region Ordos City Dongsheng Coalfield Chahasu Coal Mine Mining Right Number: C1500002024071210157148 Area: 77.9515 km² Location: Dongsheng District, Ordos, Inner Mongolia Autonomous Region Ownership: Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. (100% owned by China Energy) Currently no available information on material social and environmental issues. • Related coal mine in the Dongsheng Coalfield is Chahasu Mine. The mining right certificate for the mine is valid. No known impediments to maintain and renew such certificate were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete the resources/reserves estimates for Chahasu Mine, the following exploration reports were provided for our review: =Reserves Verification Report for the Chahasu Mine, 2024 • It's the CP's opinion that the reports are reliable, and the drill hole

Criteria	JORC Code explanation	Commentary
		data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Chahasu Mine is situated in the eastern part of Dongsheng Coalfield, which is formed in the Jurassic Period. On a global basis, the geologic settings, or nature, of the Chahasu Mine is judged to vary from simple to moderate. While the strata are flat-lying, sand erosion and coal seam thinning are complicating factors in some mine areas. The Dongsheng Coalfield is an intracontinental coal-accumulating basin, which located in the northern sector of the Dongsheng–Jingbian Monocline, within the Yishan Monocline Zone of the Ordos Basin. The Ordos Basin forms a broad, gently sloping asymmetrical syncline characterized by a wide, gently dipping eastern limb and a comparatively steeper western limb. Structural complexity is largely confined to the margins of the basin, while the interior remains tectonically simple.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
data	*method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Guodian Construction and Investment Inner Mongolia Energy Co., Ltd. in September 2025.

Criteria	JORC Code explanation	Commentary
		During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of the subject mine with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Competent Person converted the data from the editable versions into the database for this resource estimation. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. The completed resources/reserves figures were cross-checked and validated against the attached maps in the geological reports. If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Chahasu Mine is high. The competent persons for this report, through the review of borehole logs and geophysical logs for seam correlation, as well as subsequent model representation, consider the geological interpretation of the Chahasu Mine to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>regular pattern.
- Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as:
= Syndepositional structures leading to seam splitting and thinning.
= Post-depositional structures including erosion by paleochannels, and magmatic erosion.
• Factors compromising coal seam continuity encompass:
- Seam splitting and thinning.
- Erosion by paleochannels/up-lifting to surface/ igneous intrusions.
- Faulting.
- outcrop.</td></tr>
<tr><td>Dimensions</td><td>• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>• The resources area is delineated by the authorized mine boundary, covering an area of 77.9515 km², with vertical mining elevation limits between +740 m to +1040 m. The following tables show the detailed characteristics of each seam at the subject mining right area:
<table><tr><th rowspan="2">Mine</th><th rowspan="2">Seam</th><th colspan="3">Thickness (m)</th><th rowspan="2">Distance from the Upper Seam (m)</th><th rowspan="2">Seam Depth Range (m)</th><th rowspan="2">Seam Dip (deg.)</th><th rowspan="2">Seam Occurrence</th></tr><tr><th>Coal</th><th>Parting</th><th>Seam</th></tr><tr><td>Chahasu</td><td>2-2U</td><td>2.2</td><td>0.01</td><td>2.2</td><td>-</td><td>221 - 449</td><td>2-NW</td><td>Moderate</td></tr><tr><td></td><td>3-1</td><td>4.0</td><td>0.21</td><td>4.2</td><td>39</td><td>258 - 485</td><td>2-NW</td><td>Moderate</td></tr><tr><td></td><td>4-1</td><td>1.7</td><td>0.11</td><td>1.8</td><td>20</td><td>288 - 513</td><td>2-NW</td><td>Moderate</td></tr><tr><td></td><td>5-1</td><td>1.5</td><td>0.05</td><td>1.5</td><td>28</td><td>317 - 524</td><td>2-NW</td><td>Moderate</td></tr><tr><td></td><td>5-2</td><td>1.2</td><td>0.09</td><td>1.3</td><td>8</td><td>326 - 551</td><td>2-NW</td><td>Moderate</td></tr><tr><td></td><td>6-1M</td><td>1.0</td><td>0.05</td><td>1.1</td><td>20</td><td>343 - 536</td><td>2-NW</td><td>Eratic</td></tr><tr><td></td><td>6-2U</td><td>3.7</td><td>0.15</td><td>3.9</td><td>22</td><td>361 - 592</td><td>2-NW</td><td>Eratic</td></tr><tr><td></td><td>6-2M</td><td>1.4</td><td>0.07</td><td>1.5</td><td>5</td><td>364 - 543</td><td>2-NW</td><td>Uniform</td></tr></table></td></tr>
<tr><td>Estimation and modelling</td><td>• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance</td><td>The resource estimation methodology is detailed as follows:
• Database Establishment: Transfer data into Excel, including:</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
techniques	*of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area

Criteria	JORC Code explanation	Commentary
		boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 17.0 MJ/kg
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be*	• The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). • in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.

Criteria	JORC Code explanation	Commentary
	reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The Chahasu Mine provided environmental impact assessment report. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the

Criteria	JORC Code explanation	Commentary
	evaluation process of the different materials.	competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Criteria	JORC Code explanation	Commentary
	• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.8 m thick for bituminous thermal coal as presented at Dongsheng Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans. - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and*	• The Competent Person, Mr. Jisheng Han visited Chahasu in

Criteria	JORC Code explanation	Commentary
	the outcome of those visits. • *If no site visits have been undertaken indicate why this is the case.*	September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of Chahasu mine with technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Chahasu Mine was provided, which is the typical mine design report for coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Preliminary Design Report for Chahasu Mine was provided, which has the necessary mining design details for coal reserve estimation. The initial mining method selected is FM LW. • Seam thickness is the major factor considered in selecting the underground mining method. FM LW method is widely used in underground coal mines in China. The selection of mining method in Chahasu Mine is considered appropriate in terms of the seam thickness and general occurrence as well as the design output capacity. • Ground control in the LW faces are provided by hydraulic shields, which are designed by evaluating various factors including the mining

Criteria	JORC Code explanation	Commentary
		depth, the roof strata structure and mining heights. Roadway support features mainly roof bolts with mesh wires and cables.
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• OSD of 0.05-0.1 m roof rock was considered for most seams during mining.
	• *The mining recovery factors used.*	• An 85% recovery factor was used.
	• *Any minimum mining widths used.*	• LW faces are generally designed at fixed width.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded from LW panels.
	• *The infrastructure requirements of the selected mining methods.*	• Dongsheng Coalfield is located in the Ordos area of Inner Mongolia, which is the most famous coal-producing region in China. Due to the well-developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Chahasu is designed to adopt TDS and the heavy media vessel technologies to process the ROM coal, which is widely used in the Dongsheng Coalfield mines. The proposed coal processing arrangement is considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The TDS and heavy media vessel technologies are all widely adopted coal processing technologies and have been well tested.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Chahasu Mine has well-established coal processing history. Actual amount of coal being processed is determined by customer requirements and market conditions. The coal recovery factor (or

Criteria	JORC Code explanation	Commentary
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	yield) for each seam is estimated based on the percentage of partings and OSD for each seam, and assumption on coal loss and moisture gain during processing. • No deleterious elements • Chahasu Mine has well-established coal processing history, thus no bulk sample or pilot scale test work is needed. • Calorific Value and ash content parameters in coal quality is the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmen-tal	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Chahasu Mine provided environmental impact assessment report. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Dongsheng Coalfield is located in the Ordos area of Inner Mongolia, which is major coal-producing region in China. Due to the well-developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t of coal producing capacity was assumed which is typical for underground mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by Chahasu based on historical

Criteria	JORC Code explanation	Commentary
		operating performance, which appears appropriate. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• No deleterious elements. • The historical three-year average coal price at RMB597.3/t VAT inclusive was used for our economic analysis of Chahasu Mine. • Exchange rates: not applicable • Transportation charges account for only a small portion of the costs for underground mines, and are included in the operating costs. • Penalties for such failure were not considered in forecasting. • The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Geological conditions over the projection period are consistent with recent experience from nearby mines; no material coal quality change. • The historical three-year average coal price at RMB597.3/t VAT inclusive was used for our economic analysis of Chahasu Mine.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Coal produced by Chahasu Mine will be mainly used to supply the on-site Bulian Power Plant; the remaining portion is sold by China Energy using its national sales network, which minimizes the market risk. • The historical three-year average coal price at RMB597.3/t VAT inclusive was used for our economic analysis of Chahasu Mine.

Criteria	JORC Code explanation	Commentary
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025. NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine | 6.00% | 7.00% | (7.1%) | 8.00% | 9.00% | 10.00% Chahasu | 7,977 | 7,331 | 7,259 | 6,762 | 6,258 | 5,808
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mine recognizes its social responsibility and has maintained cordial relationships with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource

Criteria	JORC Code explanation	Commentary
		areas. Under normal conditions as in the Chahasu case, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the underground operation may exhibit minor variance due to equipment-dependent mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for

Criteria	JORC Code explanation	Commentary
	remaining areas of uncertainty at the current study stage. • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	underground longwall or continuous mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-5 JORC Code, 2012 Edition – Table 1 – Hedong Coalfield

The Ciyaogou and Shaping mines controlled by Shanxi Jinshen Energy Co., Ltd., Shangyuquan Mine and the Data and Huangbai exploration right areas controlled by China Energy Guoyuan Power Co., Ltd, are located in the Hedong Coalfield. These properties are adjacent to each other.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• All coal seam samples were collected in accordance with China's "Regulations on the Collection of Coal Samples for Coal Resource Exploration". All seams with a thickness greater than the minimum minable thickness (0.8 m for the coal seams in Hedong Coalfield) are sampled by core logging. The sampling thickness for each interval is typically less than 3 meters. For multi-layer coal seams, each individual coal layer is to be sampled separately, while partings and carbonaceous mudstone are also sampled independently. When the thickness of a parting exceeds 0.10 meters, only 0.10 meters is collected. The samples are described layer by layer according to specified requirements. After sorting and cleaning, the length and weight recovery rates are calculated. Finally, the samples are packaged, boxed, and sent to the testing laboratory along with the sample submission forms and coal sample summary sheets.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Core drilling was employed. Hard rock strata are drilled using PDC (Polycrystalline Diamond Compact) bits or surface-set diamond bits. Double split core barrels were used for coal. Coal Core diameter is 63.5 mm. All holes are vertical holes.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core recovery was determined by measuring the sample length and weight, which was later compared with the geophysical logs that were run after the hole was completed. According to Chinese Standard, the minimum acceptable linear and weight recovery requirements are 75% and 60%, respectively. Seam cores with lower recoveries were not analyzed per Chinese standards. While these minimum recoveries are lower than some international standards, actual core recoveries were generally higher.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• During rock stratum drilling, a single-tube core barrel is typically employed. When the drillers determine that the coal seam has been entered based on the returning drilling mud, they switch to a double-tube coal coring tool and appropriately adjust the drilling rate and pressure to ensure coal core recovery.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• There was no obvious relationship found between coal core recovery and coal quality.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All core samples were lithologically logged and described using standardized codes for rock type, grain size, color, and Rock Quality Designation (RQD). Core photos were taken before logging. Logging was initially recorded on paper forms at the site and then entered into a spreadsheet in the office afterwards.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All drill holes also underwent geophysical logging to verify parameters such as the thickness of lithological strata in the coal-bearing sequence, coal seam structure, hole diameter, and deviation. Logs run include natural gamma, density, resistivity, calliper, and vertical deviation.
Sub-sampling	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Sub-sampling techniques are not applicable to coal. The entire core for all mineable coal seams was sampled and there was no

Criteria	JORC Code explanation	Commentary
techniques and sample preparation	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	subsampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples taken for analytical testing were delivered to a licensed laboratory where individual samples were weighed, air dried, crushed, and riffled according to Chinese standards. Subsamples of the riffled samples are taken for various analyses, with the remainder of the sample retained for future analyses. • The laboratories conduct quality control procedures, including sending duplicates to other labs and internal audits.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Due to large-scale occurrence and consistent coal quality, the verification of significant intersections is not applicable to coal projects. • Twinned holes were generally not drilled. • Data recording field work, such as core logging, sampling records were handwritten and was scanned and transferred to electronic version after the field work was completed. Laboratories use electronic data entry system at each testing station.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>• Discuss any adjustment to assay data.</td><td>• No adjustments were made to the assay data.</td></tr>
<tr><td>Location of data points</td><td>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.
• Specification of the grid system used.
• Quality and adequacy of topographic control.</td><td>• Topographic surveying for the project area utilized aerial photogrammetric outputs at a scale of 1:5000. Digital mapping was based on 3 National Class II control points and 3 GPS Class D control points. The delineation of mined-out areas and topographic control employed the Xi'an 1980 Coordinate System and the National 1985 Height Datum. The overall accuracy is assessed as good.
• For boreholes drilled prior to 1965, inclination was measured using the hydrofluoric acid glass tube method, achieving an accuracy better than 3° per 100 meters. The quality of geophysical logging in historical boreholes is generally considered good.
• Considering the accuracy of the integrated topographic control, borehole surveys, and underground surveys, along with the continuous geometry of the coal seams, the quality of the existing survey data is suitable for coal Resource estimation conducted in accordance with the JORC Code (2012).</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject Jinshen Energy and Guoyuan Power properties in Hedong Coalfield are as follows:
<table>
<tr><th rowspan="2">Mining/Exploration Right</th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr>
<tr><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr>
<tr><td colspan="7">Jinshen Energy</td></tr>
<tr><td>Ciyaogou</td><td>250</td><td>500</td><td>1,000</td><td>96</td><td>4</td><td>-</td></tr>
<tr><td>Shaping</td><td>500</td><td>500</td><td>500</td><td>90</td><td>10</td><td>-</td></tr>
<tr><td colspan="7">Guoyuan Power</td></tr>
<tr><td>Shangyuquan</td><td>500</td><td>1,000</td><td>2,000</td><td>61</td><td>32</td><td>6</td></tr>
<tr><td>Data</td><td>500</td><td>1,000</td><td>2,000</td><td>9</td><td>38</td><td>52</td></tr>
<tr><td>Huangbai</td><td>500</td><td>1,000</td><td>2,000</td><td>51</td><td>29</td><td>20</td></tr>
</table></td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral</td><td>• As shown in the table, the resources at all properties, except for the Data Exploration Right, have been well defined. The data spacing at</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	Resource and Ore Reserve estimation procedure(s) and classifications applied.	Ciyaogou, Shaping, Shangyuquan mining rights, and Huangbai Exploration right Area is adequate to establish geological and quality continuity. • The Data Exploration Right were moderately drilled and further drilling are needed for further feasibility study.
	• *Whether sample compositing has been applied.*	• Sample compositing is not applicable to coal.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results. • There is no bias for coal.
Sample security	• *The measures taken to ensure sample security.*	• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint*	• Shangyuquan Coal Mine Type of Mining Right: Mining Right

Criteria	JORC Code explanation	Commentary
and land tenure status	*ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Mining Right Name: Shanxi Luneng Hequ Power and Coal Development Co., Ltd. Shangyuquan Coal Mine Mining Right Number: C1400002011011240110772 Area: 29.7837 km² Location: Hequ County, Xinzhou City, Shanxi Province Ownership: Shanxi Luneng Hequ Power and Coal Development Co., Ltd. (69.85% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the mine area overlaps with parts of the provincial cultural protection site Lujiazhai Beacon Tower, as well as a few other cultural protection site that are not officially rated, including, Weiwa Historical Site, Tuwazui Historical Site, Lugu Jin's Family Cemetery Site, Shanshenliang Historical Site, Nanshawa Historical Site, Zhaojiazui Historical Site, Liangshuigou Historical Site, Zhijiaping Historical Site, Wujiazhuang Historical Site, Wangjialiang Historical Site. The company has taken measures, including design of protection barriers, to comply with relevant protection requirements of authorities at various level. • Huangbai Exploration Type of Mining Right: Exploration Right Mining Right Name: Shanxi Province Hequ County Huangbai Mine Area Coal Exploration Mining Right Number: T1400002009041010027383 Area: 53.31 km² Location: Hequ County, Xinzhou City, Shanxi Province Ownership: Shanxi Luneng Hequ Power and Coal Development Co., Ltd. (69.85% owned by China Energy directly and/or via subsidiaries)

Criteria	JORC Code explanation	Commentary
		Currently no available information on material social and environmental issues. • Data Exploration Type of Mining Right: Exploration Right Mining Right Name: Shanxi Province Hequ County Data Mine Area Coal Exploration Mining Right Number: T1400002008071050023982 Area: 16.73 km² Location: Hequ County, Xinzhou City, Shanxi Province Ownership: Shanxi Luneng Hequ Power and Coal Development Co., Ltd. (69.85% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Shaping Coal Mine Type of Mining Right: Mining Right Mining Right Name: Shanxi Jinshen Shaping Coal Mining Co., Ltd. Mining Right Number: C1400002009121220052426 Area: 22.5915 km² Location: Hequ County, Xinzhou City, Shanxi Province Ownership: Shanxi Jinshen Shaping Coal Mining Co., Ltd. (49% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the mine

Criteria	JORC Code explanation	Commentary
		area is basically not a special protection area, socially concerned area, ecologically fragile area, or special geomorphic landscape area. There are no key protected ecological species or endangered biological species, nor are there any cultural relics and historical sites or other humanistic landscapes in this region. • Ciyaogou Coal Mine Type of Mining Right: Mining Right Mining Right Name: Shanxi Jinshen Ciyaogou Coal Mining Co., Ltd. Mining Right Number: C1400002009111220045698 Area: 10.6227 km² Location: Hequ County, Xinzhou City, Shanxi Province Ownership: Shanxi Hequ Jinshen Ciyaogou Coal Mining Co., Ltd. (29% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the mine area is basically not a special protection area, socially concerned area, ecologically fragile area, or special geomorphic landscape area. There are no key protected ecological species or endangered biological species, nor are there any cultural relics and historical sites or other humanistic landscapes in this region. • Related coal mines in the Hedong Coalfield include Shangyuquan, Ciyaogou and Shaping mines, exploration right areas include Data and Huangbai. The mining right certificates and exploration right certificates for these are all valid. No known impediments to maintaining and renewing such mining and exploration certificates

Criteria	JORC Code explanation	Commentary
		was identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Hedong Coalfield, the following exploration reports were provided for our review: - Ciyaogou Mine: = Production Geology Report for the Ciyaogou Mine, April 2023 - Shaping Mine: = Supplementary Exploration Geological Report for the Shaping Mine, August 2021 - Shangyuquan Mine: = Annual Reserves Verification Reports for Years 2021 to 2024 = Geological Classification Report for the Shangyuquan Mine, May 2022 = Geology Report for the Shangyuquan Mine, March 2022 - Data Mine: = Exploration Geology Report for the Data Mine, January 2023 - Huangbai Mine: = Exploration Geological Classification Report for the Huangbai Mine, May 2004 = Additional Exploration Geology Report for the Huangbai Mine, June 2012 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based

Criteria	JORC Code explanation	Commentary
		on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Hedong Coalfield is situated at the northern terminus of the Baode-Linxian Block Sag within the Ordos Depression of the North China Plate. Regional structural trends predominantly align NE-NNE, with localized NW-trending structures. Key tectonic features include: 1) the Qingshui Graben, comprising two 310 degrees striking normal faults extending southeast from Shaanxi; 2) the Fanjialiang-Xinyao Syncline, a NNW-trending broad fold with Shanxi Formation at its core; 3) the Tianqiao Horst formed by three 300 degrees striking normal faults exposing Ordovician strata; and 4) the Tiejiangpu Graben with three NEE-trending normal faults (>250 m displacement) exposing purple mudstone. The structural domain is characterized by fault-block systems and broad folds, with negligible magmatic activity. • The mine field forms a gently NW-dipping monocline with dip angles typically ranging from 3 degrees to 5 degrees. The southern sector develops three broad, gentle folds consisting of one syncline and two anticlines, all trending NW-SE with limb dips of approximately 2 degrees-3 degrees. These folds exhibit simple geometry and high structural reliability. A total of 25 normal faults has been identified, with 11 exposed during mining of the No. 8 Seam and 13 in the No. 13 Seam. These faults generally display displacements of 0.3-3.6

Criteria	JORC Code explanation	Commentary
		meters, characterized by limited scale and non-conductive hydrologic properties, resulting in minimal impact on mining operations. No magmatic intrusions have been documented within the mining area. Overall, the structural framework is dominated by small-scale normal faults and broad folds, indicating low to moderate structural complexity throughout the deposit.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Not applicable as no Exploration Results included in the report.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modeling. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Guoyuan Power Co., Ltd. and Shanxi Jinshen Energy Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Competent Person converted the data from the editable versions into the database for this resource estimation.

Criteria	JORC Code explanation	Commentary
	• *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the subject mining right areas and/or exploration right areas is high. The competent persons for this report, through the review of borehole logs and geophysical logs for seam correlation, as well as subsequent model representation, consider the geological interpretation of the subject mining right areas and/or exploration right areas to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.

Criteria	JORC Code explanation	Commentary
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits as follows: - Ciyaogou: from780 m to 1,100 m - Shaping: from 700 m to 990 m - Shangyuquan: from 680 m to 1,030 m - Data: No elevation-related constraints - Huangbai: No elevation-related constraints • The following tables show the detailed characteristics of each seam of each mine

Mine	Seam	Thickness (m)			Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
		Coal	Parting	Seam				
Ciyaogou	10-2	5.74	0.57	6.30	-	46 - 168	4-W	Uniform
	13	11.91	1.15	13.06	18	10 - 220	4-W	Uniform
Shaping	9	3.06	0.25	3.31	-	21 - 201	4-W	Moderate
	10	1.69	0.09	1.78	5	31 - 213	4-W	Moderate
	11	1.86	0.03	1.89	7	35 - 218	4-W	Moderate
	12	1.58	0.02	1.60	10	4 - 233	4-W	Moderate
	13U	5.29	0.05	5.34	4	107 - 215	4-W	Eratic
	13	13.28	1.66	14.93	7	5 - 238	4-W	Moderate

Criteria	JORC Code explanation	Commentary
		•

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Shangyuquan	9	2.7	0.64	3.3	-	24 - 217	7-NW	Moderate
	10U	3.4	0.37	3.7	6	47 - 215	7-NW	Moderate
	10	5.2	1.12	6.3	1	32 - 230	7-NW	Moderate
	10L	2.1	0.38	2.5	1	92 - 217	7-NW	Moderate
	11U	1.9	0.01	1.9	5	108 - 224	7-NW	Moderate
	11	2.2	0.07	2.2	4	48 - 241	7-NW	Uniform
	11L	1.9	0.07	2.0	1	118 - 243	7-NW	Moderate
	12	2.0	0.03	2.0	7	58 - 255	7-NW	Uniform
	13	12.3	1.59	13.9	6	64 - 273	7-NW	Uniform
Data	8	1.8	0.2	2.0	-	237 - 548	12-W	Moderate
	10U	2.2	0.3	2.5	24	278 - 573	12-W	Moderate
	10	3.1	0.1	3.2	3	281 - 575	12-W	Moderate
	11	5.4	0.9	6.3	14	296 - 602	12-W	Moderate
	13	7.6	1.5	9.2	19	316 - 627	12-W	Moderate
Huangbai	8	1.5	0.1	1.6	-	55 - 548	12-W	Moderate
	10U	1.9	0.2	2.1	38	173 - 484	12-W	Eratic
	10	5.5	0.6	6.1	2	108 - 575	12-W	Moderate
	11U	1.3	-	1.3	8	240 - 575	12-W	Eratic
	11	2.8	0.4	3.2	4	132 - 602	12-W	Moderate
	13	9.0	1.2	10.3	27	137 - 627	12-W	Moderate

Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.*	The resource estimation methodology is detailed as follows: • Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal

Criteria	JORC Code explanation	Commentary
	• *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent

Criteria	JORC Code explanation	Commentary
		dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 17.0 MJ/kg
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). • in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmen-	• *Assumptions made regarding possible waste and process residue*	• Each of the Shangyuquan, Ciyaogou and Shaping mines provided

Criteria	JORC Code explanation	Commentary
tal factors or assumptions	*disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	environmental impact assessment reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the

Criteria	JORC Code explanation	Commentary
	data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data.

Criteria	JORC Code explanation	Commentary
conversion to Ore Reserves	*additional to, or inclusive of, the Ore Reserves.*	- Review of seam correlation. - Identification of coal seam occurrence greater than 0.8 m thick for bituminous thermal coal as presented at the Hedong Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans. - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han visited Shaping, Ciyaogou and Shangyuquan mines located in the Hedong Coalfield during September 1-2, 2025. During the site visit, the Competent Person observed the mine operations, collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources*	• A Preliminary Design Report for each of the Shangyuquan, Shaping

Criteria	JORC Code explanation	Commentary
	to be converted to Ore Reserves. • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	and Ciyaogou mines was provided, which is the typical mine design report for coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• Preliminary Design Report for each mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected: - Shangyuquan is FM LW - Ciyaogou: FM LW SLC - Shaping: FM LW and FM LW SLC
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Seam thickness is the major factor considered in selecting the mining method. Typically, the threshold seam thickness for sublevel caving mining is approximately 4.5-6.0 m. Both FM LW and FM LW SLC methods are widely used in underground coal mines in China. The selection of mining methods in the three mines are considered appropriate in terms of the seam thickness and general occurrence as well as the design output capacity.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Ground control in the LW faces are provided by hydraulic shields, which are designed by evaluating various factors including the mining depth, the roof strata structure and mining heights. Roadway support features mainly roof bolts with mesh wires and cables.
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable

Criteria	JORC Code explanation	Commentary
	• *The mining dilution factors used.*	• OSD of 0.1 m roof rock was considered for most seams during mining.
	• *The mining recovery factors used.*	• An 85% recovery factor was used.
	• *Any minimum mining widths used.*	• LW faces are generally designed at fixed width.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded from LW panels.
	• *The infrastructure requirements of the selected mining methods.*	• Hedong Coalfield is located in the western part of Shanxi Province. Due to the well-developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Shangyuquan adopts jig technology to process the coarse coal and the 3-product heavy media cyclone technology to process the fine coal. Shaping uses roller crusher to break the coarse coal and then uses the heavy media vessel technology for fine coal processing. Ciyaogou does not have coal processing facilities but outsources its ROM coal to a nearby third-party processing plant. The proposed coal processing arrangement is considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The jig, 3-product heavy media cyclone and heavy media vessel technologies are all widely adopted coal processing technologies and have been well tested for decades.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Shangyuquan, Ciyaogou and Shaping mines have well-established coal processing history. Actual amount of coal being processed is determined by customer requirements and market conditions. The coal recovery factor (or yield) for each seam is estimated based on

Criteria	JORC Code explanation	Commentary
		the percentage of partings and OSD for each seam.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • Shangyuquan, Ciyaogou and Shaping mines have well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value parameter in coal quality is the main focus for thermal coal. In the Coal Reserve estimation process, such parameter has been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Each of the Shangyuquan, Ciyaogou and Shaping mines provided environmental impact assessment reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Hedong Coalfield is located in the western part of Shanxi Province. Due to the well-developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t of coal producing capacity was assumed which is typical for underground mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by each mine based on historical

Criteria	JORC Code explanation	Commentary
		performance and adjusted for certain changes. The competent person extend the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average prices were used for our economic analysis of each mine. Shangyuquan: RMB342/t VAT inclusive Ciyaogou: RMB421.75/t VAT inclusive Shaping: RMB382.5/t VAT inclusive
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges account for only a small portion of the costs for underground mines, and are included in the operating costs.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting, which appears common for coal mines.
	• *The allowances made for royalties payable, both Government and private.*	• The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average prices were used for our economic analysis of each mine. Shangyuquan: RMB342/t VAT inclusive Ciyaogou: RMB421.75/t VAT inclusive Shaping: RMB382.5/t VAT inclusive
Market	• *The demand, supply and stock situation for the particular commodity,*	• Most of coal products from Shangyuquan Mine will supply the nearby

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>assessment</td><td>consumption trends and factors likely to affect supply and demand into the future.
• A customer and competitor analysis along with the identification of likely market windows for the product.
• Price and volume forecasts and the basis for these forecasts.
• For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</td><td>Hequ Power Plant. The Hedong Coalfield is one of the major Shanxi coal producing area with a mature coal market. The coal products from the three mines have consistent coal quality and are expected to continue their market share.
• Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices were used for our economic analysis of each mine.
Shangyuquan: RMB342/t VAT inclusive
Ciyaogou: RMB421.75/t VAT inclusive
Shaping: RMB382.5/t VAT inclusive</td></tr>
<tr><td>Economic</td><td>• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.
• NPV ranges and sensitivity to variations in the significant assumptions and inputs.</td><td>• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.
<table><tr><th></th><th colspan="6">NPV Under Various Sensitivity Cases (RMB Millions)</th></tr><tr><th></th><th colspan="5">Base Case</th><th></th></tr><tr><th>Mine</th><th>6.0%</th><th>7.0%</th><th>(7.1%)</th><th>8.0%</th><th>9.0%</th><th>10.0%</th></tr><tr><td>Shangyuquan</td><td>2,263</td><td>1,913</td><td>1,875</td><td>1,620</td><td>1,373</td><td>1,163</td></tr><tr><td>Ciyaogou</td><td>2,671</td><td>2,481</td><td>2,459</td><td>2,309</td><td>2,153</td><td>2,012</td></tr><tr><td>Shaping</td><td>304</td><td>197</td><td>186</td><td>109</td><td>35</td><td>(26)</td></tr></table></td></tr>
<tr><td>Social</td><td>• The status of agreements with key stakeholders and matters leading to social licence to operate.</td><td>• The mines recognize their social responsibility and have maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the Shangyuquan, Ciyaogou and Shaping cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.

Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The Ore Reserve estimate for the underground operation may exhibit minor variance due to equipment-dependent mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small. • The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained. • Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-6 JORC Code, 2012 Edition – Table 1 – Helanshan Coalfield

The Huangbaici, Suhaitu and Wuhushan mines controlled by China Energy Wuhai Energy Co., Ltd. are located in the Helanshan Coalfield. These properties are adjacent to each other. Suhaitu is recovering the remaining coal pillars and no JORC Coal Resources are estimated.

Section 1 Sampling Techniques and Data

All the three mines have similar long history of operation, with the drilling activities of the three mines started in 1950s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity applicable for coal quality verification and seam correlation at Helanshan Coalfield were conducted decades ago. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	sample preparation technique. • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Historical geological surveying in this area commenced in the 1950s. Recent underground surveys have been conducted using theodolites and total stations, with accuracy complying with underground surveying specifications. The mined-out areas surveyed in 2019 were measured by a Grade B qualified unit and reviewed by the competent

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>authority, utilizing the Xi'an 1980 Coordinate System and the National 1985 Height Datum. The control network was properly established with no systematic errors observed. Topographic maps were produced through aerial photogrammetry at scales of 1:2,000 and 1:5,000, with complete control and benchmark points. Both horizontal and vertical accuracy meet the requirements for resource estimation.
• The boreholes utilized in this study are predominantly from the 1950s-1960s. Historical borehole inclination surveys were conducted using glass tube or electronic inclinometers, generally showing deviations of <2-3°/100m, with individual exceeding holes corrected. Classified under current standards, most are rated as Grade B or C. Overall quality is considered acceptable given the technological context of the period and suitable for coal seam interpretation.
• Considering the integrated accuracy of topographic control, borehole surveys, and the continuous geometry of the coal seams, the quality of the existing survey data is suitable for Coal Resource estimation conducted in accordance with the JORC Code (2012).</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.
• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
• Whether sample compositing has been applied.</td><td>• The drilling grids for different areas of each of the subject mining rights in Helanshan Coalfield are as follows:
<table><tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr><tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr><tr><td>Huangbaici</td><td>500</td><td>500</td><td>500</td><td>76</td><td>9</td><td>15</td></tr><tr><td>Wuhushan</td><td>500</td><td>1,000</td><td>1,000</td><td>59</td><td>38</td><td>3</td></tr></table>• As shown in the table, the resources at both properties have been well defined. The data spacing is adequate to establish geological and quality continuity.
• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of</td><td>• Whether the orientation of sampling achieves unbiased sampling of</td><td>• For coal seams, as long as full seam interval sampling is achieved,</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
data in relation to geological structure	*possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	the sampling orientation has virtually no impact on the results. • There is no bias for coal.
Sample security	• *The measures taken to ensure sample security.*	• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Huangbaici Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Wuhai Energy Co., Ltd. Huangbaici Coal Mine Mining Right Number: C100000201201114012241O Area: 5.7933 km² Location: Wuda District, Wuhai City, Inner Mongolia Autonomous Region Ownership: China Energy Wuhai Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries)

Criteria	JORC Code explanation	Commentary
		According to the EIA and/or exploration report of the project, the mine does not involve environmentally sensitive areas such as nature reserves or cultural relics. All residents within the mine area were relocated by China Energy Wuhai Energy Co., Ltd. in 2010, and the project site is far from urban areas. • Wuhushan Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Wuhai Energy Co., Ltd. Wuhushan Coal Mine Mining Right Number: C100000201201114012241 2 Area: 8.0834 km² Location: Wuda District, Wuhai City, Inner Mongolia Autonomous Region Ownership: China Energy Wuhai Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, there are no sensitive protection targets such as national nature reserves, scenic spots, or cultural relics protection units within the mine area. • Suhaitu Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Wuhai Energy Co., Ltd. Suhaitu Coal Mine Mining Right Number: C100000201201114012237 8

Criteria	JORC Code explanation	Commentary
		Area: 11.0057 km² Location: Wuda District, Wuhai City, Inner Mongolia Autonomous Region Ownership: China Energy Wuhai Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Related coal mines in the Helanshan Coalfield include Huangbaici, Suhaitu and Wuhushan mines. The mining right certificates and exploration right certificates for these are all valid. Suhaitu will be closed once the coal pillars recovery operation is completed. No known impediments to maintain and renew the mining right certificates for Huangbaici and Wuhushan was identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Helanshan Coalfield, the following exploration reports were provided for our review: - Huangbaici Mine: = Reserves Verification Report for the Huangbaici Mine，2019 = Annual Reserves Verification Reports for the Huangbaici Mine for Years 2020 to 2025 - Wuhushan Mine: = Detailed Exploration Report for the Wuhushan No.1 Mine, Wuda Mining Area, Northern Helan Mountain Coalfield, October 1964

Criteria	JORC Code explanation	Commentary
		= Supplementary Hydrogeological Exploration Report for the Wuda Mining Area, April 2011 = Reserves Verification Report for the Wuhushan Mine, Wuda Mining Area, Helan Mountain Coalfield, February 2019 = Production Geology Report for the Wuhushan Mining Company, China Energy Wuhai Energy Co., Ltd., November 2024 = Annual Reserves Verification Reports for the Wuhushan Mine for Years 2020 to 2024 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The three subject mines are situated within the Wuda Mining Area, which was developed near NS-trending structures by the late Mesozoic Yanshanian movement. The subsequent Cenozoic Himalayan orogeny superimposed roughly EW-trending structures, which cut the earlier systems, forming multiple isolated coal-bearing synclines, including the Wuda syncline. Thrust by the Wuda reverse fault, the syncline's western limb forms an east-dipping monocline.

Criteria	JORC Code explanation	Commentary
		Central strata strike NS and dip east, bending eastward and closing at the ends. • The three subject mines are located in the central western limb of the Wuda Syncline. Due to truncation by the Wuda thrust fault on the eastern side, the field forms a broadly east-dipping monoclinal structure, striking approximately north-south with dips of 3–13°, increasing to 12–17° near the fault. • The structure of the subject mines is dominated by faults, with folds mainly developed in the eastern area near the Wuda thrust fault. These folds have roughly north-south trending axes and are generally normal and slightly asymmetric, with local overturning. Major folds include the Liangjiagou (striking over1000 m, symmetrical), Bei 111 (striking over 400 m, locally tight and overturned), and Chenjiagou (striking over 600 m, tight in the north, gentle in the south). • Suhaitu is recovering the remaining coal pillars and no JORC Coal Resources are estimated.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other	• *Other exploration data, if meaningful and material, should be reported*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
substantive exploration data	*including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modeling. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Wuhai Energy

Criteria	JORC Code explanation	Commentary
	• *If no site visits have been undertaken indicate why this is the case.*	Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Wuhai Energy mines in Zhuozishan Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the Wuhai Energy mines in Zhuozishan Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>paleochannels, and magmatic erosion.
• Factors compromising coal seam continuity encompass:
- Seam splitting and thinning.
- Erosion by paleochannels/up-lifting to surface/ igneous intrusions.
- Faulting.
- outcrop.</td></tr>
<tr><td>Dimensions</td><td>• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>• The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits as follows:
- Huangbaici: from750 m to1,149 m
- Wuhushan: from 800 m to 1,149 m
•
<table>
<tr><th rowspan="2">Mine</th><th rowspan="2">Seam</th><th colspan="3">Thickness (m)</th><th rowspan="2">Distance from the Upper Seam (m)</th><th rowspan="2">Seam Depth Range (m)</th><th rowspan="2">Seam Dip (deg.)</th><th rowspan="2">Seam Occurrence</th></tr>
<tr><th>Coal</th><th>Parting</th><th>Seam</th></tr>
<tr><td>Huangbaici</td><td>10</td><td>2.0</td><td>0.07</td><td>2.1</td><td>-</td><td>58 -253</td><td>7-E</td><td>Moderate</td></tr>
<tr><td></td><td>12</td><td>3.8</td><td>0.61</td><td>4.4</td><td>28</td><td>104 -283</td><td>7-E</td><td>Moderate</td></tr>
<tr><td></td><td>13U2</td><td>1.3</td><td>0.10</td><td>1.4</td><td>14</td><td>116 -292</td><td>7-E</td><td>Eratic</td></tr>
<tr><td></td><td>13</td><td>0.9</td><td>0.07</td><td>1.0</td><td>16</td><td>137 -309</td><td>7-E</td><td>Moderate</td></tr>
<tr><td></td><td>15</td><td>1.6</td><td>0.13</td><td>1.8</td><td>17</td><td>151 -324</td><td>7-E</td><td>Moderate</td></tr>
<tr><td></td><td>16</td><td>1.2</td><td>0.07</td><td>1.3</td><td>15</td><td>192 -342</td><td>7-E</td><td>Eratic</td></tr>
<tr><td></td><td>17</td><td>1.0</td><td>0.09</td><td>1.1</td><td>3</td><td>197 -347</td><td>7-E</td><td>Eratic</td></tr>
<tr><td>Wuhushan</td><td>9</td><td>2.6</td><td>0.03</td><td>2.6</td><td>-</td><td>12 -293</td><td>10-E</td><td>Moderate</td></tr>
<tr><td></td><td>10</td><td>1.8</td><td>0.03</td><td>1.8</td><td>4</td><td>29 -297</td><td>10-E</td><td>Moderate</td></tr>
<tr><td></td><td>12</td><td>4.0</td><td>0.55</td><td>4.6</td><td>24</td><td>48 -323</td><td>10-E</td><td>Moderate</td></tr>
<tr><td></td><td>13U2</td><td>1.4</td><td>0.05</td><td>1.4</td><td>16</td><td>77 -342</td><td>10-E</td><td>Moderate</td></tr>
<tr><td></td><td>13</td><td>0.9</td><td>0.08</td><td>1.0</td><td>16</td><td>91 -358</td><td>10-E</td><td>Eratic</td></tr>
<tr><td></td><td>15</td><td>1.4</td><td>0.12</td><td>1.5</td><td>14</td><td>105 -371</td><td>10-E</td><td>Moderate</td></tr>
<tr><td></td><td>16</td><td>1.1</td><td>0.18</td><td>1.3</td><td>16</td><td>126 -387</td><td>10-E</td><td>Moderate</td></tr>
<tr><td></td><td>17</td><td>1.5</td><td>0.18</td><td>1.6</td><td>3</td><td>132 -390</td><td>10-E</td><td>Moderate</td></tr>
</table></td></tr>
<tr><td>Estimation and modelling techniques</td><td>• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</td><td>The resource estimation methodology is detailed as follows:
• Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation

Criteria	JORC Code explanation	Commentary
		limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 17.0 MJ/kg
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions*	• The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). • in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.

Criteria	JORC Code explanation	Commentary
	made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Each of the Huangbaici and Wuhushan mines provided environmental impact assessment report. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk

Criteria	JORC Code explanation	Commentary
		density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.7 m thick for coking coal as presented at the Helanshan Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans. - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han, and Senior Geologist, Mr. Yongliang Xing, visited Wuhai Energy in September 2025. During the site visit, the Competent Person observed the mine operations, collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future

Criteria	JORC Code explanation	Commentary
		plans of each subject mine with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Coal Resources Development and Utilization Plan for each of the Huangbaici and Wuhushan mines was provided, which is the typical mine feasibility study document for coal mines in China, generally considered comparable to the Pre-Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• Coal Resources Development and Utilization Plan for each mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected for both mines is FM LW.
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Seam thickness is the major factor considered in selecting the mining method. Typically, the coal seam thickness at Huangbaici Mine ranges from 0.9 m to 3.8 m, and the coal seam thickness at Wuhushan Mine ranges from 0.9 m to 4.0 m, which makes the FM LW method the best choice for coal excavation. The FM LW methods are widely used in underground coal mines in China. The selection of mining methods in the two mines is considered appropriate in terms of the seam thickness and general occurrence as well as the design output capacity.
	• *The assumptions made regarding geotechnical parameters (eg pit*	• Ground control in the LW faces are provided by hydraulic shields,

Criteria	JORC Code explanation	Commentary
	slopes, stope sizes, etc), grade control and pre-production drilling.	which are designed by evaluating various factors including the mining depth, the roof strata structure and mining heights. Roadway support features mainly roof bolts with mesh wires and cables.
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• OSD of 0.05 - 0.1 m roof rock for Huangbaici, 0.05 – 0.2 m roof rock for Wuhushan rock were considered for most seams during mining.
	• *The mining recovery factors used.*	• An 85% recovery factor was used.
	• *Any minimum mining widths used.*	• LW faces are generally designed at fixed width.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded from LW panels.
	• *The infrastructure requirements of the selected mining methods.*	• Helanshan Coalfield is located in the western part of Inner Mongolia. Due to the well-developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Huangbaici adopts jig and crush-screening technologies to process the coarse coal and the 3-product heavy media cyclone technology to process the fine coal. Wuhushan uses TDS technology for coarse coal processing, and uses the 3-product heavy media cyclone technology to process the fine coal. The proposed coal processing arrangement is considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The jig and 3-product heavy media cyclone technologies are all widely adopted coal processing technologies and have been well tested for decades.

Criteria	JORC Code explanation	Commentary
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Huangbaici and Wuhushan mines have well-established coal processing history. Actual amount of coal being processed is determined by customer requirements and market conditions. The coal recovery factor (or yield) for each seam is estimated based on the percentage of partings and OSD for each seam.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • Huangbaici and Wuhushan mines have well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• The coal type at Helanshan Coal field is mainly coking coal or fat coal which are used in the coking industry. The inherent caking index of the clean coal satisfies the coking requirements (>90%) while the processing is mainly for ash and sulphur content control. Clean coal for coking purpose generally requires the ash content below 10.5%, and sulphur content below 1.8% for medium-sulphur coking coal and below 3.2% for high-sulphur coking coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmen-tal	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Each of the Huangbaici and Wuhushan mines provided environmental impact assessment report. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk*	• Helanshan Coalfield is located in the western part of Inner Mongolia near Wuhai City. Due to the well-developed coal industry,

Criteria	JORC Code explanation	Commentary
	commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t of coal producing capacity was assumed which is typical for underground mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by each mine based on historical performance and adjusted for certain changes. The competent person extended the projection period to the year when the Coal Reserves are depleted.
	• *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• No deleterious elements. • The historical three-year average prices were used for our economic analysis of each mine. Huangbaici: RMB775/t VAT inclusive Wuhushan: RMB703/t VAT inclusive
	• *The source of exchange rates used in the study.* • *Derivation of transportation charges.*	• Exchange rates: not applicable • Transportation charges account for only a small portion of the costs for underground mines, and are included in the operating costs.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting, which appears common for coal mines.
	• *The allowances made for royalties payable, both Government and*	• The mines already paid the mining right fees in obtaining the mining

Criteria	JORC Code explanation	Commentary
	private.	rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change. • The historical three-year average prices were used for our economic analysis of each mine. Huangbaici: RMB775/t VAT inclusive Wuhushan: RMB703/t VAT inclusive
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• The clean coal products from Huangbaici and Wuhushan mines are used as coking coal to supply the coking and steel industry. Helanshan Coalfield is a well-developed coalfield with a mature coal market. The coal products from the mines have consistent coal quality and are expected to continue their market share. • Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices were used for our economic analysis of each mine. Huangbaici: RMB775/t VAT inclusive Wuhushan: RMB703/t VAT inclusive
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%,

Criteria	JORC Code explanation	Commentary
	• *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	as of 31 July 2025. NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine | 6.00% | 7.00% | (7.1%) | 8.00% | 9.00% | 10.00% Huangbaici | 159 | 49 | 37 | -47 | -131 | -204 Wuhushan | 152 | 67 | 57 | -6 | -68 | -120
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mines recognize their social responsibility and have maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the Huangbaici and Wuhushan cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated

Criteria	JORC Code explanation	Commentary
		Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the underground operation may exhibit minor variance due to equipment-dependent mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations.
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence*	• No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological

Criteria	JORC Code explanation	Commentary
	of the estimate should be compared with production data, where available.	interpretation, and modifying factor assumptions.

APPENDIX B-7 JORC Code, 2012 Edition – Table 1 – Hesigewula Coalfield

The Hesigewula South Open-pit Mine controlled by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. Is located in the Hesigewula Coalfield.

Section 1 Sampling Techniques and Data

The drilling activities of the Hesigewula Coalfield dates back to the 2000s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity at Hesigewula Coalfield was completed in 2006. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	maximise representivity of samples. • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference between the two sets of coordinates was 0.17 meters, and the

Criteria	JORC Code explanation	Commentary
		elevation difference was 0.12 meters.
	• *Specification of the grid system used.*	• The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters
	• *Quality and adequacy of topographic control.*	• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• The drilling grid coverage over all areas of the Hesigewula mining license. Approximately 90% of the area is covered by a **250 m × 250 m** drilling grid, while a 500×500 meter grid is adopted in the remaining majority of the region. This drilling spacing is sufficient to classify the majority of the resources in the Hesigewula South mining area as the Measured category. The data spacing is adequate to establish geological and quality continuity
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• The data spacing is adequate to establish geological and quality continuity
	• *Whether sample compositing has been applied.*	• Sample compositing is not applicable to coal.
Orientation of data in relation to	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.

Criteria	JORC Code explanation	Commentary
geological structure	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• There is no bias for coal.
Sample security	• *The measures taken to ensure sample security.*	• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Hesigewula South Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Inner Mongolia Xilinhe Coal Chemical Co., Ltd. Hesigewula South Open-pit Coal Mine Mining Right Number: C1000002020011110149419 Area: 27.2313 km² Location: Xilinguole League, Inner Mongolia Autonomous Region Ownership: Inner Mongolia Xilinhe Coal Chemical Co., Ltd. (51% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the Hesigewula South Open-pit Coal Mine does not involve

Criteria	JORC Code explanation	Commentary
		environmentally sensitive points requiring special protection, such as nature reserves, scenic spots, water source protection zones, or cultural relics and historic sites. • Related coal mine in the Hesigewula Coalfield is Hesigewula South Open-pit Mine. The mining right certificate for the mine is within the valid period. No known impediments to maintaining and renewing such mining certificate were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete the resources/reserves estimates for Hesigewula South Open-pit, the following exploration reports were provided for our review: - Exploration Report for the Hesigewula South Open-pit Mine, 2006 • The report include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. • It's the CP's opinion that the report is reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geologic settings of the Hesigewula South Open-pit is judged to be moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas. • The Hesigewula Coalfield is situated within the Hesigewula Pasture

Criteria	JORC Code explanation	Commentary
		Coal Basin, a fault-depression basin with a distinct NE-trending, S-shaped elongated planform. The basin is tectonically affiliated with the Siberian Plate, specifically the Southeast Siberian Continental Margin Accretionary Belt and the Dong Ujimqin–Zhalantun Volcanic Passive Continental Margin. The basin is primarily controlled by NNE-trending structures. Its western, northern, and southern margins are defined by erosional boundaries, while the eastern margin is bounded by the F1 Fault. • The Hesigewula South Open-pit Mining Area is located in the southern part of the Hesigewula Coalfield. The area is characterized by a broad, gentle syncline with an axial orientation of NE and a slightly eastern-offset axis. Both limbs of the syncline generally dip at approximately 10°. Fault development within the mining area is limited. Only two oblique-slip normal faults, designated F5 and F6, have been identified. No intrusive igneous rocks have been observed in the area.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly*	• Not applicable as no Exploration Results included in the report

Criteria	JORC Code explanation	Commentary
	explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report
Other substantive exploration	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and*	• Not applicable as no Exploration Results included in the report

Criteria	JORC Code explanation	Commentary
data	*method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modeling. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current

Criteria	JORC Code explanation	Commentary
		status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. The database was verified using Carlson SURVCAD before modeling. The completed model was cross-checked and validated against the attached maps in the geological reports. If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Hesigewula South Open-pit Mine is high. The competent persons for this report, through the review of borehole logs and geophysical logs for seam correlation, as well as subsequent model representation, consider the geological interpretation of the Hesigewula South Open-pit Mine to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities,

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>such as:
= Syndepositional structures leading to seam splitting and thinning.
= Post-depositional structures including erosion by paleochannels, and magmatic erosion.
• Factors compromising coal seam continuity encompass:
- Seam splitting and thinning.
- Erosion by paleochannels/up-lifting to surface/ igneous intrusions.
- Faulting.
- outcrop.</td></tr>
<tr><td>Dimensions</td><td>• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>• The resources area is delineated by the authorized mine boundary, covering an area of 27.2312 km², with vertical mining elevation limits between +300 m to +925 m. The following tables show the detailed characteristics of each seam at the Hesigewula South Open-pit:

<table>
<tr><th rowspan="2">Mine</th><th rowspan="2">Seam</th><th colspan="3">Thickness (m)</th><th rowspan="2">Distance from the Upper Seam (m)</th><th rowspan="2">Seam Depth Range (m)</th><th rowspan="2">Seam Dip (deg.)</th><th rowspan="2">Seam Occurrence</th></tr>
<tr><th>Coal</th><th>Parting</th><th>Seam</th></tr>
<tr><td>Hesigewula South Open-pit</td><td>1-1</td><td>29.0</td><td>4.29</td><td>33.3</td><td>-</td><td>12 - 138</td><td>10-NW, SE</td><td>Eratic</td></tr>
<tr><td></td><td>2-1</td><td>32.1</td><td>1.53</td><td>33.6</td><td>105</td><td>0 - 277</td><td>10-NW, SE</td><td>Uniform</td></tr>
<tr><td></td><td>2-2</td><td>5.9</td><td>1.83</td><td>7.7</td><td>40</td><td>17 - 336</td><td>10-NW, SE</td><td>Moderate</td></tr>
<tr><td></td><td>2-3</td><td>2.0</td><td>1.05</td><td>3.1</td><td>20</td><td>3 - 342</td><td>10-NW, SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-1</td><td>11.4</td><td>1.50</td><td>12.9</td><td>80</td><td>6 - 430</td><td>10-NW, SE</td><td>Uniform</td></tr>
<tr><td></td><td>3-3</td><td>2.0</td><td>0.48</td><td>2.5</td><td>15</td><td>35 - 436</td><td>10-NW, SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-4</td><td>4.0</td><td>0.66</td><td>4.6</td><td>15</td><td>14 - 462</td><td>10-NW, SE</td><td>Moderate</td></tr>
<tr><td></td><td>3-5</td><td>1.7</td><td>0.63</td><td>2.4</td><td>15</td><td>26 - 491</td><td>10-NW, SE</td><td>Moderate</td></tr>
<tr><td></td><td>3-7</td><td>1.6</td><td>0.43</td><td>2.0</td><td>15</td><td>77 - 507</td><td>10-NW, SE</td><td>Eratic</td></tr>
<tr><td></td><td>3-8</td><td>1.6</td><td>0.35</td><td>2.0</td><td>5</td><td>53 - 476</td><td>10-NW, SE</td><td>Eratic</td></tr>
<tr><td></td><td>4-1</td><td>5.9</td><td>1.16</td><td>7.1</td><td>25</td><td>37 - 540</td><td>10-NW, SE</td><td>Moderate</td></tr>
<tr><td></td><td>4-2</td><td>2.1</td><td>0.6</td><td>2.7</td><td>20</td><td>92 - 546</td><td>10-NW, SE</td><td>Eratic</td></tr>
<tr><td></td><td>4-6</td><td>2.0</td><td>0.3</td><td>2.3</td><td>130</td><td>48 - 516</td><td>10-NW, SE</td><td>Eratic</td></tr>
<tr><td></td><td>4-7</td><td>2.0</td><td>0.4</td><td>2.4</td><td>40</td><td>90 - 465</td><td>10-NW, SE</td><td>Eratic</td></tr>
</table>
</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• The model of the Hesigewula South Open-pit Coal Mine was constructed using Carlson SURVCAD software based on the original data. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam. The SURVCAD software can generate triangulated surface models for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam. • The modeling utilized all borehole data within the mining area, and the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell. The key parameters and assumptions used for the resource estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The critical step in coal modeling data validation lies in seam correlation, which is conducted *prior to* database establishment. The Qualified Person (QP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data

Criteria	JORC Code explanation	Commentary
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% • Calorific Value Qnet,d: 15.7 MJ/kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for open-pit mining: partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of*	• The Hesigewula South Open-pit provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Hegegula South Open-pit Mine has completed land acquisition for all required waste dumps, ensuring unimpeded waste disposal operations. Full internal dumping is

Criteria	JORC Code explanation	Commentary
	potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	anticipated to be achievable by 2028. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons'view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.

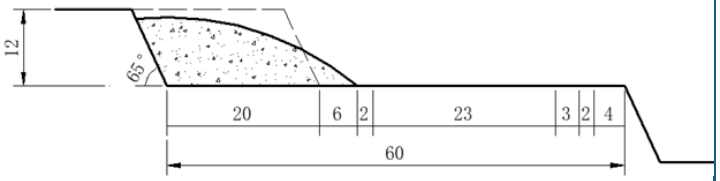
Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.5m thick for lignite coal as presented at the Hesigewula Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major

Criteria	JORC Code explanation	Commentary
		streams, and populated areas that are not planned to be relocated). - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. in September 2025. Mr. Xing made another site visit in October 2025 to further observe mining and operation details. During the site visits, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Hesigewula South Open-pit was provided, which is the typical mine design report for open-pit coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.

Criteria	JORC Code explanation	Commentary
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• Preliminary Design Report for the mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected for the open-pit mine was shovel-truck approach with semi-mobile crushing/bot transportation arrangement.
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• The coal seams in the Hesigewula Coalfield feature shallow occurrences with generally simple geological settings. In addition, this area has only sparsely distributed population. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining method in the mine is considered appropriate.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Geotechnical parameters are designed based on the geotechnical testing of rock and coal strata. Hesigewula South Open-pit Min has years of operating history. Major mining and geotechnical parameters are as follows: 

Criteria	JORC Code explanation	Commentary
		<table><tr><th>Parameter</th><th>Unit</th><th>Soil w/o blasting</th><th>Coal/Rock w/ blasting</th></tr><tr><td>Bench Height</td><td>m</td><td>12</td><td>12</td></tr><tr><td>Working Width</td><td>m</td><td>20</td><td>20</td></tr><tr><td>Bench Face Angle</td><td>°</td><td>55</td><td>65</td></tr><tr><td>Safety Offset</td><td>m</td><td>4</td><td>4</td></tr><tr><td>Blast Pile Projection Distance</td><td>m</td><td>0</td><td>6</td></tr><tr><td>Road Width</td><td>m</td><td>23</td><td>23</td></tr><tr><td>Safety Clearance</td><td>m</td><td>3</td><td>3</td></tr><tr><td>Minimum Working Bench Width</td><td>m</td><td>60</td><td>60</td></tr></table>
	•	
	•	
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• OSD of 3% was considered for all the seams during mining.
	• *The mining recovery factors used.*	• A 98% recovery factor was used for the open-pit mine.
	• *Any minimum mining widths used.*	• Minimum mining working bench width used was 60 m for Hesigewula South Open-pit.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded.
	• *The infrastructure requirements of the selected mining methods.*	• Hesigewula Coalfield is located in the eastern part of Inner Mongolia Autonomous Region, which is major coal-producing area with numerous mines in operation and planned. Infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Hesigewula South Open-pit has crusher systems to produce coal at different sizes. No further processing is needed. The proposed coal processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by their customers.

Criteria	JORC Code explanation	Commentary
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The crushing and screening technologies are all widely adopted coal processing technologies and have been well tested throughout the coal industry in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Test work undertaken for the Hesigewula South Open-pit does not involve metallurgical testing. Instead, coal processing test work has been completed to assess the performance of crushing and screening separation. The test work is considered representative of the coal seams included in the Coal Reserve estimate. Yield (recovery) factors applied to the Coal Reserve estimate are derived from the test work and available operational data.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • The subject open-pit mine has well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value parameter and ash content in coal quality are the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• The subject open-pit mine provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Hesigewula Coalfield area is a regional coal-producing center, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk*	• Hesigewula Coalfield is located in the eastern part of Inner Mongolia Autonomous Region. Due to the well-developed coal industry and

Criteria	JORC Code explanation	Commentary
	commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	designated energy base status, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided covering civil constructions, equipment purchases, etc. Sustaining capital at RMB5/t of coal producing capacity was assumed which is typical for large open-pit mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by the mine based on historical performance and adjusted for certain changes such as stripping ratio. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine. Hesigewula South Open-pit: RMB250.75/t
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting.
	• *The allowances made for royalties payable, both Government and private.*	• The mine already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue	• *The derivation of, or assumptions made regarding revenue factors*	• Geological conditions over the projection period are consistent with

Criteria	JORC Code explanation	Commentary
factors	*including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	recent experience; no material coal quality change. • The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine. Hesigewula South Open-pit: RMB250.75/t
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Most of coal products from the subject open-pit mine will supply the nearby power plants and local market. The Hesigewula Coalfield is one of the major coal producing areas in Inner Mongolia. The coal products from the mine have consistent coal quality and are expected to continue their market share. • Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average price was used for our economic analysis of the mine.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimates the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025. NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine | 6.0% | 7.0% | (7.1%) | 8.0% | 9.0% | 10.0% Hesigewula South Open-pit | 13,630 | 12,231 | 12,077 | 11,039 | 10,017 | 9,136
Social	• *The status of agreements with key stakeholders and matters leading*	• The mine recognizes its social responsibility and has maintained

Criteria	JORC Code explanation	Commentary
	to social licence to operate.	cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent

Criteria	JORC Code explanation	Commentary
reviews		Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the open-pit operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for surface mining operations.
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-8 JORC Code, 2012 Edition – Table 1 – Houxia Coalfield

The Heishan Open-pit controlled by China Energy Xinjiang Energy and Chemical Co., Ltd. is located in the Houxia Coalfield.

Section 1 Sampling Techniques and Data

The coal drilling activities of the Houxia Coalfield dates back to the 2007and ends in 2009. There are some drilling activities during 2012 and 2015, but they are not for coal core drilling. The coal drilling techniques employed in 2007 and 2009 are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	duplicate/second-half sampling. • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Leica GS15 GPS. • A total of 27 GPS control points (D- and E-class) were established across the area, providing full and uniform coverage for all subsequent survey and engineering activities. All engineering surveys were carried out with calibration against higher-order control points, achieving planimetric accuracy of approximately ±1 cm + 1 ppm and

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>elevation accuracy of approximately ±2 cm + 1 ppm. The density, coverage and achieved accuracy of the control network are considered adequate for Mineral Resource estimation.
• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.
• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
• Whether sample compositing has been applied.</td><td>• The drilling grids for different areas of Heishan Open-pit are as follows:
<table><tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr><tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr><tr><td>Heishan Open-pit</td><td>250</td><td>500</td><td>1,000</td><td>12</td><td>32</td><td>56</td></tr></table>• As shown in the table, the resources at Heishan Open-pit have been moderately defined. The data spacing is adequate to establish reasonable geological and quality continuity.
Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.
• There is no bias for coal.</td></tr>
<tr><td>Sample security</td><td>• The measures taken to ensure sample security.</td><td>• The exploration activities date too far back in history, and the relevant information can no longer be traced.</td></tr>
<tr><td>Audits or reviews</td><td>• The results of any audits or reviews of sampling techniques and data.</td><td>• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.</td></tr>
</table>

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Heishan Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Xinjiang Energy and Chemical Co., Ltd. Tuokexun County Heishan Open-pit Coal Mine Mining Right Number: C6500020171111110145786 Area: 48.3671 km² Location: Tuokexun County, Tulufan City, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Energy and Chemical Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the Heishan Open-pit Mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, scenic spots, water source protection zones, or cultural relics and historic sites.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for Heishan Open-pit, the following exploration reports were provided for our review: ○ Detailed Exploration Report for the Xiao'erbulake (Heishan)-Tixiong Gou Area, March 2007 ○ Exploration Report for the Xiao'erbulake-Tixiong Gou Open-pit Mine, Heishan Mining Area, April 2009 ○ Geohazard Risk Assessment Report for the Heishan Open-pit Mine Construction Project, Ltd., December 2012

Criteria	JORC Code explanation	Commentary
		○ Slope Engineering Geological Exploration Report for the Initial Mining Area of the Tuokexun Heishan Open-pit Mine, October 2014 ○ Special Hydrogeological Exploration Report for the Heishan Open-pit Mine, March 2015 ○ 2016 Reserves Verification Report for the Heishan Mine • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Houxia Coalfield is situated at the junction of the North Tianshan Orogenic Belt and the southern margin of the Junggar Basin, belonging to an intermontane depression-type coalfield. Its formation and evolution were primarily controlled by the Yanshanian and Himalayan tectonic movements. The regional structural trend is nearly east-west, consistent with the tectonic grain of the North Tianshan. • Based on sedimentary basin and structural characteristics, the coalfield can be subdivided into several mining areas, including the Heishan Mining Area. The Heishan Open-pit Mine is located within this Heishan Mining Area. The Houxia Coalfield features a simple geological structure, primarily

Criteria	JORC Code explanation	Commentary
		a south-dipping monocline (dipping at 13 to 25 degrees). Several reliably identified faults are present. A combustion metamorphic rock (burned rock) belt, formed from ancient coal seam ignition, trends east-west. It reaches a maximum depth of 240 m, as confirmed by drilling and geophysical surveys. No magmatic rocks are found within the coal measures. Overall, the geological structure of the mining area is classified as simple.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modeling. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Xinjiang Energy and Chemical Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. The database was verified using Carlson SURVCAD before modeling. The completed model was cross-checked and validated against the attached maps in the geological reports. If any

Criteria	JORC Code explanation	Commentary
	• *The factors affecting continuity both of grade and geology.*	errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Heishan Open-pit Mine is high. The competent persons for this report, through the review of borehole logs and geophysical logs for seam correlation, as well as subsequent model representation, consider the geological interpretation of the Heishan Open-pit Mine to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>- Outcrop.</td></tr>
<tr><td>Dimensions</td><td>• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>• The resources area is delineated by the authorized mine boundary, covering an area of 48.3671 km², with vertical mining elevation limits between +1,600m to +3,023 m. The following tables show the detailed characteristics of each seam at Heishan Open-pit:

<table>
<tr><th rowspan="2">Mine</th><th rowspan="2">Seam</th><th colspan="3">Thickness (m)</th><th rowspan="2">Distance from the Upper Seam (m)</th><th rowspan="2">Seam Depth Range (m)</th><th rowspan="2">Seam Dip (deg.)</th><th rowspan="2">Seam Occurrence</th></tr>
<tr><th>Coal</th><th>Parting</th><th>Seam</th></tr>
<tr><td rowspan="9">Heishan Open-pit</td><td>6</td><td>1.34</td><td>2.66</td><td>4</td><td>-</td><td>11 - 274</td><td>20-S</td><td>Eratic</td></tr>
<tr><td>7</td><td>1.46</td><td>3.31</td><td>4.77</td><td>10</td><td>6 - 274</td><td>20-S</td><td>Moderate</td></tr>
<tr><td>8</td><td>2.35</td><td>4.78</td><td>7.13</td><td>16</td><td>5 - 310</td><td>20-S</td><td>Eratic</td></tr>
<tr><td>9</td><td>6.85</td><td>2.72</td><td>9.57</td><td>48</td><td>5 - 365</td><td>20-S</td><td>Moderate</td></tr>
<tr><td>11</td><td>4.32</td><td>5.74</td><td>10.06</td><td>45</td><td>4 - 422</td><td>20-S</td><td>Moderate</td></tr>
<tr><td>12-1</td><td>1.75</td><td>0.8</td><td>2.55</td><td>31</td><td>4 - 471</td><td>20-S</td><td>Eratic</td></tr>
<tr><td>13-1</td><td>17.15</td><td>0.32</td><td>17.47</td><td>71</td><td>234 - 581</td><td>20-S</td><td>Uniform</td></tr>
<tr><td>13-2</td><td>28.4</td><td>2.32</td><td>30.72</td><td>90</td><td>10 - 665</td><td>20-S</td><td>Uniform</td></tr>
</table>
</td></tr>
<tr><td>Estimation and modelling techniques</td><td>• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.
• The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.
• The assumptions made regarding recovery of by-products.
• Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).
• In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</td><td>• The model of the Heishan Open-pit Coal Mine was constructed using Carlson SURVCAD software based on the original data in the Beijing 1954 coordinate system. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam. The SURVCAD software can generate triangulated surface models for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam.
• The modeling utilized all borehole data within the mining area, and the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	• *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	The key parameters and assumptions used for the resource estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. The critical step in coal modeling data validation lies in seam correlation, which is conducted *prior to* database establishment. The Qualified Person (QP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and reported on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 17.0 MJ/kg
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be*	• The following assumptions are made specifically for open-pit mining: partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters.

Criteria	JORC Code explanation	Commentary
	reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The Heishan Open-pit Mine has implemented partial internal dumping of overburden. Both the internal and external waste dumps currently possess sufficient capacity to meet all mine production requirements. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk

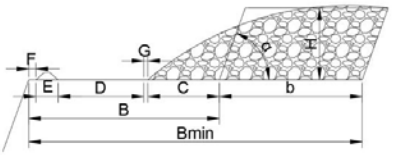
Criteria	JORC Code explanation	Commentary
	evaluation process of the different materials.	density values and the assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.5 m thick for bituminous thermal coal as presented at the Houxia Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated). - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and Senior Geologist, Mr. Yongliang Xing visited China Energy Xinjiang Energy and Chemical Co., Ltd in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plan of the subject mine with technical staff and management personnel.

Criteria	JORC Code explanation	Commentary
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Heishan Open-pit was provided, which is the typical mine design report for open-pit coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas. Minimum mineable seam thickness: 1.0 m Ash content Ad: 40% Sulphur content St.d: 3% Calorific Value Qnet.d: 17 MJ/kg
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• Preliminary Design Report for the mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected for Heishan open-pit was shovel-truck approach with semi-mobile crushing/belt transportation arrangement.
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• The coal seams in Houxia Coalfield feature shallow occurrence with generally simple geological settings. The dry weather and weak water-bearing strata are benefit for open-pit mining. In addition, this area has only sparsely distributed population. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining method in the mine is considered appropriate.
	• *The assumptions made regarding geotechnical parameters (eg pit*	• Geotechnical parameters are designed based on the geotechnical

Criteria	JORC Code explanation	Commentary
	slopes, stope sizes, etc), grade control and pre-production drilling.	testing of rock and coal strata. Mining and geotechnical parameters are as follows:  Sign | Parameter | Unit | Mining | Stripping H | Bench Height | m | 15 | 15 b | Working Width | m | 20 | 20 a | Bench Face Angle | ° | 70 | Soil:65 Rock:70 F | Safety Offset | m | 1 | 1 C | Blast Pile Projection Distance | m | 14 | 14 D | Road Width | m | 19 | 19 G | Safety Clearance | m | 2 | 2 B_{min} | Minimum Working Bench Width | m | 60 | 60
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• Not applicable • OSD of 3% was considered for all the seams during mining. • A 98% recovery factor was used for the open-pit mine. • Minimum mining working bench width used was 60 m. • In Coal Reserve estimation, Inferred Coal Resources were excluded. • Houxia Coalfield is located in the eastern part of Xinjiang Uygur Autonomous Region, which is a major coal-producing area with numerous mines in operation and planned. Infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Heishan Open-pit adopts crushing and screening for ROM coal, then the 300-50 mm size coal is processed using TDS technology. The proposed coal processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The crushing and screening and TDS technologies are all widely adopted coal processing technologies and have been well tested throughout the coal industry in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Test work undertaken for Heishan Open-pit does not involve metallurgical testing. Instead, coal processing test work has been completed to assess the performance of crushing and screening and TDS dry separation methods. The test work is considered representative of the coal seams included in the Coal Reserve estimate. Yield (recovery) factors applied to the Coal Reserve estimate are derived from the test work and available operational data for TDS systems, resulting a 95% yield for Heishan Open-pit.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • The Heishan open-pit mine has well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value and ash content parameters in coal quality are the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.

Criteria	JORC Code explanation	Commentary
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Heishan Open-pit provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Houxia Coalfield area is a known coal-producing area, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Houxia Coalfield is located in Tuokexun County of Xinjiang Uygur Autonomous Region. Due to the well-developed coal industry, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB5/t of coal producing capacity was assumed which is typical for large open-pit mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by the mine based on historical performance and adjusted for certain changes such as stripping ratio. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• No deleterious elements. • The historical three-year average prices were used for our economic analysis of the mine. Heishan Open-pit: RMB385.5/t VAT inclusive

Criteria	JORC Code explanation	Commentary
	• *The source of exchange rates used in the study.* • *Derivation of transportation charges.*	• Exchange rates: not applicable • Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting, which appears common for coal mines.
	• *The allowances made for royalties payable, both Government and private.*	• The mine already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change. • The historical three-year average prices were used for our economic analysis of the mine. • Heishan Open-pit: RMB385.5/t VAT inclusive
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Most of coal products from the subject open-pit mine will supply the nearby power plants and local chemical market. The coal products from the mines have consistent coal quality and are expected to continue their market share. • Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices were used for our economic analysis of each mine.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted

Criteria	JORC Code explanation	Commentary
	inputs including estimated inflation, discount rate, etc.	average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.
	• *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine | 6.0% | 7.0% | (7.1%) | 8.0% | 9.0% | 10.0% Heishan Open-pit | 9,871 | 8,180 | 7,998 | 6,780 | 5,612 | 4,632
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mine recognizes its social responsibility and has maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal

Criteria	JORC Code explanation	Commentary
		Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the open-pit operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations. • No reconciliation against long-term production is available.

Criteria	JORC Code explanation	Commentary
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-9 JORC Code, 2012 Edition – Table 1 – Nileke Coalfield

The three exploration rights (Jinsanjiao East, Jirentai Youyan West, and Jirentai West) controlled by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. are located in the Nileke Coalfield. The three mines are adjacent to each other.

Section 1 Sampling Techniques and Data

The drilling activities of the Jinsanjiao East, Jirentai Youyan West, and Jirentai West exploration rights were conducted in 2010, 2013 and 2009. The drilling techniques employed in those drilling programs are difficult to trace with precision. The geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each drilling program. All the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	duplicate/second-half sampling. • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The geological reports of the subject exploration rights discussed the accuracy of the survey as follows: - The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Huace X20 GPS. The maximum elevation fitting standard error of the control-grade GPS network is 0.022 m.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>- The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. Four Class-E GPS control points and eleven traverse-grade GPS survey points were established.The E-class GPS control network was anchored by two national Class-IV geodetic points.Control points are evenly distributed across the survey area, and the achieved accuracy meets the requirements of the relevant surveying standards.
- The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject exploration rights in Nileke Coalfield are as follows:
<table><tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr><tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr><tr><td>Jinsanjiao East</td><td>500</td><td>1,000</td><td>1,000</td><td>73</td><td>25</td><td>2</td></tr><tr><td>Jirentai Youyan West</td><td>500</td><td>1,000</td><td>1,000</td><td>73</td><td>25</td><td>2</td></tr><tr><td>Jirentai West</td><td>250- 500</td><td>1,000</td><td>1,000</td><td>44</td><td>47</td><td>9</td></tr></table></td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</td><td>• As shown in the table, the resources at each of the subject exploration rights have been well defined. The data spacing is adequate to establish geological and quality continuity at the three subject properties.</td></tr>
<tr><td></td><td>• Whether sample compositing has been applied.</td><td>• Sample compositing is not applicable to coal.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results. • There is no bias for coal.
Sample security	• *The measures taken to ensure sample security.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Jinsanjiao East: Mineral Right Type: Exploration Right Mineral Right Name: Jinsanjiao Coal Mine Eastern Exploration, Nileke County, Xinjiang Mineral Right Number: T6500002009031010026502 Area: 4.18 km² Location: Nileke County, Ili Prefecture, Xinjiang Ownership: Guodian Pingmei Nileke Energy Chemical Co., Ltd. (National Energy 100%) Shareholding Structure: Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. holds 100% of Guodian Pingmei Nileke Energy Chemical Co., Ltd.

Criteria	JORC Code explanation	Commentary
		Currently no available information on material social and environmental issues. • Jirentai West: Mineral Right Type: Exploration Right Mineral Right Name: Nileke County Jirentai Western Coal Mine Prospecting Mineral Right Number: T650000201305101004769 1 Area: 36 km² Location: Nileke County, Ili Prefecture, Xinjiang Ownership: Guodian Pingmei Nileke Energy Chemical Co., Ltd. (National Energy 100%) Shareholding Structure: Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. holds 100% of Guodian Pingmei Nileke Energy Chemical Co., Ltd. Currently no available information on material social and environmental issues. • Jirentai Youyan West: Mineral Right Type: Exploration Right Mineral Right Name: Nileke County Jirentai Bituminous Coal Mine Western Exploration Mineral Right Number: T650000200903101002662 6 Area: 6.09 km² Location: Nileke County, Ili Prefecture, Xinjiang

Criteria	JORC Code explanation	Commentary
		Ownership: Nileke County Rui'an Coal Co., Ltd. (National Energy 100%) Shareholding Structure: Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. holds 100% of Guodian Pingmei Nileke Energy Chemical Co., Ltd. Currently no available information on material social and environmental issues.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected exploration rights located in Nileke Coalfield, the following exploration reports were provided for our review: - Jinsanjiao East: = Exploration Report for the Eastern Part of the Jinsanjiao West Mine, August 2010 - Jirentai Youyan West: = Exploration Report for the Jirentai Western Exploration Area, June 2013 - Jirentai West: = Exploration Report for the Jirentai West Mine, May 2009 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and

Criteria	JORC Code explanation	Commentary
		presentation. • It's the CP's opinion that the reports are reliable, and the dill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Nileke Coalfield is situated within the Nileke Intermontane Depression, located in the eastern segment of the Tianshan Latitudinal Tectonic Belt and represents the eastern extension of the Yili Depression. The Nileke Intermontane Depression is bounded to the north and south by the F5 and F6 reverse faults, forming a rift graben basin. • The tectonic deformation of the Nileke Intermontane Depression is characterized by broadly E–W trending, gentle folds, such as the Hujiertai Syncline (W1). Associated with intense thrust-nappe activity, Paleozoic strata have been overthrust onto the Jurassic succession. This deformation has generated numerous folds and faults within the coal-bearing sequence, which collectively controls the occurrence and distribution of the coal seams. • The three exploration areas covered by the project are adjacent to each other and situated on the northern limb of the Hujirtai Syncline (W1). The overall structure is characterized by a monocline. The strata generally strike approximately E–W and dip southward. Dip angles vary between 7° and 59°, typically ranging from 7° to 30°, exhibiting a pattern of steeper dips at shallow depths that become gentler with increasing depth. In the western part of the exploration area, the strata trend shifts toward the southwest, gradually transitioning into the western limb of the syncline. Fault structures are poorly developed within the exploration areas. The dominant structural features are broad, gentle folds.

Criteria	JORC Code explanation	Commentary
		• The exploration area exhibits a complete stratigraphic sequence, with the following units exposed in ascending order: - Lower Carboniferous Dahalajunshan Formation - Lower Jurassic Badaowan and Sangonghe Formations - Middle Jurassic Xishanyao Formation - Paleogene System - Quaternary System • Coal deposition is recorded in the Lower Jurassic Badaowan Formations and Middle Jurassic Xishanyao Formations, with the Xishanyao Formation representing the principal coal-bearing unit.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions,*	• There is currently no further exploration planned.

Criteria	JORC Code explanation	Commentary
	including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Pingzhuang Coal. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource

Criteria	JORC Code explanation	Commentary
	estimation. • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Baotou mining holding exploration rights in Nileke Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the subject exploration rights in Nileke Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - Outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as*	• The resources areas of exploration rights are delineated by the

Criteria	JORC Code explanation	Commentary
	length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	authorized mine boundary of each property. • The following tables show the detailed characteristics of each seam of each exploration right:
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*	• Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is

		Thickness (m)			Distance from the	Seam Depth	Seam	Seam
Mine	Seam	Coal	Parting	Seam	Upper Seam (m)	Range (m)	Dip (deg.)	Occurrence
Jinsanjiao East	C9	6.8	-	6.8	-	346 - 716	12-S	Moderate
	C8	6.7	-	6.7	1	354 - 723	12-S	Uniform
	C7	1.7	0.1	1.8	9	26 - 741	12-S	Eratic
	C6	4.6	-	4.6	32	403 - 760	12-S	Uniform
	C5	11.4	0.6	12.0	19	423 - 788	12-S	Moderate
	C4	3.0	0.2	3.2	9	449 - 763	12-S	Moderate
	C1	26.2	0.9	27.1	50	527 - 878	12-S	Uniform
	C0-2	1.4	-	1.4	10	574 - 927	12-S	Eratic
	C0-1	3.1	0.1	3.2	16	598 - 943	12-S	Eratic
Jirentai Youyan West	C9	6.0	-	6.0	-	236 - 624	15-S	Moderate
	C8	4.6	0.1	4.7	2	246 - 632	15-S	Uniform
	C7	2.8	0.7	3.5	9	212 - 644	15-S	Moderate
	C6	2.7	1.0	3.6	17	172 - 670	15-S	Moderate
	C5	1.4	0.7	2.1	26	216 - 686	15-S	Eratic
	C4	4.7	2.4	7.0	35	63 - 730	15-S	Moderate
	C1	34.9	5.4	40.3	83	407 - 824	15-S	Uniform
Jirentai West	C12	3.5	-	3.5	-	133 - 799	22-S	Eratic
	C9	8.7	0.0	8.8	65	14 - 876	22-S	Moderate
	C8	6.7	0.0	6.7	2	19 - 888	22-S	Uniform
	C7	1.9	0.1	2.0	6	19 - 896	22-S	Eratic
	C6	4.5	0.1	4.5	33	44 - 905	22-S	Moderate
	C5	1.9	0.1	2.0	13	22 - 827	22-S	Eratic
	C4	10.7	0.4	11.0	17	24 - 925	22-S	Moderate
	C3	2.9	0.1	2.9	16	33 - 896	22-S	Eratic
	C1	36.9	1.7	38.7	70	102 - 1010	22-S	Uniform
	C1-1	1.8	0.0	1.9	6	176 - 1049	22-S	Eratic
	C1-2	1.5	-	1.5	6	286 - 956	22-S	Eratic
	C0上	3.0	0.1	3.1	8	405 - 1079	22-S	Eratic
	C0	5.5	0.2	5.7	8	170 - 1083	22-S	Moderate
	C01	2.1	-	2.1	5	131 - 910	22-S	Eratic

Criteria	JORC Code explanation	Commentary
	• *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource

Criteria	JORC Code explanation	Commentary
		block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: **Lignite** 15.7 MJ/kg. **Bituminous Coal** 17.0 MJ/Kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for undergoud mining: - All seams will be extracted by SC mining method (with/without sub-level caving capability). - In-seam parting thinner than the minimum mining thickness of coal for SC mining will have to be mined together with coal.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The three target tenements are currently held under exploration licenses and represent contingent resources in early-stage development. All remain in an undeveloped state. • It is assumed that environmental factors will not present material constraints to future mine development and construction activities.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the assumption are appropriate.

Criteria	JORC Code explanation	Commentary
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate for the underground operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves — No Coal Reserves; No Pre-feasibility Study was performed

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *he derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
	acceptance requirements prior to a supply contract.	
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/ confidence	• *Where appropriate a statent of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Not applicable, as the exploration rights status does not support a reserve estimate.

APPENDIX B-10 JORC Code, 2012 Edition – Table 1 – Ningdong Coalfield

The Renjiazhuang Mine controlled by China Energy Guoyuan Power Co., Ltd. is located in the Ningdong Coalfield.

Section 1 Sampling Techniques and Data

The drilling activities of the Ningdong Coalfield dates back to the 1980s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity applicable for coal quality verification and seam correlation at Renjiazhuang Mine was completed in 2006. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required,*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>• The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters
• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of Renjiazhuang Mine are as follows:
<table><tr><th></th><th colspan="3">Mining Area (m)</th><th colspan="3">Rsources %</th></tr><tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr><tr><td>Renjiazhuang</td><td>200 - 350</td><td>700</td><td>700</td><td>81</td><td>16</td><td>3</td></tr></table></td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</td><td>• As shown in the table, the resources at Renjiazhuang Mine have been well defined. The data spacing is adequate to establish geological and quality continuity.</td></tr>
<tr><td></td><td>• Whether sample compositing has been applied.</td><td>• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.</td></tr>
<tr><td></td><td>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</td><td>• There is no bias for coal.</td></tr>
<tr><td>Sample</td><td>• The measures taken to ensure sample security.</td><td>• All samples were packaged in double-layer heavy-duty plastic</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
security		sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Renjiazhuang Mine Type of Mining Right: Mining Right Mining Right Name: China Energy Ningxia Coal Mining Co., Ltd. Ningxia Ninglu Coal and Power Co., Ltd. Renjiazhuang Mine Mining Right Number: C1000020080711200000425 Area: 17.4581 km² Location: Linhe County, Lingwu City, Ningxia Uygur Autonomous Region. Ownership: China Energy Ningxia Coal Mining Co., Ltd. (75.5% owned by China Energy directly and/or via subsidiaries) • According to the EIA and/or exploration report of the project, the Chaoyang Open-pit Mine does not involve environmentally sensitive points requiring special protection, such as scenic sites, cultural relics or historic sites. • Related coal mine in the Ningdong Coalfield include Renjiazhuang

Criteria	JORC Code explanation	Commentary
		Mine. The mining and right certificate for the mine is valid. No known impediments to maintain and renew such certificate were identified.

Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the Renjiazhuang Mine, the following exploration reports were provided for our review:
		  • Annual Reserves Verification Reports for Years 2013 to 2024
		  • Detailed Exploration Report for the Renzhuang Hongshiwan Mine, Hengcheng Exploration Area, July 2006
		• The 2006 exploration programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation.
		• It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.

Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Renjiazhuang Mine is the only one of the subject mines located in the Ningdong Coalfield, which is located in the Shanxi and Taiyuan Formation of the Carboniferous and Permian Age. On a global basis, the geological setting of the Renjiazhuang Mine is considered moderately complex. While the strata are moderately dipping, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas. • The Ningdong Coalfield's structural system originated from Late

Criteria	JORC Code explanation	Commentary
		Jurassic E-W compression, forming a predominantly S-N trending tectonic framework characterized by one major anticline, two synclines, and associated submeridional faults. The region-scale anticline traverses the entire area, preserving complete coal-bearing sequences in its southern segment. Faults align with the fold axes, with the S-N trending F3 thrust fault (displacement >300 m) defining the primary structural geometry. Secondary NE- and NW-trending normal and reverse faults (displacement 30-128 m) locally displace seams, causing thickness variations and pinch-outs. This S-N structural system fundamentally controls coal seam distribution, thickness, and stability.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• There is currently no further exploration planned.

Criteria	JORC Code explanation	Commentary
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited I China Energy Guoyuan Power Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the

Criteria	JORC Code explanation	Commentary
	• *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	data from the editable versions into the database for this resource estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Renjiazhuang MIne in Ningdong Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the subject mine in Ningdong Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - Outcrop.

Criteria	JORC Code explanation	Commentary
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources area is delineated by the authorized mine boundary, covering an area of 7.4581 km², with vertical mining elevation limits between +500 m to +1,100 m. The following tables show the detailed characteristics of each seam at Renjiazhuang Mine •
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control*	• Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Renjiazhuang	3	2.9	0.05	2.9	-	203 - 651	17-E	Moderate
	5	4.6	0.21	4.8	39	204 - 1,345	17-E	Moderate
	9	4.8	0.68	5.4	71	234 - 1,270	17-E	Moderate

Criteria	JORC Code explanation	Commentary
	the resource estimates. • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 17.0 MJ/Kg

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• All seams will be extracted by FM LW mining method (with/without sub-level caving capability). • in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Renjiazhuang Mine provided environmental impact assessment report and annual environmental protection reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The

Criteria	JORC Code explanation	Commentary
	frequency of the measurements, the nature, size and representativeness of the samples. • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate for the underground operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and

Criteria	JORC Code explanation	Commentary
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.8 m thick for bituminous thermal coal as presented at the Ningdong Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans. - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those

Criteria	JORC Code explanation	Commentary
		portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and Senior Geologist, Mr. Yongliang Xing visited Guoyuan Power in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of the mine with technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Renjiazhuang Mine was provided, which is the typical mine design report for coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Preliminary Design Report for Renjiazhuang Mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected is FM LW technology. • Seam thickness is the major factor considered in selecting the mining method. Typically, the threshold seam thickness for sublevel caving mining is approximately 4.5-6.0 m. FM LW method is widely used in underground coal mines in China. The selection of mining method in

Criteria	JORC Code explanation	Commentary
		Renjiazhuang Mine is considered appropriate in terms of the seam thickness and general occurrence as well as the design output capacity.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Ground control in the LW faces are provided by hydraulic shields, which are designed by evaluating various factors including the mining depth, the roof strata structure and mining heights. Roadway support features mainly roof bolts with mesh wires and cables.
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• OSD of 0.2 m roof rock was considered for most seams during mining.
	• *The mining recovery factors used.*	• An 85% recovery factor was used.
	• *Any minimum mining widths used.*	• LW faces are generally designed at fixed width.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded from LW panels.
	• *The infrastructure requirements of the selected mining methods.*	• Ningdong Coalfield is located in eastern Ningxia Province, which is one of the major coal and chemical base in China. Due to the well-developed coal and chemical industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Renjiazhuang is designed to adopt the 3-product heavy media cyclone technology to process the fine coal, which is widely used in the Ningdong Coalfield mines. The proposed coal processing arrangement is considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel*	• The 3-product heavy media cyclone technology is widely adopted in

Criteria	JORC Code explanation	Commentary
	in nature.	the coal industry in China with mature application experiences.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Renjiazhuang Mine has well-established coal processing history. Actual amount of coal being processed is determined by customer requirements and market conditions. The coal recovery factor (or yield) for each seam is estimated based on the percentage of partings and OSD for each seam.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• No deleterious elements • Renjiazhuang Mine has well-established coal processing history, thus no bulk sample or pilot scale test work is needed. • Calorific Value parameter in coal quality is the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Renjiazhuang Mine provided environmental impact assessment report and annual environmental protection reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Ningdong Coalfield is located in the eastern portion of Ningxia Province, which is a major coal-producing and chemical industry area in China. Infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.

Criteria	JORC Code explanation	Commentary
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by the mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t of coal producing capacity was assumed which is typical for underground mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by the mine based on historical performance and adjusted for certain changes. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.*	• No deleterious elements. • The historical three-year average prices were used for the economic analysis of Renjiazhuang Mine. • Exchange rates: not applicable • Transportation charges account for only a small portion of the costs for underground mines, and are included in the operating costs.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	• No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting. • The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average price at RMB415.5/t was used for our economic analysis of the mine.

Criteria	JORC Code explanation	Commentary
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Clean coal produced by Renjiazhuang Mine can be used as coking coal and the middlings can be used for power generation. The mine is located in a major coal and chemical base with a mature coal market. The coal product from the mine has consistent coal quality and is expected to continue its market share. • The historical three-year average price at RMB415.5/t was used for our economic analysis of the mine.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025. NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine | 6.0% | 7.0% | (7.1%) | 8.0% | 9.0% | 10.0% Renjiazhuang | 2,832 | 2,628 | 2,605 | 2,446 | 2,284 | 2,140
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mine recognizes its social responsibility and has maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to

Criteria	JORC Code explanation	Commentary
	• *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the Renjiazhuang case, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence*	• The Ore Reserve estimate for the underground operation may exhibit minor variance due to equipment-dependent mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.

Criteria	JORC Code explanation	Commentary
	limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.	
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations.
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-11 JORC Code, 2012 Edition – Table 1 – Shaanbei Coalfield

The Sandaogou Mine controlled by China Energy Guoyuan Power Co., Ltd. And Xiwan Open-pit controlled by China Energy Shaanxi Shenyan Coal Co., Ltd. are located in the Shaanbei Coalfield.

Section 1 Sampling Techniques and Data

The drilling activities of the Shaanbei Coalfield dates back to the 2000s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity at Shaanbei Coalfield was completed in 2011. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 2000 National Coordinate system, and the elevation system adopts the 1985 National elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the RTK GPS, drone with 3D laser scanners. The accuracy is suitable for conducting resource estimation.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>• The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate.

• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject Guoyuan Power Sandaogou Mine and Shenyan Coal Xiwan Open-pit in Shaanbei Coalfield are as follows:

<table>
<tr><th rowspan="2">Mining/Exploration Right</th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr>
<tr><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr>
<tr><td colspan="7">Shenyan Coal</td></tr>
<tr><td>Sandaogou</td><td>450 - 600</td><td>1,200</td><td>2,500</td><td>-</td><td>45</td><td>55</td></tr>
<tr><td colspan="7">Shenyan Coal</td></tr>
<tr><td>Xiwan Open-pit</td><td>350 - 400</td><td>800</td><td>1,600</td><td>20</td><td>52</td><td>28</td></tr>
</table>
</td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.
• Whether sample compositing has been applied.</td><td>• As shown in the table, the resources at Xiwan Open-pit have been well defined. Whilst the Sandaogou Mine is moderate drilled. The data spacing at mining right areas is adequate to establish reasonable geological and quality continuity.
• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to geological</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
• If the relationship between the drilling orientation and the orientation</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.

• No sampling bias is expected for coal seams.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
structure	*of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	
Sample security	• *The measures taken to ensure sample security.*	• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Sandaogou Coal Mine Type of Mining Right: Mining Right Mining Right Name: Shaanxi Deyuan Fugu Energy Co., Ltd. Fugu County Sandaogou Coal Mine Mining Right Number: C6100020150911101397 15 Area: 176.1346 km² Location: Fugu County, Yulin City, Shaanxi Province. Ownership: Shaanxi Deyuan Fugu Energy Co., Ltd. (70% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues.

Criteria	JORC Code explanation	Commentary
		• Xiwan Open-pit Coal Mine Type of Mining Right: Mining Right Mining Right Name: China Energy Shaanxi Shenyan Coal Co., Ltd. Shenmu City Xiwan Open-pit Coal Mine Mining Right Number: C6100002014111110138223 Area: 76.5606 km² Location: Shenmu City and Yulin City, Shaanxi Province. Ownership: China Energy Shaanxi Shenyan Coal Co., Ltd. (41% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the cultural relics involved in this project are the Xinhua Site, Da'abaohao Temple Group, and the Qin Great Wall. The Xinhua Site and the Qin Great Wall will be protected in situ, while the Da'abaohao Temple Group will be relocated prior to mining operation. • Related coal mines in the Shaanbei Coalfield include Sandaogou and Xiwan Open-pit mines. The mining right certificates are all valid. No known impediments to maintaining and renewing such mining right certificates were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Shaanbei Coalfield, the following exploration reports were provided for our review: - Sandaogou: = Detailed Exploration Report for the Sandaogou Mining Area, Shaanbei Coalfield, November 2002

Criteria	JORC Code explanation	Commentary
		= Reserve Verification Report for the Sandaogou Coal Mine, August 2011 = Geology Exploration Report for Mine Construction for the Sandaogou Coal Mine, October 2017 - Xiwan Open-pit Coal Mine: = Detailed Exploration Report for the Xiwan Open-pit Mining Area, Shaanbei Coalfield, September 2007 = Exploration Report for Production for the Xiwan Open-pit Coal Mine, November 2024 = Mine Geology Classification Report for the Xiwan Open-pit Coal Mine, December 2024 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The structure of Shaanbei Coalfield - The structure of Shaanbei Coalfield is characterized by broad, gentle undulations and a series of post-depositional disconformities formed by large-scale crustal uplift. No major

Criteria	JORC Code explanation	Commentary
		faults or magmatic activity have been discovered. The strata generally form a monocline gently dipping to the northwest at about 1 degree. Along the Yaozhen area following the Tuwei River, the contour lines of the coal seam floor are relatively dense, suggesting the possible presence of minor faults in this zone. • The Sandaogou Mine - The Sandaogou Mine is the only one of the subject Guoyuan Power mines located in the Shaanbei Coalfield. The Jurassic Shaanbei Coalfield is situated on the Northern Shaanxi Slope, which forms the eastern flank of the Ordos Syncline. Regional data indicate that the basement is influenced by several major structural trends: the Wubao–Jingbian EW-trending zone, the Baode–Wuqi NE-trending zone, and the Yulin West–Shenmu West NE-trending zone. These basement structures exerted a certain degree of control on the formation and distribution of the coalfield. • The Xiwan Open-pit - The Xiwan Open-pit area exhibits gently inclined strata, forming a monocline with a general north-northeast strike and northwest dip direction, and dip angles of approximately 1 degree. This monocline is superimposed by broad, gentle undulations. The area lacks significant fault development and shows no evidence of magmatic activity.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • For Open-pit mine, the database was verified using Carlson SURVCAD before modeling. The completed model was cross-checked and validated against the attached maps in the geological

Criteria	JORC Code explanation	Commentary
		reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Guoyuan Power Co., Ltd. and China Energy Shaanxi Shenyan Coal Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Competent Person converted the data from the editable versions into the database for this resource estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Sandaogou Mine and Xiwan Open-pit in Shaanbei Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the Shaanbei Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a

Criteria	JORC Code explanation	Commentary
		regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources area of Sandaogou Mine is delineated by the authorized mine boundary, covering an area of 17.1364km², with vertical mining elevation limits between +1033 m to +1,258 m. The following tables show the detailed characteristics of each seam at Sandaogou Mine: • The resources area at Xiwan Open-pit is delineated by the authorized

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Sandaogou	4-3	1.3	-	1.3	-	11 - 1,290	2-W	Eratic
	4-4	1.1	-	1.1	14	12 - 1,306	2-W	Eratic
	5-2U	2.2	0.07	2.2	14	2 - 1,307	2-W	Uniform
	5-2	4.4	0.21	4.6	19	19 - 1,305	2-W	Uniform

Criteria	JORC Code explanation	Commentary
		mine boundary, covering an area of 76.5606km², with vertical mining elevation limits between +873 m to +1,099 m. The following tables show the detailed characteristics of each seam at Xiwan Open-pit Mine:

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
China Energy Shaanxi Shenyan Coal Co., Ltd.								
Xiwan Open-pit	2-2	10.80	0.21	11.01		20 - 280	1-NW	Uniform
	3-1	2.18	2.78	4.96	45	80 - 320	1-NW	Uniform
	4-3	1.75	0.14	1.89	50	150 - 380	1-NW	Uniform
	5-3U	2.07	0.32	2.39	40	220 - 450	1-NW	Uniform
	5-3L	1.63	0.25	1.88	5	230 - 450	1-NW	Eratic
	5-4	0.83	0.38	1.21	15	240 - 460	1-NW	Eratic

Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.*	Xiwan Open-pit Coal Mine • The model of the Xiwan Open-pit Coal Mine was constructed using Carlson SURVCAD software based on the original data in the 2000 National coordinate system. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam. The SURVCAD software can generate triangulated surface models for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam. • The modeling utilized all borehole data within the mining area, and the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell. The key parameters and assumptions used for the resource

Criteria	JORC Code explanation	Commentary
	• *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The critical step in coal modeling data validation lies in seam correlation, which is conducted *prior to* database establishment. The Competent Person (CP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data. Sandaogou Coal Mine • Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal

Criteria	JORC Code explanation	Commentary
		seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent

Criteria	JORC Code explanation	Commentary
		dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% • Calorific Value Qnet,d: 17.0 MJ/kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for open-pit mining: partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). - in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.

Criteria	JORC Code explanation	Commentary
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Each of the two subject mines provided preliminary design report which covers dump site descriptions and environmental impact assessment report. Approval process for waste dump site acquisition has been smooth for Xiwan Open-pit, and no obstacle in obtaining future sites for waste storage was identified. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.

Criteria	JORC Code explanation	Commentary
	view of the deposit.	
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

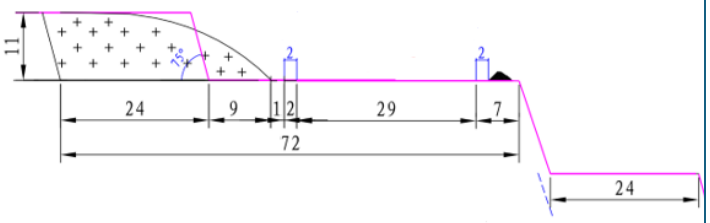
Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.8 m

Criteria	JORC Code explanation	Commentary
Reserves		thick for bituminous thermal coal as presented at the Shaanbei Coalfield for underground Sandaogou mine. For Xiwan Open-pit, the minimum recoverable seam thickness is 0.5 m. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated). - Preparation of coal isopach maps within the identified resource areas. Geological modeling approach was used for Xiwan Open-pit. - Review of seam quality.
	• *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Guoyuan Power Co., Ltd and Shaanxi Shenyan (Xiwan Open-pit) in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources*	• A Preliminary Design Report for each of the Sandaogou and Xiwan

Criteria	JORC Code explanation	Commentary
	to be converted to Ore Reserves. • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	Open-pit was provided, which is the typical mine design report for underground and open-pit coal mines in China, respectively, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• Preliminary Design Report for each mine was provided, which has the necessary mining design details for coal reserve estimation. Sandaogou uses FM LW method and Xiwan Open-pit employs shovel-truck approach with semi-mobile crushing/belt transportation arrangement.
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Coal seams of Sandaogou are relatively deeper and thick, which makes FM LW the appropriate underground mining method for the mine and is widely used in underground mines in China. The coal seams of Xiwan Open-pit in the Shaanbei Coalfield feature shallow occurrence with generally simple geological settings. In addition, this area has only sparsely distributed population. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining methods in the two mines is considered appropriate.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• For Sandaogou, ground control in the LW faces is provided by hydraulic shields, which are designed by evaluating various factors including the mining depth, the roof strata structure and mining heights. Roadway support features mainly roof bolts with mesh wires and cables.

Criteria	JORC Code explanation	Commentary
		For Xiwan Open-pit, geotechnical parameters are designed based on the geotechnical testing of rock and coal strata. Since the mine had years of operating history, extension of mining started from the current location. Mining and geotechnical parameters are as follows:  Parameter / Unit / Mining / Stripping Bench Height: m / 11 / 15 Working Width: m / 24 / 24 Bench Face Angle: ° / 75 / 75 Safety Offset: m / 1 / 1 Blast Pile Projection Distance: m / 9 / 9 Road Width: m / 29 / 29 Safety Clearance: m / 7 / 7 Minimum Working Bench Width: m / 72 / 72
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• For Sandaogou, an OSD of 0.10-0.20 m of roof rock is considered For Xiwan Open-pit, an OSD of 3% was considered for all the seams during mining.
	• *The mining recovery factors used.*	• For Sandaogou, an 85% recovery factor was used For Xiwan Open-pit, a 98% recovery factor was used

Criteria	JORC Code explanation	Commentary
	• *Any minimum mining widths used.*	• For Sandaogou, LW faces are generally designed at fixed width based on the mine boundary configuration. Minimum mining working bench width used was 72 m for Xiwan Open-pit
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded.
	• *The infrastructure requirements of the selected mining methods.*	• Shaanbei Coalfield is located in the northern part of Shaanxi Province, which is a major coal-producing area in Shaanxi with numerous mines in operation and planned. Infrastructure needed for underground and open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Sandaogou and Xiwan Open-pit only have crusher-screen systems to produce coal at different sizes. The proposed coal processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by the power plants.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The crushing and screening technologies are all widely adopted coal processing technologies and have been well tested throughout the coal industry in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• The two mines do not involve metallurgical testing. Instead, coal processing test work has been completed to assess the performance of crushing and screening separation. The test work is considered representative of the coal seams included in the Coal Reserve estimate.

Criteria	JORC Code explanation	Commentary
		Yield (recovery) factors applied to the Coal Reserve estimate are derived from the test work and technology used. Product yield for Sandaogou and Xiwan Open-pit is 96-97% since only crushing and screening are involved.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• No deleterious elements • The two subject mines have well-established coal processing history, thus no bulk sample or pilot scale test work is needed. • Calorific Value and ash content parameters in coal quality are the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Each of the two subject mines provided preliminary design report which covers dump site descriptions and environmental impact assessment report. Approval process for waste dump site acquisition has been smooth for Xiwan Open-pit, and no obstacle in obtaining future sites for waste storage was identified.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Shaanbei Coalfield is located in the northern part of Shaanxi Province. Due to the well-developed coal industry, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t and RMB5/t of coal producing capacity were assumed for Sandaogou and Xiwan Open-pit mines, respectively, which are typical for underground operations and large open-pit mines in China.

Criteria	JORC Code explanation	Commentary
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by each mine based on historical performance and adjusted for certain changes such as stripping ratio. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average prices (VAT inclusive) were used for our economic analysis of each mine. Sandaogou: RMB482.25/t Xiwan Open-pit: RMB495/t
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting, which appears common for coal mines.
	• *The allowances made for royalties payable, both Government and private.*	• The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average prices (VAT inclusive) were used for our economic analysis of each mine. Sandaogou: RMB482.25/t Xiwan Open-pit: RMB495/t
Market	• *The demand, supply and stock situation for the particular commodity,*	• Most of coal products from the subject open-pit mines will supply the

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>assessment</td><td>consumption trends and factors likely to affect supply and demand into the future.
• A customer and competitor analysis along with the identification of likely market windows for the product.
• Price and volume forecasts and the basis for these forecasts.
• For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</td><td>nearby power plants and local market. The Shaanbei Coalfield is one of the major coal producing areas in Shaanxi. The coal products from the two mines have consistent coal quality and are expected to continue their market share.
• Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices were used for our economic analysis of each mine.</td></tr>
<tr><td>Economic</td><td>• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.
• NPV ranges and sensitivity to variations in the significant assumptions and inputs.</td><td>• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.
<table><tr><th></th><th colspan="6">NPV Under Various Sensitivity Cases (RMB Millions)</th></tr><tr><th></th><th colspan="6">Base Case</th></tr><tr><th>Mine</th><th>6.0%</th><th>7.0%</th><th>(7.1%)</th><th>8.0%</th><th>9.0%</th><th>10.0%</th></tr><tr><td>Sandaogou</td><td>3,792</td><td>3,493</td><td>3,460</td><td>3,228</td><td>2,992</td><td>2,781</td></tr><tr><td>Xiwan Open-pit</td><td>26,820</td><td>24,093</td><td>23,797</td><td>21,795</td><td>19,845</td><td>18,178</td></tr></table></td></tr>
<tr><td>Social</td><td>• The status of agreements with key stakeholders and matters leading to social licence to operate.</td><td>• The mines recognize their social responsibility and have maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.</td></tr>
<tr><td>Other</td><td>• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:
• Any identified material naturally occurring risks.
• The status of material legal agreements and marketing arrangements.</td><td>• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	• *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to*	• The Ore Reserve estimate for the underground and open-pit operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors

Criteria	JORC Code explanation	Commentary
	quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.	may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-12 JORC Code, 2012 Edition – Table 1 – Yimin Coalfield

The three exploration rights (Yiminhe East Backup, Yiminhe East No.2, and Yiminhe East Peripheral) held by China Energy Baotou Mining Co., Ltd. are located in the Yimin Coalfield. The three mines are adjacent to each other.

Section 1 Sampling Techniques and Data

The drilling activities of the Yimin Coalfield dates back to the 2000s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity at Yimin Coalfield was completed in 2010. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters.
• The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters
• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject Baotou Mining properties in Yimin Coalfield are as follows:
<table><tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr><tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr><tr><td>Yinminhe East Backup</td><td>1,000</td><td>2,000</td><td>2,000</td><td>16</td><td>9</td><td>75</td></tr><tr><td>Yinminhe East No.2</td><td>500</td><td>1,000</td><td>2,000</td><td>44</td><td>25</td><td>31</td></tr><tr><td>Yinminhe East Peripheral</td><td>500</td><td>1,000</td><td>2,000</td><td>28</td><td>38</td><td>34</td></tr></table></td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</td><td>• As shown in the table, the resources at Yiminhe East No.2 and Yiminhe East Peripheral exploration rights have been properly defined. The data spacing is adequate to establish geological and quality continuity at these two properties.
• The Yiminhe East Backup Exploration Right are not well drilled and further drilling are needed for further feasibility study.</td></tr>
<tr><td></td><td>• Whether sample compositing has been applied.</td><td>• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of</td><td>• Whether the orientation of sampling achieves unbiased sampling of</td><td>• For coal seams, as long as full seam interval sampling is achieved,</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
data in relation to geological structure	*possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	the sampling orientation has virtually no impact on the results. • No sampling bias is expected for coal seams.
Sample security	• *The measures taken to ensure sample security.*	• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Yiminhe East Backup Exploration Type of Mining Right: Exploration Right Mining Right Name: Inner Mongolia Autonomous Region Ewenke Banner Yiminhe East Backup Exploration Mining Right Number: T150000200811101001910 5 Area: 29.9396 km² Location: Ewenke Autonomous Banner, Hulun Buir City, Inner Mongolia Autonomous Region. Ownership: Inner Mongolia Dayan Mining Group Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries, according to

Criteria	JORC Code explanation	Commentary
		China Energy, the Exploration Right has been transferred to China Energy Baotou Mining Co., Ltd. while the Certificate is yet to be renewed) Currently no available information on material social and environmental issues. • Yiminhe East No.2 Exploration Type of Mining Right: Exploration Right Mining Right Name: Inner Mongolia Autonomous Region Ewenke Banner Yiminhe East No.2 Exploration Mining Right Number: T150000201608101005315 3 Area: 80.9162 km² Location: Ewenke Autonomous Banner, Hulun Buir City, Inner Mongolia Autonomous Region. Ownership: Inner Mongolia Dayan Mining Group Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries, according to China Energy, the Exploration Right has been transferred to China Energy Baotou Mining Co., Ltd. while the Certificate is yet to be renewed) Currently no available information on material social and environmental issues. • Yiminhe East Peripheral Exploration Type of Mining Right: Exploration Right Mining Right Name: Inner Mongolia Autonomous Region Ewenke

Criteria	JORC Code explanation	Commentary
		Banner Yiminhe Peripheral Coal Exploration Mining Right Number: T150000200807101001 1486 Area: 36.0155 km² Location: Ewenke Autonomous Banner, Hulun Buir City, Inner Mongolia Autonomous Region. Ownership: Hlun Buir Dayan Survey Design Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries, according to China Energy, the Exploration Right has been transferred to China Energy Baotou Mining Co., Ltd. while the Certificate is yet to be renewed) Currently no available information on material social and environmental issues.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected exploration rights located in the Yimin Coalfield, the following exploration reports were provided for our review: = Y Exploration Report for the Yiminhe East Backup, July 2010 = Exploration Report for the Yiminhe East Peripheral, May 2008 = Exploration Report for the Yiminhe East No.2 Mine, July 2009 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right

Criteria	JORC Code explanation	Commentary
		certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Yimin Basin is located in the eastern part of the Hailar Depression within the Neocathaysian Third Subsidence Zone. It is a fault-depression coal basin controlled by the Ajitu Yihongde Fault (F26) and the Yiminhe Fault (F19), trending northeast. The basin's primary basement consists of the Xing'anling Group, overlain by the coal-bearing Jalawur Group.The Yimin basin's internal structure comprises three secondary tectonic units, arranged from south to north: the Yimin Syncline, Wumuchang Anticline, and Menggenchulu Syncline. These subunits are separated by major faults, forming relatively independent coal-bearing basins. The Yimin Coalfield is situated within the Menggenchulu Syncline. • The Yimin Coalfield is located in the northeastern part of the Yimin Basin. The area features a broad, gentle syncline with an axial trend of northeast. Strata dips are generally around 5 degrees, increasing locally to 25 degrees near faults. Dips gradually steepen from the axial zone towards the limbs, with the southeastern limb being slightly steeper than the northwestern limb. The structure exhibits gentle undulations both along its strike and down its dip.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	metres) of the drill hole collar ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification.

Criteria	JORC Code explanation	Commentary
		No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited I Baotou Mining. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Baotou mining holding exploration rights in Yimin Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the subject exploration rights in Yimin Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities,

Criteria	JORC Code explanation	Commentary
		such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - Outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources areas of exploration rights are delineated by the authorized mine boundary of each property. • The following tables show the detailed characteristics of each seam of each mine

Criteria	JORC Code explanation	Commentary

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Yinminhe	16-1	4.3	1.26	5.5		54 - 268	5-SE	Moderate
East	16-3U	7.2	0.23	7.4	57	72 - 334	5-SE	Moderate
Backup	16-3L	12.9	0.35	13.3	55	90 - 396	5-SE	Moderate
	26-1	6.4	0.13	6.5	427	392 - 920	5-SE	Moderate
	26-2	1.5	0.05	1.5	14	511 - 805	5-SE	Eratic
	26-3L	3.6	0.24	3.9	33	424 - 856	5-SE	Moderate
	27-1	2.9	0.21	3.1	48	577 - 948	5-SE	Moderate
	27-3	10.7	0.88	11.5	63	464 - 980	5-SE	Moderate
Yinminhe	15-1U	4.3	0.60	4.9		9 - 233	5-E-W-Syncline	Moderate
East No.2	15-1L	3.7	0.26	4.0	8	46 - 251	5-E-W-Syncline	Moderate
	15-2	2.2	0.14	2.3	19	56 - 287	5-E-W-Syncline	Moderate
	15-3	2.7	0.54	3.2	10	69 - 274	5-E-W-Syncline	Moderate
	15-4	2.9	0.37	3.2	32	109 - 318	5-E-W-Syncline	Moderate
	15-5L	2.9	0.35	3.2	30	139 - 351	5-E-W-Syncline	Moderate
	16-1	4.1	0.41	4.5	131	152 - 521	5-E-W-Syncline	Moderate
	16-2	3.0	0.28	3.3	46	394 - 568	5-E-W-Syncline	Moderate
	16-3U	9.7	0.49	10.2	16	202 - 594	5-E-W-Syncline	Moderate
	16-3M	5.7	0.16	5.9	17	135 - 579	5-E-W-Syncline	Moderate
	16-3	10.0	0.38	10.4	20	63 - 639	5-E-W-Syncline	Moderate
	16-4	2.7	0.39	3.1	14	337 - 654	5-E-W-Syncline	Eratic
	16-5	3.4	0.69	4.1	10	383 - 696	5-E-W-Syncline	Eratic
	26-1	3.8	0.31	4.1	321	499 - 775	5-E-W-Syncline	Moderate
	26-3L	6.0	0.29	6.3	18	512 - 781	5-E-W-Syncline	Moderate
Yinminhe	16-3-4	7.0	0.68	7.7		35 - 167	5-E	Moderate
East	26-1	5.0	0.55	5.5	191	237 - 346	5-E	Eratic
Peripheral	26-2	2.6	0.26	2.9	6	32 - 357	5-E	Eratic
	26-3	3.3	0.62	3.9	6	44 - 421	5-E	Moderate

Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage*	• Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer

Criteria	JORC Code explanation	Commentary
	characterisation). • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis

Criteria	JORC Code explanation	Commentary
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 15.7 MJ/kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for underground mining: - All seams will be extracted by SC mining method (with/without sub-level caving capability). - in-seam parting thinner than the minimum mining thickness of coal for SC mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of*	• The three target tenements are currently held under exploration licenses and represent contingent resources in early-stage development. All remain in an undeveloped state. • Based on operational experience from surrounding mines, it is assumed that environmental factors will not present material constraints to future mine development and construction activities.

Criteria	JORC Code explanation	Commentary
	these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of	• *Where appropriate a statement of the relative accuracy and*	• Data protocols and estimation techniques used in the Mineral

Criteria	JORC Code explanation	Commentary
relative accuracy/ confidence	*confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate for the undergournd operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves – No Coal Reserves; No Pre-feasibility Study was performed

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
	• *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
	• *The allowances made for royalties payable, both Government and private.*	
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *he derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
	viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Not applicable, as the exploration rights status does not support a reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific*	• Not applicable, as the exploration rights status does not support a reserve estimate.

Criteria	JORC Code explanation	Commentary
	discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	

APPENDIX B-13 JORC Code, 2012 Edition – Table 1 – Yuanbaoshan Coalfield

The Yuanbaoshan Open-pit Mine controlled by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. Is located in the Yuanbaoshan Coalfield.

Section 1 Sampling Techniques and Data

The drilling activities of the Yuanbaoshan Coalfield dates back to the 1980s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity at Yuanbaoshan Coalfield was completed in 1997. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required,*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference

Criteria	JORC Code explanation	Commentary
		between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters. • The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters • The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The drilling grid in the eastern part of the mining area, covering approximately one-third of the total area, is 250×250 meters, while a 500×500 meter grid is adopted in the remaining majority of the region. This drilling spacing is sufficient to classify the majority of the resources in the Yuanbaoshan mining area as the Measured category. The data spacing is adequate to establish geological and quality continuity. • Sample compositing is not applicable to coal.
Orientation of data in relation to geological	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation*	• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.

Criteria	JORC Code explanation	Commentary
structure	*of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• No sampling bias is expected for coal seams, as full-seam interval sampling was achieved.
Sample security	• *The measures taken to ensure sample security.*	• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Yuanbaoshan Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. Yuanbaoshan Open-pit Coal Mine Mining Right Number: C100000201112114012185 8 Area: 12.8574 km² Location: Yuanbaoshan District, Chifeng City, Inner Mongolia Autonomous Region Ownership: Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (100% owned by China Energy Investment Corporation directly and/or via subsidiaries)

Criteria	JORC Code explanation	Commentary
		According to the EIA and/or exploration report of the project, the Chaoyang Open-pit Mine does not involve environmentally sensitive points requiring special protection, such as cultural relics or historic sites. • Related coal mine in the Yuanbaoshan Coalfield is Yuanbaoshan Open-pit Mine. The mining right certificate for the mine is within the valid period. No known impediments to maintaining and renewing such mining certificate were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Yuanbaoshan Open-pit Coal Mine underwent two exploration campaigns which were conducted by Liaoning Province Coal Geology Survey Bureau in 1980, and by Pingzhuang Mining Industry Bureau (predecessor of Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd.) in 1997, respectively. The resulting geological reports were reviewed and approved by the competent authorities at various levels. • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole

Criteria	JORC Code explanation	Commentary
		data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The geologic settings of the Yuanbaoshan Open-pit is judged to be moderate. While the strata are flat-lying, complex structure containing multiple partings of the coal seams is a complicating factor for the seam in most of the mine areas. • Regional Geology: The Yuanbaoshan Coalfield is situated at the intersection of the Tianshan–Yinshan Latitudinal Tectonic Belt and the NNE-trending Neocathaysian Second Subsidence Zone. The regional structural framework comprises a series of NE–SW trending, echelon-arranged fault-depressed coal-bearing basins. • Structure: The Yuanbaoshan Coalfield exhibits a gently undulating fold structure with an overall NE–SW tectonic trend. The strata predominantly dip SE, with dip angles ranging from 4° to 47° and generally between 8° and 18°.The coalfield is composed of three synclines and two anticlines, which collectively form its gently undulating folded structure.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
data	*method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The competent persons converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modeling. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration

Criteria	JORC Code explanation	Commentary
		history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. The database was verified using Carlson SURVCAD before modeling. The completed model was cross-checked and validated against the attached maps in the geological reports. If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Yuanbaoshan Open-pit Mine is high. The competent persons for this report, through the review of borehole logs and geophysical logs for seam correlation, as well as subsequent model representation, consider the geological interpretation of the Yuanbaoshan Open-pit Mine to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities,

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>such as:
= Syndepositional structures leading to seam splitting and thinning.
= Post-depositional structures including erosion by paleochannels, and magmatic erosion.
• Factors compromising coal seam continuity encompass:
- Seam splitting and thinning.
- Erosion by paleochannels/up-lifting to surface/ igneous intrusions.
- Faulting.
- outcrop.</td></tr>
<tr><td>Dimensions</td><td>• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>• The resources area is delineated by the authorized mine boundary, covering an area of 12.8574 km², with vertical mining elevation limits between +120 m to +482 m. The following tables show the detailed characteristics of each seam at Yuanbaoshan Open-pit:
<table><tr><th rowspan="2">Mine</th><th rowspan="2">Seam</th><th colspan="3">Thickness (m)</th><th rowspan="2">Distance from the Upper Seam (m)</th><th rowspan="2">Seam Depth Range (m)</th><th rowspan="2">Seam Dip (deg.)</th><th rowspan="2">Seam Occurrence</th></tr><tr><th>Coal</th><th>Parting</th><th>Seam</th></tr><tr><td>Yuanbaoshan Open-pit</td><td>4</td><td>9.9</td><td>1.85</td><td>11.8</td><td>-</td><td>61 - 226</td><td>15-SE</td><td>Moderate</td></tr><tr><td></td><td>5</td><td>17.1</td><td>2.46</td><td>19.6</td><td>70</td><td>19 - 323</td><td>15-SE</td><td>Moderate</td></tr><tr><td></td><td>6</td><td>24.1</td><td>2.65</td><td>26.8</td><td>80</td><td>24 - 468</td><td>15-SE</td><td>Moderate</td></tr><tr><td></td><td>7</td><td>6.1</td><td>1.60</td><td>7.7</td><td>15</td><td>44 - 506</td><td>15-SE</td><td>Moderate</td></tr></table></td></tr>
<tr><td>Estimation and modelling techniques</td><td>• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</td><td>• The model of the Yuanbaoshan Open-pit Coal Mine was constructed using Carlson SURVCAD software based on the original data in the Beijing 1954 coordinate system. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam. The SURVCAD software can generate triangulated surface models</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam. • The modeling utilized all borehole data within the mining area, and the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell. The key parameters and assumptions used for the resource estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The critical step in coal modelling data validation lies in seam correlation, which is conducted *prior to* database establishment. The Competent Person (CP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 15.7 MJ/kg
Mining	• *Assumptions made regarding possible mining methods, minimum*	• The following assumptions are made specifically for open-pit mining:

Criteria	JORC Code explanation	Commentary
factors or assumptions	*mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The subject open-pit mine provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Yuanbaoshan Coalfield area is a regional coal-producing center, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental

Criteria	JORC Code explanation	Commentary
	representativeness of the samples. • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Criteria	JORC Code explanation	Commentary
	estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.5 m thick for bituminous thermal coal as presented at the Yuanbaoshan Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated). - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable

Criteria	JORC Code explanation	Commentary
		Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Yuanbaoshan Open-pit was provided, which is the typical mine design report for open-pit coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas. The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: 2,700kcal/kg
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining*	• Preliminary Design Report for the mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected for the open-pit mine was shovel-truck approach with semi-mobile crushing/belt transportation arrangement. • The coal seams in the Yuanbaoshan Coalfield feature shallow

Criteria	JORC Code explanation	Commentary
	method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	occurrences with generally simple geological settings. The mine area has only sparsely distributed population. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining method in the mine is considered appropriate.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Geotechnical parameters are designed based on the geotechnical testing of rock and coal strata. Yuanbaoshan Open-pit Min has years of operating history. Major mining and geotechnical parameters are as follows: Parameter / Unit / Mining / Stripping Bench Height / m / 15 / 24/8 Working Width / m / 30 / 30 Bench Face Angle / ° / 70 / Soil:50 Rock:70 Safety Offset / m / 6 / 6 Road Width / m / 26 / 26 Safety Clearance / m / 8 / 8 Minimum Working Bench Width / m / 70 / 70
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.*	• Not applicable • OSD of 3% was considered for all the seams during mining. • A 98% recovery factor was used for the open-pit mine. • Minimum mining working bench width used was 70 m for Yuanbaoshan Open-pit.

Criteria	JORC Code explanation	Commentary
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded. • Yuanbaoshan Coalfield is located in the eastern part of Inner Mongolia Autonomous Region, which is major coal-producing area with numerous mines in operation and planned. Infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Yuanbaoshan Open-pit has crusher systems to produce coal at different sizes. The proposed coal processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The crushing and screening technologies are all widely adopted coal processing technologies and have been well tested throughout the coal industry in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Test work undertaken for the Yuanbaoshan Open-pit does not involve metallurgical testing. Instead, coal processing test work has been completed to assess the performance of crushing and screening separation. The test work is considered representative of the coal seams included in the Coal Reserve estimate. Yield (recovery) factors applied to the Coal Reserve estimate are derived from the test work and available operational data.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the*	• No deleterious elements • The subject open-pit mine has well-established coal processing history, thus no bulk sample or pilot scale test work is needed.

Criteria	JORC Code explanation	Commentary
	degree to which such samples are considered representative of the orebody as a whole. • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value parameter and ash content in coal quality are the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• The subject open-pit mine provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Yuanbaoshan Coalfield area is a regional coal-producing center, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Yuanbaoshan Coalfield is located in the eastern part of Inner Mongolia Autonomous Region. Due to the well-developed coal industry and designated energy base status, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided covering civil constructions, equipment purchases, etc. Sustaining capital at RMB5/t of coal producing capacity was assumed which is typical for large open-pit mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by the mine based on historical performance and adjusted for certain changes such as stripping ratio.

Criteria	JORC Code explanation	Commentary
		The competent person extended the projection period to the year when the Coal Reserves are depleted.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine. Yuanbaoshan Open-pit: RMB266.5/t
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting.
	• *The allowances made for royalties payable, both Government and private.*	• The mine already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average price (VAT inclusive) was used for our economic analysis of the mine. Yuanbaoshan Open-pit: RMB266.5/t
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.*	• Most of coal products from the subject open-pit mine will supply the nearby power plants and local market. The Yuanbaoshan Coalfield is one of the major coal producing areas in Inner Mongolia. The coal products from the mine have consistent coal quality and are expected to continue their market share.
	• *A customer and competitor analysis along with the identification of likely market windows for the product.*	

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>• Price and volume forecasts and the basis for these forecasts.
• For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</td><td>• Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average price was used for our economic analysis of the mine.</td></tr>
<tr><td>Economic</td><td>• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.
• NPV ranges and sensitivity to variations in the significant assumptions and inputs.</td><td>• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.

NPV Under Various Sensitivity Cases (RMB Millions)
Base Case
Mine | 6.0% | 7.0% | (7.1%) | 8.0% | 9.0% | 10.0%
Yuanbaoshan Open-pit | 220 | 89 | 75 | (22) | (118) | (199)</td></tr>
<tr><td>Social</td><td>• The status of agreements with key stakeholders and matters leading to social licence to operate.</td><td>• The mine recognizes its social responsibility and has maintained cordial relationships with local government and society. No social issues affecting or disrupting mine operations were reported.</td></tr>
<tr><td>Other</td><td>• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:
• Any identified material naturally occurring risks.
• The status of material legal agreements and marketing arrangements.
• The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or</td><td>• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the open-pit operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam

Criteria	JORC Code explanation	Commentary
	estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for surface mining operations.
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-14 JORC Code, 2012 Edition – Table 1 – Zhundong Coalfield

The three open-pit mines (Hongshaquan No.1 Open-pit, Hongshaquan No.2 Open-pit and Zhundong Open-pit) and four exploration right areas (Jiangjunmiao, Wucaiwan No.2, Wucaiwan No.3 and Wucaiwan No.5) held by China Energy Xinjiang Energy and Chemical Co., Ltd. are located in the Zhundong Coalfield.

Section 1 Sampling Techniques and Data

Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. For the three open-pit mines (Zhundong Open-pit Mine, Hongshaquan No.1 Open-pit Mine and Hongshaquan No.2 Open-pit Mine) are relatively new and were commissioned in recent years, the drilling and sampling relevant information for these three mines are available, as shown in below Section 1 information in regards to drilling, sampling, logging and lab testing. For the four exploration right areas, the latest drilling activity at Jiangjunmiao, Wucaiwan No.2, Wucaiwan No.3 and Wucaiwan No.5 was completed in 2013, 2012, 2012 and 2011 respectively, and relevant information can not be traced. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge*	• All coal seam samples were collected in accordance with China's "Regulations on the Collection of Coal Samples for Coal Resource Exploration". All seams with a thickness greater than the minimum minable thickness (0.8 m for the coal seams in Zhundong Coalfield) are sampled by core logging. The sampling thickness for each interval is typically less than 6 meters. For multi-layer coal seams, each individual coal layer is to be sampled separately, while partings and carbonaceous mudstone are also sampled independently. When the thickness of a parting exceeds 0.10 meters, only 0.10 meters is collected. The samples are described layer by layer according to specified requirements. After sorting and cleaning, the length and weight recovery rates are calculated. Finally, the samples are packaged, boxed, and sent to the testing laboratory along with the

Criteria	JORC Code explanation	Commentary
	for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	sample submission forms and coal sample summary sheets.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Core drilling was employed. Hard rock strata are drilled using PDC (Polycrystalline Diamond Compact) bits or surface-set diamond bits. Double split core barrels were used for coal. Coal Core diameter is 63.5 mm. All holes are vertical holes.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core recovery was determined by measuring the sample length and weight, which was later compared with the geophysical logs that were run after the hole was completed. According to Chinese Standard, the minimum acceptable linear and weight recovery requirements are 75% and 60%, respectively. Seam cores with lower recoveries were not analyzed per Chinese standards. While these minimum recoveries are lower than some international standards, actual core recoveries were generally higher.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• During rock stratum drilling, a single-tube core barrel is typically employed. When the drillers determine that the coal seam has been entered based on the returning drilling mud, they switch to a double-tube coal coring tool and appropriately adjust the drilling rate and pressure to ensure coal core recovery.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• There was no obvious relationship found between coal core recovery and coal quality.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• All core samples were lithologically logged and described using standardized codes for rock type, grain size, color, and Rock Quality

Criteria	JORC Code explanation	Commentary
	Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	Designation (RQD). Core photos were taken before logging. Logging was initially recorded on paper forms at the site and then entered into a spreadsheet in the office afterwards. • All drill holes also underwent geophysical logging to verify parameters such as the thickness of lithological strata in the coal-bearing sequence, coal seam structure, hole diameter, and deviation. Logs run include natural gamma, density, resistivity, calliper, and vertical deviation.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sub-sampling techniques are not applicable to coal. The entire core for all mineable coal seams was sampled and there was no subsampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• Samples taken for analytical testing were delivered to a licensed laboratory where individual samples were weighed, air dried, crushed, and riffled according to Chinese standards. Subsamples of the riffled samples are taken for various analyses, with the remainder of the sample retained for future analyses. • The laboratories conduct quality control procedures, including sending duplicates to other labs and internal audits.

Criteria	JORC Code explanation	Commentary
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Due to large-scale occurrence and consistent coal quality, the verification of significant intersections is not applicable to coal projects.
	• *The use of twinned holes.*	• Twinned holes were generally not drilled.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Data recording field work, such as core logging, sampling records were handwritten and was scanned and transferred to electronic version after the field work was completed. Laboratories use electronic data entry system at each testing station.
	• *Discuss any adjustment to assay data.*	• No adjustments were made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• The coordinate system is the 2000 National Coordinate system, and the elevation system adopts the 1985 National elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the RTK GPS. The maximum error in the plane is 9 millimeters, and the maximum error in elevation is 7 millimeters.
	• *Specification of the grid system used.*	• The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A 10% random re-survey was conducted in this area using the repeat observation method. After adjustment, the mean error of the weakest point position is ±0.009 meters, and the mean error of the maximum elevation is ±0.134 meters.
	• *Quality and adequacy of topographic control.*	• The re-survey results confirm that the engineering survey outcomes

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject Xinjiang Energy properties in Zhundong Coalfield are as follows:

<table>
<tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr>
<tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr>
<tr><td>Hongshaquan No.1 Open-pit</td><td>250</td><td>500</td><td>1,000</td><td>43</td><td>39</td><td>18</td></tr>
<tr><td>Hongshaquan No.2 Open-pit</td><td>250</td><td>500</td><td>1,000</td><td>24</td><td>50</td><td>26</td></tr>
<tr><td>Zhundong Open-pit</td><td>250</td><td>500</td><td>1,000</td><td>32</td><td>33</td><td>35</td></tr>
<tr><td>Jiangjunmiao</td><td>250</td><td>500</td><td>1,000</td><td>24</td><td>43</td><td>33</td></tr>
<tr><td>Wucaiwan No.2</td><td>1,000</td><td>2,000</td><td>-</td><td>-</td><td>8</td><td>92</td></tr>
<tr><td>Wucaiwan No.3</td><td>1,000</td><td>2,000</td><td>-</td><td>-</td><td>51</td><td>49</td></tr>
<tr><td>Wucaiwan No.5</td><td>250</td><td>500</td><td>1,000</td><td>24</td><td>18</td><td>58</td></tr>
</table>
</td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</td><td>• As shown in the table, the resources at all properties, except for the three Wucaiwan series exploration rights, have been well defined. The data spacing at Hongshaquan No.1, Hongshaquan No.2 and Zhundong open-pits, and Jiangjunmiao Exploration right Area is adequate to establish geological and quality continuity.
• The Wucaiwan No.2, Wucaiwan No.3 and Wucaiwan No.5 exploration rights are not well drilled and further drilling are needed for further feasibility study.</td></tr>
<tr><td></td><td>• Whether sample compositing has been applied.</td><td>• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.
• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.
• There is no bias for coal.</td></tr>
<tr><td>Sample</td><td>• The measures taken to ensure sample security.</td><td>• All samples were packaged in double-layer heavy-duty plastic</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
security		sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Zhundong Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Xinjiang Zhundong Energy Co., Ltd. Zhundong Open-pit Coal Mine Mining Right Number: C6500020180111110145785 Area: 40.0785 km² Location: Jimusaer County, Changji Prefecture, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Zhundong Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, there are no cultural relics and natural reserves within the mine area and the 11km radius of the mine boundary.

Criteria	JORC Code explanation	Commentary
		• Hongshaquan No.1 Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Xinjiang Mining Co., Ltd. Hongshaquan No.1 Open-pit Coal Mine Mining Right Number: C6500020171111110145789 Area: 74.1912 km² Location: Changji Prefecture, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Mining Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, scenic spots, national/provincial cultural relics. • Hongshaquan No.2 Open-pit Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Xinjiang Qitai County West Heishan Mine Area Hongshaquan No.2 Open-pit Coal Mine Mining Right Number: C6500020231111110156003 Area: 102.9828 km² Location: Changji Prefecture, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Mining Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to the EIA and/or exploration report of the project, the mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, scenic spots, national/provincial

Criteria	JORC Code explanation	Commentary
		cultural relics and source of water. • Jiangjunmiao Coal Exploration: Type of Mining Right: Exploration Right Mining Right Name: Xinjiang Qitai County Jiangjunmiao Coal Exploration Mining Right Number: T6500002009071010031892 Area: 121.63 km² Location: Qitai County, Changji Prefecture, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Mining Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Wucaiwan No.2 Mine Exploration: Type of Mining Right: Exploration Right Mining Right Name: Xinjiang Zhundong Coalfield Jimusaer County Wucaiwan Mine Area No.2 Mine Exploration Mining Right Number: T6500002009081010033440 Area: 43.8 km² Location: Jimusaer County, Changji Prefecture, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Zhundong Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries)

Criteria	JORC Code explanation	Commentary
		Currently no available information on material social and environmental issues. • Wucaiwan No.3 Mine Exploration: Type of Mining Right: Exploration Right Mining Right Name: Xinjiang Zhundong Coalfield Jimusaer County Wucaiwan Mine Area No.3 Mine Exploration Mining Right Number: T6500020090810100335 17 Area: 68.14 km² Location: Jimusaer County, Changji Prefecture, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Zhundong Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Wucaiwan No.5 Open-pit Mine Exploration: Type of Mining Right: Exploration Right Mining Right Name: Xinjiang Zhundong Coalfield Jimusaer County Wucaiwan Mine Area No.5 Open-pit Mine Exploration Mining Right Number: T65120090801033442 Area: 55.10 km² Location: Jimusaer County, Changji Prefecture, Xinjiang Autonomous Region Ownership: China Shenxing Energy Co., Ltd. (48.42% owned by China Energy directly and/or via subsidiaries)

Criteria	JORC Code explanation	Commentary
		Currently no available information on material social and environmental issues. Xinjiang Energy provided a series of documents related to the exploration permit applications and government replies regarding the Wucaiwan No. 5 Open-pit Mine Exploration project. Among them, the "Reply Letter on Soliciting Opinions on the Exploration Change and Continuation of the Xinjiang Zhundong Coalfield Jimusaer County Wucaiwan No. 5 Open-pit Mine Exploration project" issued by the Natural Resources Bureau of Changji Prefecture in June 2025 states that the Bureau has approved the procedures for the change and continuation of the exploration right, the new exploration right certificate will be based on the previous exploration right certificate (No. T65120090801033442) of "Xinjiang Zhundong Coalfield Jimusaer County Lucaogou Coal Mine No.1 Exploration Area". China Energy Xinjiang Energy and Chemical Co., Ltd. is actively applying for the relevant process, and the applicant is Xinjiang Shenxing Energy Co., Ltd. Based on the document Xinjiang Energy provided and the Competent Person's knowledge and experiences with Chinese mining industry, there is reasonable expectation that Xinjiang Energy will be granted of the exploration right certificate. • Related coal mines in the Zhundong Coalfield include Zhundong Open-pit, Hongshaquan No.1 and Hongshaquan No.2 mines; exploration right areas include Jiangjunmiao, Wucaiwan No.2, Wucaiwan No.3 and Wucaiwan No.5. The mining right certificates and exploration right certificates for these are all valid. No known impediments to maintaining and renewing such mining and

Criteria	JORC Code explanation	Commentary
		exploration certificates were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Zhundong Coalfield, the following exploration reports were provided for our review: - Zhundong Open-pit: = Detailed Exploration Report for the Xinjiang Jimusaer County (Shenhua) Zhundong Open-pit Mine Exploration, January 2008 = Reserve Verification Report for the Xinjiang Jimusaer County Wucaiwan Mine Area No.3 Open-pit Mine Field, October 2014 = Geology Report for Mine Production for Zhundong Open-pit Mine, June 2023 = Feasibility Study Report for Zhundong Open-pit Mine, May 2024 - Hongshaquan No.1 Open-pit: = Supplementary Exploration Report for the Hongshaquan No.1 Open-pit Mine, Xiheishan Mining Area, May 2025 - Hongshaquan No.2 Open-pit: = Exploration for the Hongshaquan No.2 Open-pit Mine, August 2010 = Supplementary Exploration Report for the Hongshaquan No.2 Open-pit Mine, September 2022 = 2024 Annual Reserves Verification Report for the Hongshaquan No.2 Open-pit Mine

Criteria	JORC Code explanation	Commentary
		= Monitoring Statement for the Hongshaquan No.2 Open-pit Mine, Xiheishan Mining Area, First Half of 2025 - Jiangjunmiao Exploration Right: = Exploration Report for the Jiangjunmiao Open-pit Mine, September 2013 - Wucaiwan No.2 Exploration Right: = Exploration Report for the Lucaogou Exploration Area (Underground Mining Section), December 2012 - Wucaiwan No.3 Exploration Right: = Exploration Report for the Lucaogou Exploration Area (Underground Mining Section), December 2012 - Wucaiwan No.5 Exploration Right: = Exploration Report for the Wucaiwan No.5 Open-pit Mine, November 2011 = Feasibility Study Report for the Wucaiwan No.5 Open-pit Mine, April 2025 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Coal deposit. • The geologic settings of the Zhundong Coalfield is judged to be moderate. While the strata are moderately dipping and the major seams are favorably thick, the complex structure containing folds and faults is a complicating factor for the seams in each of the mine areas. • Regional Geology: Located in the Kalamaili foredeep belt on the eastern margin of the Junggar Basin, the Zhundong Coalfield constitutes an independent tectonic-sedimentary unit. Its structural framework was shaped by multiple tectonic cycles, with the Yanshanian movement playing a decisive role in reforming the Jurassic coal measures and forming the present structural and coal accumulation framework. The region features a Variscan folded basement and sedimentary cover from Carboniferous to Quaternary, with primary coal-bearing strata in the Jurassic Xishanyao and Badaowan Formations. Multi-phase tectonic events ultimately created the current structural pattern of interwoven uplifts and depressions. • Structure: The Zhundong Coalfield exhibits a complex internal structure, where folds and faults of varying scales govern the spatial distribution of coal seams. Three typical coal-controlling structural types have developed: compound synclinal folds, imbricate thrust structures, and nappe structures, forming a unique structural control pattern. Overall, coal seam distribution follows a "three-zone" differentiation trend: thicker in the west and thinner in the east, deeper in the north and shallower in the south. - Western Thick-Seam Zone (Wucaiwan-Jiangjunmiao):

Criteria	JORC Code explanation	Commentary
		Dominated by the Xishanyao Formation's B1 coal seam, with single-layer thickness generally exceeding 50m. Simple structure, primarily monoclinal, suitable for large-scale open-pit mining. All the subject properties of Xinjiang Energy are located in this zone. - Eastern Thin-Seam Zone (Laojunmiao-Xiheishan): Seam thickness reduces to 20 to 40m, split into 2 to 3 layers, with dip angles increasing to 8 to 13 degrees. - Northern Deep Zone (Dajing-Zhangpenggou): Burial depth increases to 500 to 700m, requiring underground mining methods.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
methods	*grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP converted the data from the editable versions into the database for this resource estimate. The database was verified using Carlson SURVCAD before modelling for all open-pit mining/exploration rights (i.e. Hongshaquan No.1 Open-pit, Hongshaquan No.2 Open-pit, Zhundong Open-pit, Jiangjunmiao and Wucaiwan No.5). The database of Wucaiwan No.2 and No.3 exploration rights was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • The completed model was cross-checked and validated against the attached maps in the geological reports. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Xinjiang Energy and Chemical Co., Ltd. in September 2025. During the site visit, the

Criteria	JORC Code explanation	Commentary
		Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. The database was verified using Carlson SURVCAD before modeling for the open-pit mines, and using excel tools for underground mining/exploration rights. The completed model or seam figure was cross-checked and validated against the attached maps in the geological reports. If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like the Zhundong Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, as well as subsequent model representation, considers the geological interpretation of the subject mining rights (i.e. Hongshaquan No.1 Open-pit, Hongshaquan No.2 Open-pit and Zhundong Open-pit) and exploration right areas (i.e. Jiangjunmiao, Wucaiwan No.2, Wucaiwan No.3 and Wucaiwan No.5)

Criteria	JORC Code explanation	Commentary
		to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources areas of the mining rights are delineated by the authorized mine boundary, with vertical mining elevation limits as follows: - Hongshaquan No.1 Open-pit: +760 m to -51 m - Hongshaquan No.2 Open-pit: +727 m to -47 m - Zhundong Open-pit: +636 m to -60 m • The resources areas of the exploration rights (i.e. Jiangjunmiao, Wucaiwan No.2, Wucaiwan No.3 and Wucaiwan No.5) are only

Criteria	JORC Code explanation	Commentary
		delineated by the authorized mine boundary •

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Hongshaquan No.1 Open-pit	B6	1.2	0.8	2.0	-	76 - 521	7-S, 25-N	Eratic
	B5	1.2	0.7	1.9	-	37 - 529	7-S, 25-N	Eratic
	B4	19.2	1.1	20.3	9	0 - 577	7-S, 25-N	Uniform
	B4'	2.8	1.7	4.5	11	21 - 600	7-S, 25-N	Eratic
	B3	7.5	1.3	8.8	12	0 - 641	7-S, 25-N	Uniform
	B3'	2.2	1.1	3.3	-	1 - 553	7-S, 25-N	Eratic
	B2	4.5	1.9	6.5	36	3 - 669	7-S, 25-N	Uniform
	B2'	12.0	1.1	13.1	-	0 - 726	7-S, 25-N	Moderate
	B1	10.9	0.9	11.8	-	17 - 773	7-S, 25-N	Uniform
Hongshaquan No.2 Open-pit	B6	1.8	0.8	2.5	0	76 - 521	7-S, 25-N	Eratic
	B5	1.4	0.7	2.1	10	37 - 529	7-S, 25-N	Eratic
	B4	13.8	1.1	14.8	14	0 - 577	7-S, 25-N	Uniform
	B4'	3.0	1.7	4.7	29	21 - 600	7-S, 25-N	Moderate
	B3	6.5	1.3	7.8		0 - 641	7-S, 25-N	Moderate
	B3'	2.5	1.1	3.6	-	1 - 553	7-S, 25-N	Moderate
	B2	14.0	1.9	15.9		3 - 669	7-S, 25-N	Uniform
	B2'	5.9	1.1	6.9	-	0 - 726	7-S, 25-N	Moderate
	B1	10.6	0.9	11.6	32	17 - 773	7-S, 25-N	Moderate
Zhundong Open-pit	C2	0.6	0.0	0.6	-	185 - 244	23-NW, 5-NW	Eratic
	C1	0.5	0.0	0.5	11	194 - 256	23-NW, 5-NW	Eratic
	BM	66.6	0.8	67.4	153	15 - 420	23-NW, 5-NW	Uniform
	B2	38.6	0.7	39.3	187	11 - 4382	23-NW, 5-NW	Uniform
	B2'	2.1	0.6	2.6	2	253 - 439	23-NW, 5-NW	Moderate
	B12	12.6	1.5	14.1	13	19 - 469	23-NW, 5-NW	Moderate
	B11	4.0	1.7	5.7	6	38 - 481	23-NW, 5-NW	Moderate
	B1	22.1	0.8	22.9	6	166 - 427	23-NW, 5-NW	Uniform

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Jiangjunmiao	B4	8.39	0.44	8.83	-	16 - 666	2-N,S 30-N,S	Moderate
	B3	2.68	0.37	3.05	16	48 - 620	2-N,S 30-N,S	Moderate
	B22	3.26	0.62	3.88	30	53 - 695	2-N,S 30-N,S	Moderate
	B21	1.62	0.42	2.04	3	61 - 561	2-N,S 30-N,S	Eratic
	B2	18.59	0.84	19.43	15	69 - 726	2-N,S 30-N,S	Uniform
	B1	5.98	0.51	6.49	23	103 - 692	2-N,S 30-N,S	Moderate
Wucaiwan No.2	A2	7.7	0.0	7.8	-	152 - 755	4-SW	Moderate
	B0	1.7	0.0	1.8	8	173 - 780	4-SW	Eratic
	B1	24.1	1.0	25.1	11	213 - 688	4-SW	Uniform
	B2	10.2	0.4	10.6	228	176 - 1071	4-SW	Moderate
Wucaiwan No.3	A2	8.2	0.0	8.2	-	152 - 755	4-S	Eratic
	B1	21.6	0.7	22.4	8	173 - 780	4-S	Uniform
	B2	7.6	0.2	7.8	248	176 - 1071	4-S	Moderate
Wucaiwan No.5	1	0.8	0.7	0.8	-	171 - 418	4-SW	Eratic
	B2U	2.6	0.72	2.6	184	169 - 463	4-SW	Eratic
	B2	11.3	1.28	11.3	127	118 - 552	4-SW	Moderate
	B1	70.4	0.94	70.4	44	126 - 597	4-SW	Uniform

Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation*	• The models of the open-pit mining/exploration rights (i.e. Hongshaquan No.1 Open-pit, Hongshaquan No.2 Open-pit and Zhundong Open-pit, Jiangjunmiao and Wucaiwan No.5)were constructed using Carlson SURVCAD software based on the original

Criteria	JORC Code explanation	Commentary
	method was chosen include a description of computer software and parameters used. • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	data in the 2000 National coordinate system. The model database includes the collar coordinates and elevation of each borehole, the top and bottom depths of each lithology, and the coal quality data of each coal seam. The SURVCAD software can generate triangulated surface models for the roof and floor of each coal seam, thereby enabling the estimation of the spatial volume between them. The resource estimation is then calculated based on the apparent density of each seam. • The modeling utilized all borehole data within the mining area, and the extent of the resources was constrained by mine boundary, authorized mining elevation and topo showing the current pit-shell. The key parameters and assumptions used for the resource estimation include: a density of 2.1 for partings, partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters. • The critical step in coal modeling data validation lies in seam correlation, which is conducted prior to database establishment. The Qualified Person (QP) first assesses the rationality of seam correlation through a comprehensive review of borehole data. Owing to the characteristics of layered deposits, upon model completion, the model itself can be integrated with geological rationality analysis to identify any anomalous data. • The resource estimation methodology for all underground mines and is detailed as follows: - Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam,

Criteria	JORC Code explanation	Commentary
		coal seam roof and floor depths/elevations, and coal quality data. - Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. - Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. - Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. - Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent

Criteria	JORC Code explanation	Commentary
		sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). - Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. - Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. - In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: Lignite 15.7 MJ/kg. Bituminous Coal 17.0 MJ/Kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider*	• The following assumptions are made specifically for open-pit mining: partings thicker than 0.5 m can be separately stripped in open-pit production, and a minimum minable coal seam thickness of 0.5 meters.

Criteria	JORC Code explanation	Commentary
	potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). - In-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Each of the three subject open-pit mines provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Zhundong Coalfield area is a designated major energy base, where approval process for waste dump site acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental

Criteria	JORC Code explanation	Commentary
	representativeness of the samples. • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall

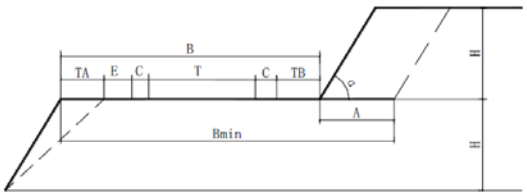
Criteria	JORC Code explanation	Commentary
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.5 m thick at each open-pit mining/exploration rights (i.e. Hongshaquan No.1, Hongshaquan No.2 and Zhundong mining rights, and Jiangjunmiao and Wucaiwan No.5 exploration rights) and greater than 0.8 m thick within other exploration rights(i.e. Wucaiwan No.2 and Wucaiwan No.3 exploration rights) . - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated). - Preparation of coal isopach maps within the identified

Criteria	JORC Code explanation	Commentary
		resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited China Energy Xinjiang Energy and Chemical Co., Ltd in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for each of the Zhundong Open-pit, Hongshaquan No.1 Open-pit and Hongshaquan No.2 mines was provided, which is the typical mine design report for open-pit coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore*	• Preliminary Design Report for each mine was provided, which has the necessary mining design details for coal reserve estimation. The

Criteria	JORC Code explanation	Commentary
assumptions	*Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	mining method selected for the three open-pit mines was shovel-truck approach with semi-mobile crushing/belt transportation arrangement.
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• The coal seams in the Zhundong Coalfield feature shallow occurrence with generally simple geological settings. The dry weather and weak water-bearing strata are benefit for open-pit mining. In addition, this area has only sparsely distributed population. The shovel-truck mining method is widely used in open-pit coal mines in China with abundant successful experiences. The selection of mining method in the three mines is considered appropriate.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Geotechnical parameters are designed based on the geotechnical testing of rock and coal strata. Zhundong Open-pit Mine: since the mine had years of operating history, extension of mining started from the current location along the western portion of the pit. Mining and geotechnical parameters are as follows: 

Criteria	JORC Code explanation	Commentary

Sign	Parameter	Unit	Mining	Stripping
H	Bench Height	m	15	15
A	Working Width	m	30	30
a	Bench Face Angle	°	70	Soil:65 Rock:70
TA	Safety Offset	m	1	1
TB	Blast Pile Projection Distance	m	0	10
T	Road Width	m	15	15
C	Safety Clearance	m	2	2
E	Other Clearance	m	0	0
B_{min}	Minimum Working Bench Width	m	50	60

Hongshaquan No.1 Open-pit:

Sign	Parameter	Unit	Mining	Stripping
H	Bench Height	m	10	15
A	Working Width	m	30	30
a	Bench Face Angle	°	70	Soil:65 Rock:70
TA	Safety Offset	m	1.5	1.5
TB	Blast Pile Projection Distance	m	8	13
T	Road Width	m	18	18
C	Safety Clearance	m	2	2
E	Other Clearance	m	0	0
B_{min}	Minimum Working Bench Width	m	70	70

Hongshaquan No.2 Open-pit:

Sign	Parameter	Unit	Mining	Stripping
H	Bench Height	m	15	15
A	Working Width	m	20	20
a	Bench Face Angle	°	70	70
TA	Safety Offset	m	3	3
TB	Blast Pile Projection Distance	m	7	7
T	Road Width	m	25	25
C	Safety Clearance	m	2	2
E	Other Clearance	m	0	0
B_{min}	Minimum Working Bench Width	m	65	65

- *The major assumptions made and Mineral Resource model used for*
- Not applicable

Criteria	JORC Code explanation	Commentary
	pit and stope optimisation (if appropriate). • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• OSD of 3% was considered for all the seams during mining. • A 95% of recovery factor was used for all the open-pit mines. • Minimum mining working bench width used was 50 m, 70 m and 65 m for Zhundong Open-pit, Hongshaquan No.1 Open-pit and Hongshaquan No.2 Open-pit mines, respectively. • In Coal Reserve estimation, Inferred Coal Resources were excluded. • Zhundong Coalfield is located in the eastern part of Xinjiang Uygur Autonomous Region, which is designated by the central and regional government to be a major energy base with numerous mines in operation and planned. Infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, Telecommunication network, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Zhundong Open-pit only has crusher systems to produce coal at different sizes. Hongshaquan No.1 has three processing units. Unit one adopts roller crusher to crush the coal first, then the 150-30 mm coal is washed using heavy media vessel technology while the -30 mm coal is not processed. Unit 2 process the 350-50 mm coal using TDS technology. Unit 3 only adopts crushing and screening technology. Hongshaquan No.2 adopts crushing and screening for ROM coal, then the 300-50 mm size coal is processed using TDS technology. The proposed coal processing arrangements are considered appropriate and can satisfy the requirement of product coal quality by their customers.

Criteria	JORC Code explanation	Commentary
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The crushing and screening, heavy media vessel and TDS technologies are all widely adopted coal processing technologies and have been well tested throughout the coal industry in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Test work undertaken for the Zhundong Open-pit, Hongshaquan No.1 Open-pit and Hongshaquan No.2 Open-pit does not involve metallurgical testing. Instead, coal processing test work has been completed to assess the performance of crushing and screening, TDS dry separation, and heavy medium shallow vessel separation methods. The test work is considered representative of the coal seams included in the Coal Reserve estimate. Yield (recovery) factors applied to the Coal Reserve estimate are derived from the test work and available operational data for TDS heavy media shallow vessel systems.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • The three subject open-pit mines have well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value parameter in coal quality is the main focus for thermal coal. In the Coal Reserve estimation process, such parameter has been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process*	• Each of the three subject open-pit mines provided preliminary design report which covers dump site descriptions and environmental impact assessment report. The Zhundong Coalfield area is a designated major energy base, where approval process for waste dump site

Criteria	JORC Code explanation	Commentary
	residue storage and waste dumps should be reported.	acquisition has been smooth, and no obstacle in obtaining future sites for waste storage was identified.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Zhundong Coalfield is located in the eastern part of Xinjiang Uygur Autonomous Region. Due to the well-developed coal industry and designated energy base status, infrastructure needed for open-pit mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB5/t of coal producing capacity was assumed which is typical for large open-pit mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by each mine based on historical performance and adjusted for certain changes such as stripping ratio. The competent person extend the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• No deleterious elements. • The historical three-year average prices were used for our economic analysis of each mine. Zhundong Open-pit: RMB127/t VAT inclusive Hongshaquan No.1: RMB159/t VAT inclusive Hongshaquan No.2: RMB159/t VAT inclusive
	• *The source of exchange rates used in the study.* • *Derivation of transportation charges.*	• Exchange rates: not applicable • Transportation charges are included in the operating costs and related to stripping ratio, which are adjusted accordingly in future operation projections.
	• *The basis for forecasting or source of treatment and refining charges,*	• Processing cost projections are based on historical performance and

Criteria	JORC Code explanation	Commentary
	penalties for failure to meet specification, etc.	included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting, which appears common for coal mines.
	• *The allowances made for royalties payable, both Government and private.*	• The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change. • The historical three-year average prices were used for our economic analysis of each mine. Zhundong Open-pit: RMB127/t VAT inclusive Hongshaquan No.1: RMB159/t VAT inclusive Hongshaquan No.2: RMB159/t VAT inclusive
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Most of coal products from the subject open-pit mines will supply the nearby power plants and local market. Zhundong Coalfield is one of the major coal producing area in Xinjiang and is a designated energy base. The coal products from the three mines have consistent coal quality and are expected to continue their market share. • Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices were used for our economic analysis of each mine.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>• NPV ranges and sensitivity to variations in the significant assumptions and inputs.</td><td>average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimates the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.

NPV Under Various Sensitivity Cases (RMB Millions)
<table><tr><th></th><th colspan="6">Base Case</th></tr><tr><th>Mine</th><th>6.0%</th><th>7.0%</th><th>(7.1%)</th><th>8.0%</th><th>9.0%</th><th>10.0%</th></tr><tr><td>Hongshaquan No.1 Open-pit</td><td>406</td><td>51</td><td>13</td><td>(238)</td><td>(475)</td><td>(671)</td></tr><tr><td>Hongshaquan No.2 Open-pit</td><td>460</td><td>65</td><td>23</td><td>(243)</td><td>(484)</td><td>(671)</td></tr><tr><td>Zhundong Open-pit</td><td>667</td><td>80</td><td>19</td><td>(378)</td><td>(737)</td><td>(1,019)</td></tr></table></td></tr>
<tr><td>Social</td><td>• The status of agreements with key stakeholders and matters leading to social licence to operate.</td><td>• The mines recognize their social responsibility and have maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.</td></tr>
<tr><td>Other</td><td>• To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:
• Any identified material naturally occurring risks.
• The status of material legal agreements and marketing arrangements.
• The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</td><td>• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.</td></tr>
<tr><td>Classification</td><td>• The basis for the classification of the Ore Reserves into varying confidence categories.</td><td>• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject open-pit mine cases, the basis for the classification of the Coal Reserves into varying</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
		confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the open-pit operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations.

Criteria	JORC Code explanation	Commentary
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-15 JORC Code, 2012 Edition – Table 1 – Zhunge'er Coalfield

The Boligou Mine and Heidaigou exploration right area controlled by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. are located in the Zhunge'er Coalfield.

Section 1 Sampling Techniques and Data

The coal drilling activities of the Zhunge'er Coalfield dates back to the 2008. There is no drilling activity for the Heidaigou Exploration Right in the past ten years and related coal drilling techniques employed are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

A Supplementary Geology Exploration was completed for Boligou in 2024. The comments in this section is based on the CP's interview with Shaanxi 185 Coalfield Geology Co., Ltd., who conducted the 35 hole drilling program for Boligou in 2024.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required,*	• All coal seam samples were collected in accordance with China's "Regulations on the Collection of Coal Samples for Coal Resource Exploration". All seams with a thickness greater than the minimum minable thickness (0.8 m for the coal seams in Zhunge'er Coalfield) are sampled by core logging. The sampling thickness for each interval is typically less than 3 meters. For multi-layer coal seams, each individual coal layer is to be sampled separately, while partings and carbonaceous mudstone are also sampled independently. When the thickness of a parting exceeds 0.10 meters, only 0.10 meters is collected. The samples are described layer by layer according to specified requirements. After sorting and cleaning, the length and weight recovery rates are calculated. Finally, the samples are packaged, boxed, and sent to the testing laboratory along with the

Criteria	JORC Code explanation	Commentary
	such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	sample submission forms and coal sample summary sheets.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Core drilling was employed. Hard rock strata are drilled using PDC (Polycrystalline Diamond Compact) bits or surface-set diamond bits. Double split core barrels were used for coal. Coal Core diameter is 63.5 mm. All holes are vertical holes.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core recovery was determined by measuring the sample length and weight, which was later compared with the geophysical logs that were run after the hole was completed. According to Chinese Standard, the minimum acceptable linear and weight recovery requirements are 75% and 60%, respectively. Seam cores with lower recoveries were not analyzed per Chinese standards. While these minimum recoveries are lower than some international standards, actual core recoveries were generally higher.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• During rock stratum drilling, a single-tube core barrel is typically employed. When the drillers determine that the coal seam has been entered based on the returning drilling mud, they switch to a double-tube coal coring tool and appropriately adjust the drilling rate and pressure to ensure coal core recovery.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• There was no obvious relationship found between coal core recovery and coal quality.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical*	• All core samples were lithologically logged and described using standardized codes for rock type, grain size, color, and Rock Quality Designation (RQD). Core photos were taken before logging. Logging

Criteria	JORC Code explanation	Commentary
	studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	was initially recorded on paper forms at the site and then entered into a spreadsheet in the office afterwards. • All drill holes also underwent geophysical logging to verify parameters such as the thickness of lithological strata in the coal-bearing sequence, coal seam structure, hole diameter, and deviation. Logs run include natural gamma, density, resistivity, calliper, and vertical deviation.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sub-sampling techniques are not applicable to coal. The entire core for all mineable coal seams was sampled and there was no subsampling.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks,*	• Samples taken for analytical testing were delivered to a licensed laboratory where individual samples were weighed, air dried, crushed, and riffled according to Chinese standards. Subsamples of the riffled samples are taken for various analyses, with the remainder of the sample retained for future analyses. • The laboratories conduct quality control procedures, including

Criteria	JORC Code explanation	Commentary
	duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	sending duplicates to other labs and internal audits.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Due to large-scale occurrence and consistent coal quality, the verification of significant intersections is not applicable to coal projects. • Twinned holes were generally not drilled. • Laboratories use electronic data entry system at each testing station. • No adjustments were made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters. • The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject Pingzhuang Coal properties in Zhunge'er Coalfield are as follows:
<table><tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr><tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr><tr><td>Boligou</td><td>400</td><td>800</td><td>1,600</td><td>67</td><td>23</td><td>10</td></tr><tr><td>Heidaigou</td><td>500</td><td>1,000</td><td>1,000</td><td>25</td><td>71</td><td>4</td></tr></table></td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</td><td>• As shown in the table, the resources at both properties have been well defined. The data spacing is adequate to establish geological and quality continuity.</td></tr>
<tr><td></td><td>• Whether sample compositing has been applied.</td><td>• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.</td></tr>
<tr><td></td><td>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</td><td>• No material sampling bias is expected.</td></tr>
<tr><td>Sample security</td><td>• The measures taken to ensure sample security.</td><td>• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.</td></tr>
<tr><td>Audits or</td><td>• The results of any audits or reviews of sampling techniques and data.</td><td>• There are no known audits or reviews of sampling techniques and</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
reviews		data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Boligou Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Inner Mongolia Autonomous Region Zhunge'er Coalfield Boligou Coal Mine Mining Right Number: C1500002021041110151849 Area: 18.1463 km² Location: Xuejiawan Town, Zhunge'er Banner, Ordos City, Inner Mongolia Autonomous Region Ownership: Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (100% owned by China Energy) According to the EIA and/or exploration report of the project, the Boligou Coal Mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, cultural relics or historic sites. • Heidaigou Exploration Type of Mining Right: Exploration Right Mining Right Name: Inner Mongolia Autonomous Region Zhunge'er Coalfield Heidaigou Mine Area Coal Exploration Mining Right Number: T150000200811105001991 Area: 21.422 km²

Criteria	JORC Code explanation	Commentary
		Location: Xuejiawan Town, Zhunge'er Banner, Ordos City, Inner Mongolia Autonomous Region Ownership: Inner Mongolia Pingzhuang Coal Industry (Group) Co., Ltd. (100% owned by China Energy) Currently no available information on material social and environmental issues. • Related coal properties in the Zhunge'er Coalfield include Boligou Mine and Heidaigou exploration right area. The mining and exploration right certificates for these are valid. No known impediments to maintain and renew such certificates were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Zhunge'er Coalfield, the following exploration reports were provided for our review: - Boligou Coal Mine: = General Exploration Report for the Boligou Mine Field, Zhunge'er Coalfield, June 2008 = Detailed Exploration Report for the Boligou Mine Field, Zhunge'er Coalfield, March 2009 = Supplementary Geology Exploration Report for the Boligou Coal Mine, Zhunge'er Coalfield, April 2024 - Heidaigou Exploration Right: = Detailed Exploration Report for the Heidaigou Mine Field, Zhunge'er Coalfield, April 2008 = Reserve Verification Report for the Heidaigou Mine Field, Zhunge'er Coalfield, April 2021

Criteria	JORC Code explanation	Commentary
		• All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Zhunge'er Coalfield is situated on the northeastern margin of the Ordos Basin, in the western part of the Sino-Korean Paraplatform. Its tectonic evolution has been primarily controlled by the Yinshan Giant Latitudinal Tectonic Belt and the Neocathaysian Structural System. • During the Himalayan Orogeny, the uplift of the Tibetan Plateau induced peripheral rifting around the Ordos Basin, while the basin interior experienced regional uplift, collectively forming the present-day structural geomorphology. • The Boli Gou mining area is situated in the northern Zhunge'er Coalfield, on the western flank of the Yaogou Anticline. The area is characterized by a monocline striking NNE–SSW and dipping NW, with generally gentle strata attitudes and dips averaging approximately 5 degrees. Superimposed on the monocline are local, very broad and gentle undulations. Faulting is relatively well-developed, dominated by normal faults with vertical displacements generally under 10 meters. No magmatic intrusions have been

Criteria	JORC Code explanation	Commentary
		identified within the mining area. • The Heidaigou exploration area is situated in the central Zhunge'er Coalfield, on the western flank of the Changtan Flexure. The area is characterized by a monocline structure striking NNE and dipping NWW, with strata generally inclined at approximately 5 degrees. No faults or magmatic intrusions have been identified within the area.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
	should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Competent Person converted the data from the editable versions into the database for this resource estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Pingzhuang Coal's mines in Zhunge'er

Criteria	JORC Code explanation	Commentary
	• *The factors affecting continuity both of grade and geology.*	Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the Zhunge'er Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits as follows: - Boligou: from740 m to 960m - Heidaigou: No elevation-related constraints for exploration right

Criteria	JORC Code explanation	Commentary
		Thickness (m) / Distance from the / Seam Depth / Seam / Seam Mine / Seam / Coal / Parting / Seam / Upper Seam (m) / Range (m) / Dip (deg.) / Occurrence Boligou / 4 / 1.4 / 0.05 / 1.5 / - / 262 - 480 / 5-NW / Eratic 5 / 2.3 / 0.47 / 2.8 / 16 / 272 - 503 / 5-NW / Eratic 6U / 2.4 / 0.47 / 2.9 / 19 / 288 - 487 / 5-NW / Eratic 6 / 11.2 / 2.23 / 13.4 / 27 / 296 - 525 / 5-NW / Moderate 8 / 1.9 / 0.50 / 2.4 / 14 / 325 - 546 / 5-NW / Eratic 9 / 1.5 / 0.17 / 1.7 / 9 / 341 - 554 / 5-NW / Eratic Heidaigou / 4 / 2.6 / 0.8 / 3.5 / - / 442-608 / 5-SW / Moderate 5 / 1.4 / 0.3 / 1.7 / 7 / 448-608 / 5-SW / Eratic 6U / 3.5 / 0.4 / 3.9 / 19 / 470-640 / 5-SW / Moderate 6 / 11.8 / 1.3 / 13.1 / 7 / 481-652 / 5-SW / Eratic 6L / 3.1 / 0.8 / 3.8 / 17 / 498-661 / 5-SW / Eratic to Modera 9 / 3.9 / 0.9 / 4.7 / 10 / 507-673 / 5-SW / Moderate
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.*	• Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the

Criteria	JORC Code explanation	Commentary
	• *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% • Calorific Value Qnet,d: 17.0 MJ/kg.
Mining factors or	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining*	• The following assumptions are made specifically for underground mining:

Criteria	JORC Code explanation	Commentary
assumptions	*dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	- All seams will be extracted by FM LW mining method (with/without sub-level caving capability). - in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Boligou Mine provided environmental impact assessment reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages. Our estimation is based on the assumption that future production is highly unlikely to be impacted by environmental issues. • There is no design report prepared for the Heidaigou Exploration as of the cut-off date of this Report.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources.

Criteria	JORC Code explanation	Commentary
	• *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall

Criteria	JORC Code explanation	Commentary
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.8 m thick for bituminous thermal coal as presented at the Zhunge'er Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans. - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those

Criteria	JORC Code explanation	Commentary
		portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han visited Inner Mongolia Pingzhuang Coal (Group) Co., Ltd in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of Boligou mine with technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for Boligou Mine was provided, which is the typical mine design report for coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Preliminary Design Report for Boligou Mine was provided, which has the necessary mining design details for coal reserve estimation. The initial mining method selected is FM LW in the No.5 Seam. When the thicker No.6 Seam is mined, FM LW SLC method will be used. • Seam thickness is the major factor considered in selecting the mining method. Typically, the threshold seam thickness for sublevel caving mining is approximately 4.5-6.0 m. Both FM LW and FM LW SLC

Criteria	JORC Code explanation	Commentary
		methods are widely used in underground coal mines in China. The selection of mining methods in Boligou Mine is considered appropriate in terms of the seam thickness and general occurrence as well as the design output capacity.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Ground control in the LW faces are provided by hydraulic shields, which are designed by evaluating various factors including the mining depth, the roof strata structure and mining heights. Roadway support features mainly roof bolts with mesh wires and cables.
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• OSD of 0.1 m roof rock was considered for most seams during mining.
	• *The mining recovery factors used.*	• An 85% recovery factor was used.
	• *Any minimum mining widths used.*	• LW faces are generally designed at fixed width.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded from LW panels.
	• *The infrastructure requirements of the selected mining methods.*	• Zhunge'er Coalfield is located in the Ordos area of Inner Mongolia, which is the most famous coal-producing region in China. Due to the well-developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Boligou is designed to adopt TDS and the heavy media vessel technologies to process the ROM coal, which is widely used in the Zhunge'er Coalfield mines. The proposed coal processing arrangement is considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel*	• The TDS and heavy media vessel technologies are all widely adopted

Criteria	JORC Code explanation	Commentary
	in nature.	coal processing technologies and have been well tested.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Although Boligou Mine is under construction, there are numerous operating coal mines in the Zhunge'er Coalfield. Bulk coal samples from the nearby Tangjiahui Mine were used to test the washability parameters, which is the common practice in the coal industry and deemed appropriate. The coal recovery factor (or yield) for each seam is estimated based on the percentage of partings and OSD for each seam, falling in the 70-80% range.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • Bulk coal samples from the nearby Tangjiahui Mine were used for processing analysis. Tangjiahui is next to Boligou and the general geology conditions and similar, and such samples are considered representative. This is also the commonly adopted approach before a new mine is constructed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value parameter in coal quality is the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Boligou Mine provided environmental impact assessment reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk*	• Zhunge'er Coalfield is located in the Ordos area of Inner Mongolia, which is major coal-producing region in China. Due to the well-

Criteria	JORC Code explanation	Commentary
	commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t of coal producing capacity was assumed which is typical for underground mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by Pingzhuang Coal based on regional operating experiences, which appears appropriate. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical coal prices from the neighboring mines with similar coal quality at RMB328/t VAT inclusive were used for our economic analysis of Boligou Mine.
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges account for only a small portion of the costs for underground mines, and are included in the operating costs.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Penalties for such failure were not considered in forecasting.
	• *The allowances made for royalties payable, both Government and private.*	• The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns,*	• Geological conditions over the projection period are consistent with recent experience from nearby mines; no material coal quality

Criteria	JORC Code explanation	Commentary
	etc. • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	change. • The historical coal prices from the neighboring mines with similar coal quality at RMB328/t VAT inclusive were used for our economic analysis of Boligou Mine.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Coal produced by Boligou Mine will be sold by China Energy using its national sales network, which minimizes the market risk. • The historical coal prices from the neighboring mines with similar coal quality at RMB328/t VAT inclusive were used for our economic analysis of Boligou Mine.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025. NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine | 6.00% | 7.00% | (7.1%) | 8.00% | 9.00% | 10.00% Boligou | 3,724 | 3,378 | 3,340 | 3,077 | 2,812 | 2,579
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mine is under construction. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been

Criteria	JORC Code explanation	Commentary
	• *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the Boligou case, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For*	• The Ore Reserve estimate for the underground operation may exhibit minor variance due to equipment-dependent mining height, coal-seam thickness undulation, and assumptions regarding OSD and

Criteria	JORC Code explanation	Commentary
confidence	*example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small. • The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained. • Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-16 JORC Code, 2012 Edition – Table 1 – Zhunnan Coalfield

The Tunbao, Wudong underground mines and the Liuhuanggou No.4 exploration right area, all controlled by China Energy Xinjiang Energy and Chemical Co., Ltd., are located in the Zhunnan Coalfield. These properties are adjacent to each other.

Section 1 Sampling Techniques and Data

The drilling activities of the Zhunnan Coalfield date back to the 1990s (even 1960s for Wudong Mine). The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. The latest drilling activity at Tunbao Mine, Wudong Mine and Liuhuanggou No.4 Exploration Right area was completed in 2009, 2007 and 2009 respectively. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	maximise representivity of samples. • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• "The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control points was evaluated using two sets of coordinate differences. The maximum difference

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters.
• The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters
• The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications."</td></tr>
<tr><td>Data spacing and distribution</td><td>• Data spacing for reporting of Exploration Results.</td><td>• The drilling grids for different areas of each of the subject Xinjiang Energy properties in Zhunnan Coalfield are as follows:
<table>
<tr><th></th><th colspan="3">Mining Area</th><th colspan="3">Rsources %</th></tr>
<tr><th>Mining/Exploration Right</th><th>Initial</th><th>Successive</th><th>Backup</th><th>Measured</th><th>Indicated</th><th>Inferred</th></tr>
<tr><td>Tunbao</td><td>350 - 500</td><td>350 - 500</td><td>350 - 500</td><td>66</td><td>34</td><td>-</td></tr>
<tr><td>Wudong</td><td>100 - 200</td><td>100 - 200</td><td>100 - 200</td><td>-</td><td>73</td><td>27</td></tr>
<tr><td>Liuihuanggou No.4</td><td>350 - 500</td><td>1,000</td><td>1,000</td><td>10</td><td>58</td><td>32</td></tr>
</table></td></tr>
<tr><td></td><td>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</td><td>• As shown in the table, the resources at all properties have been well defined. The data spacing is adequate to establish geological and quality continuity.</td></tr>
<tr><td></td><td>• Whether sample compositing has been applied.</td><td>• Sample compositing is not applicable to coal.</td></tr>
<tr><td>Orientation of data in relation to</td><td>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</td><td>• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
geological structure	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• No material sampling bias is expected for coal.
Sample security	• *The measures taken to ensure sample security.*	• All samples were packaged in double-layer heavy-duty plastic sampling bags, which were then wrapped and sealed with adhesive tape to ensure the samples remain free from damage or contamination during storage and transportation. All samples taken were temporarily stored at the field office of the exploration team and are regularly sent to the designated laboratory by a designated person.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Tunbao Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Xinjiang Energy Co., Ltd. Tunbao Coal Mine Mining Right Number: C6500002009121120054802 Area: 6.143 km² Location: Changji City, Changji Prefecture, Xinjiang Autonomous Region Ownership: China Energy Xinjiang Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries, predecessor of China Energy Xinjiang Energy and Chemical Co., Ltd.)

Criteria	JORC Code explanation	Commentary
		According to the EIA and/or exploration report of the project, there are no highway, first-class road, railway, water conservation facilities, hydropower facilities, natural reserves zone, or scenic sites within the impacting area of the mine. • Wudong Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Shenhua Xinjiang Energy Co., Ltd. Wudong Coal Mine Mining Right Number: C100000201205112012491 5 Area: 19.9357 km² Location: Midong District, Urumqi City, Xinjiang Autonomous Region Ownership: Shenhua Xinjiang Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries, predecessor of China Energy Xinjiang Energy and Chemical Co., Ltd.) According to the EIA and/or exploration report of the project, there are no natural reserves zone, scenic sites, or cultural relics within the mine area. • Liuhuanggou No.4 Mine: Type of Mining Right: Exploration Right Mining Right Name: Xinjiang Changji City Liuhuanggou Mine Area No.4 Exploration Mining Right Number: T6500002009011010024311 Area: 15.66 km² Location: Midong District, Urumqi City, Xinjiang Autonomous Region

Criteria	JORC Code explanation	Commentary
		Ownership: China Energy Xinjiang Energy Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries, predecessor of China Energy Xinjiang Energy and Chemical Co., Ltd.) Currently no available information on material social and environmental issues. • Related coal properties in the Zhunnan Coalfield include Tunbao and Wudong mines and Liuhuanggou No.4 exploration right area. The mining right certificates and exploration right certificate for these are all valid. No known impediments to maintaining and renewing such mining and exploration certificates was identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Zhunnan Coalfield, the following exploration reports were provided for our review: - The Tunbao Mine underwent four exploration campaigns commissioned from the Xinjiang Coalfield Geology Bureau No.161 Team, in 1985-1990, 2003, 2006 and 2008-2009, successively. The resulting geological reports were reviewed and approved by the competent authorities at various levels. - The Wudong Mine underwent exploration work in 1957. The earliest applicable exploration work that can be traced back to is from 1978 to 1980, which was carried out by the 161 and 156 teams of Xinjiang Coalfield Geological Exploration Company. And subsequently, in 1983, from 1985 to 1989, and in 2005, multiple exploration works were carried out by these two geological teams. In 2007, the No.9 Geological Team of the Xinjiang Geological Bureau completed a small amount of exploration work.

Criteria	JORC Code explanation	Commentary
		The above resulting geological reports were reviewed and approved by the competent authorities at various levels. - The Liuhuanggou No.4 Mine underwent four exploration campaigns commissioned by Shenhua Xinjiang Energy Co., Ltd from the same geological team, the 161 Coalfield Geological Exploration Team of the Xinjiang Coalfield Geological Bureau, from 1985 to 1990, in 2003, in 2006, in 2009, respectively. The resulting geological reports were reviewed and approved by the competent authorities at various levels. • All programs include the collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Zhunnan Coalfield is tectonically located on the southern margin of the Junggar Block, within the mid-eastern part of the North Tianshan Foreland Depression. It is bounded to the north by the Central Uplift of the Junggar Basin and to the south by the North Tianshan Orogenic Belt, forming a typical foreland basin coal-accumulating unit. The basin initiated from the Permian to Triassic, entered a major coal-forming period during the Jurassic, and experienced intense tectonic compression and modification from the

Criteria	JORC Code explanation	Commentary
		Cretaceous to the Cenozoic. During the Himalayan Orogeny, the collision between the Indian and Eurasian plates caused the North Tianshan to thrust strongly over the Junggar Basin. This formed the present structural pattern -steep in the south and gentle in the north - and led to deep burial and complex deformation of the coal measures. • Structure The formation of the Zhunnan Coalfield is primarily controlled by the North Tianshan Fault Zone and its associated foreland thrust-nappe system. The coalfield's structure is dominated by thrust faults, accompanied by associated strike-slip and normal faults. Folds are commonly linked to the thrusts, forming a thrust-fold belt. Fold axial traces generally trend NWW, consistent with the regional structural grain. • Based on structural complexity, the Zhunnan coalfield can be divided into three zones: • Southern Foreland Strong Deformation Zone: adjacent to the North Tianshan, this zone is extremely complex, featuring dense faulting, steep dips (often >60 degrees), and intensely crumpled coal seams or tectonic coal. • Central Thrust-Fold Zone: moderately complex, characterized by broad anticlines/synclines and thrust faults. This is the main area for current coal mining. • Northern Monocline Zone: structurally simple, with gentle strata dips and stable coal seams. • The Tunbao Mining Right and the Liuhuanggou Exploration Right are adjacent to each other, featuring a northwest-dipping monocline with a dip angle of approximately 18 degrees. The Wudong Mine is divided into northern and southern sections by the NE-SW trending

Criteria	JORC Code explanation	Commentary
		Badaowan Syncline, with the southern limb dipping at 83 to 89 degrees and the northern limb dipping at 43 to 51 degrees.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.
Relationship between mineralisation widths and	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
intercept lengths	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP

Criteria	JORC Code explanation	Commentary
	and its use for Mineral Resource estimation purposes. • *Data validation procedures used.*	converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited I China Energy Xinjiang Energy Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Xinjiang Energy mines in Zhunnan Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the Xinjiang Energy mines in Zhunnan

Criteria	JORC Code explanation	Commentary
		Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits as follows: - Liuhuanggou No.4: No elevation-related constraints for exploration right - Tunbao: from 0m to 1,500m - Wudong: from 200 m to 800 m • The following tables show the detailed characteristics of each seam of each mine

Criteria	JORC Code explanation	Commentary

Mine	Seam	Thickness (m)			Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
		Coal	Parting	Seam				
Tunbao	5	6.9	1.4	8.3	-	117 - 1213	18-NW	Moderate
	7	1.6	0.2	1.8	12	129 - 1226	18-NW	Eratic to Moderate
	9	4.0	0.2	4.2	17	140 - 1251	18-NW	Moderate
	10	5.5	0.6	6.2	3	141 - 1260	18-NW	Moderate
	14-1	1.6	0.4	2.0	26	270 - 1064	18-NW	Eratic
	14-2	6.0	0.1	6.1	4	182 - 1275	18-NW	Moderate
	15-1	10.4	0.6	10.9	7	200 - 1284	18-NW	Moderate
	15-2	4.9	0.5	5.3	5	210 - 1292	18-NW	Eratic

Criteria	JORC Code explanation	Commentary

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Wudong (North)	B39	2.1	0.5	2.6		11 - 724	44-S	Eratic
	B37	3.1	0.5	3.6	27	5 - 510	44-S	Eratic
	B36	1.7	0.4	2.1	6	1 - 758	44-S	Eratic
	B33	3.1	0.5	3.6		18 - 420	44-S	Moderate
	B32	3.1	0.5	3.6	20	61 - 452	44-S	Moderate
	B31	2.1	0.3	2.4	21	22 - 805	44-S	Moderate
	B30	1.8	0.1	1.9	8	137 - 446	44-S	Eratic
	B28-29	1.3	0.1	1.4	29	15 - 576	44-S	Eratic
	B20	3.9	0.5	4.4		1 - 571	44-S	Moderate
	B19	4.0	0.5	4.5	5	4 - 605	44-S	Moderate
	B18	3.2	0.6	3.8	4	10 - 613	44-S	Moderate
	B17	4.6	1.0	5.6	4	8 - 624	44-S	Moderate
	B16	4.0	0.6	4.6	34	1 - 652	44-S	Moderate
	B15	2.0	0.2	2.3	19	8 - 561	44-S	Moderate
	B14-2	1.1	0.0	1.1	8	11 - 572	44-S	Moderate
	B14-1	2.0	0.2	2.2	14	14 - 584	44-S	Moderate
	B14	1.1	0.1	1.2	6	29 - 591	44-S	Eratic
	B13	1.3	0.1	1.4	4	15 - 596	44-S	Eratic
	B12	1.3	0.2	1.5	31	34 - 572	44-S	Eratic
	B9	2.4	0.2	2.6	2	30 - 596	44-S	Moderate
	B8	2.1	0.2	2.2	13	19 - 604	44-S	Moderate
	B6-1	5.7	0.4	6.1	54	44 - 664	44-S	Moderate
	B5-6	16.5	2.5	19.0	26	1 - 645	44-S	Uniform
	B3-4	3.5	0.3	3.9	2	34 - 699	44-S	Moderate
	B1-2	29.1	1.8	30.8	98	0 - 774	44-S	Uniform
Wudong (South)	B34	1.4	0.3	1.8		18 - 771	85-N	Eratic
	B33	3.6	0.2	3.8	8	18 - 420	85-N	Moderate
	B30-32	5.9	0.2	6.1			85-N	Moderate
	B21-29	19.1	0.5	19.6			85-N	Moderate
	B20	7.5	0.4	7.8		1 - 571	85-N	Moderate
	B19	6.0	0.3	6.3	3	4 - 605	85-N	Moderate
	B18	3.5	0.2	3.6	2	10 - 613	85-N	Moderate
	B17	3.4	0.3	3.7	4	8 - 624	85-N	Moderate
	B16	2.3	0.1	2.4	34	1 - 652	85-N	Moderate
	B15	2.6	0.0	2.6	4	8 - 561	85-N	Moderate
	B13-14	3.8	0.0	3.8			85-N	Moderate
	B11-12	3.0	-	3.0			85-N	Moderate
	B10	3.0	0.2	3.2	1	90 - 607	85-N	Moderate
	B9	2.5	0.2	2.6	33	30 - 596	85-N	Moderate
	B8	1.6	0.0	1.6	7	19 - 604	85-N	Moderate
	B7	1.0	-	1.0	9	30 - 583	85-N	Eratic
	B3-6	39.5	1.5	41.0	6	57 - 615	85-N	Moderate
	B1-2	30.5	2.0	32.5	98	0 - 774	85-N	Moderate
Liuhuanggou No.4	4	1.5	0.3	1.8	-	114 - 1203	18-NW	Eratic
	5	5.9	1.4	7.3	1	201 - 1213	18-NW	Moderate
	7	1.2	0.3	1.5	15	129 - 1226	18-NW	Eratic to Moderate
	9	4.1	0.1	4.2	20	140 - 1251	18-NW	Moderate
	10	6.3	0.6	6.9	2	32 - 1260	18-NW	Moderate
	14-1	1.5	0.3	1.8	22	270 - 1064	18-NW	Eratic
	14-2	6.5	0.4	6.9	2	57 - 1275	18-NW	Moderate
	15-1	7.4	0.3	7.7	3	65 - 1284	18-NW	Moderate
	15-2	5.2	0.6	5.8	2	69 - 1292	18-NW	Eratic

Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	All mining and exploration rights within the Zhunnan Coalfield are underground coal mines. The resource estimation methodology is consistent for all underground mines and is detailed as follows: • Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining

Criteria	JORC Code explanation	Commentary
	• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface

Criteria	JORC Code explanation	Commentary
		infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and reported on natural moisture basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% Calorific Value Qnet,d: Lignite 15.7 MJ/kg. Bituminous Coal 17.0 MJ/Kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be*	• The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). • in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.

Criteria	JORC Code explanation	Commentary
	reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical factors or assumptions used for coal resources estimates.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Each of the Tunbao and Wudong mines provided environmental impact assessment reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk

Criteria	JORC Code explanation	Commentary
	evaluation process of the different materials.	density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The resources were classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data. • The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• nternal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate for the undergournd operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.8 m thick for bituminous thermal coal as presented at the Zhunnan Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans. - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han visited Xinjiang Energy in September 2025. During the site visit, the Competent Person observed collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with

Criteria	JORC Code explanation	Commentary
		corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• A Preliminary Design Report for each of the Tunbao and Wudong mines was provided, which is the typical mine design report for coal mines in China, generally considered comparable to or higher than the Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Preliminary Design Report for each mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected: - Tunbao: FM LW SLC - Wudong: FM LW SLC • Seam thickness is the major factor considered in selecting the mining method. Typically, the threshold seam thickness for sublevel caving mining is approximately 4.5-6.0 m. Both FM LW and FM LW SLC methods are widely used in underground coal mines in China. The selection of mining method (FM LW SLC) in the two mines are considered appropriate in terms of the seam thickness and general occurrence as well as the design output capacity. • Ground control in the LW faces are provided by hydraulic shields, which are designed by evaluating various factors including the mining depth, the roof strata structure and mining heights. Roadway support

Criteria	JORC Code explanation	Commentary
		features mainly roof bolts with mesh wires and cables.
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• Not applicable
	• *The mining dilution factors used.*	• Tunbao: OSD of 0.05-0.20 m roof rock was considered for various coal seams during mining. Wudong: OSD of 0.20 m roof rock was considered for the seams.
	• *The mining recovery factors used.*	• An 85% recovery factor was used for both mines.
	• *Any minimum mining widths used.*	• LW faces are generally designed according to the mine configurations and coal seam occurrence. Tunbao LW face width is 230 m. Zhunnan's LW face width is determined by the thick and steep seam conditions, ranging from 25-95 m.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• In Coal Reserve estimation, Inferred Coal Resources were excluded from LW panels.
	• *The infrastructure requirements of the selected mining methods.*	• Zhunnan Coalfield is located approximately 30 km southwest of Urumqi City of Xinjiang Uygur Autonomous Region, where infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• Tunbao uses roller crusher to break the coarse coal and then uses the heavy media vessel technology for further coal processing. Wudong uses TDS dry separation technology for coal processing. The proposed coal processing arrangement is considered appropriate and can satisfy the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The heavy media vessel and TDS technologies are all widely adopted coal processing technologies and have been well tested for decades.

Criteria	JORC Code explanation	Commentary
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Tunbao and Wudong mines have well-established coal processing history. Actual amount of coal being processed is determined by customer requirements and market conditions. The coal recovery factor (or yield) for each seam is estimated based on the percentage of partings and OSD for each seam, and the processing technology adopted. Product yield for various seams ranges from 80% to 94%, for Tunbao, and from 81% to 89% for Wudong
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • Tunbao and Wudong mines have well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• Calorific Value and ash content parameters in coal quality are the main focus for thermal coal. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmen-tal	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Each of the Tunbao and Wudong mines provided environmental impact assessment reports. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Zhunnan Coalfield is located close to Urumqi City, Xinjiang. Infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.

Criteria	JORC Code explanation	Commentary
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil constructions, equipment purchases, etc. Sustaining capital at RMB30/t of coal producing capacity was assumed which is typical for underground mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by each mine based on historical performance and adjusted for certain changes. The competent person extended the projection period to thirty years.
	• *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• No deleterious elements. • The historical three-year average prices were used for our economic analysis of each mine. Tunbao: RMB309/t VAT inclusive Wudong: RMB352/t VAT inclusive
	• *The source of exchange rates used in the study.* • *Derivation of transportation charges.*	• Exchange rates: not applicable • Transportation charges account for only a small portion of the costs for underground mines, and are included in the operating costs.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting.
	• *The allowances made for royalties payable, both Government and private.*	• The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates,*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change.

Criteria	JORC Code explanation	Commentary
	transportation and treatment charges, penalties, net smelter returns, etc. • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• The historical three-year average prices were used for our economic analysis of each mine. Tunbao: RMB309/t VAT inclusive Wudong: RMB352/t VAT inclusive
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.*	• Most of coal products from Tunbao and Wudong mines will supply the nearby Power Plants and other factories as thermal coal. Zhunnan Coalfield is one of the major Xinjiang coal producing areas with a mature coal market. The coal products from the two mines have consistent coal quality and are expected to continue their market share.
	• *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices were used for our economic analysis of each mine. Tunbao: RMB309/t VAT inclusive Wudong: RMB352/t VAT inclusive
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimate the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.
	• *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	

Criteria	JORC Code explanation	Commentary
		NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine / 6.0% / 7.0% / (7.1%) / 8.0% / 9.0% / 10.0% Tunbao 180 25 8 (101) (202) (284) Wudong 307 108 86 (55) (188) (298)
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mines recognize their social responsibility and have maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.*	• Once Coal Resources of various categories were estimated, Coal Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the Shangyuquan, Ciyaogou and Shaping cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.

Criteria	JORC Code explanation	Commentary
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the underground operation may exhibit minor variance due to equipment-dependent mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations.
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX B-17 JORC Code, 2012 Edition – Table 1 – Zhuozishan Coalfield

Subject coal mines located in the Zhuozishan Coalfield include Gongwusu, Laoshidan, Limin, Luotuoshan, Lutian and Pinggou. In addition, the Hongliushu West and Kabuqi Deep Exploration areas are also located in Zhuozishan Coalfield. These properties are controlled by China Energy Wuhai Energy Co., Ltd and adjacent to each other.

Section 1 Sampling Techniques and Data

The drilling activities of the Zhuozishan Coalfield dates back to the 1960s. The drilling techniques employed in historical exploration across various mines are difficult to trace with precision. The phased coal mine geological reports compiled according to Chinese standards also lack detailed descriptions of the sampling/drilling techniques used in each phase. Through interviews with technical personnel from mines and exploration teams previously responsible for these projects, we learned that the exploration work in the target coalfield was exclusively conducted by state-owned, specialized coal exploration teams. Their exploration results were required to undergo review and approval by management authorities at various levels. Consequently, the drilling technologies adopted by these different teams uniformly complied with relevant nationally issued specifications. With the exception of the exploration work for the Hongliushu exploration right, which was completed in 2006, all other coal mine exploration in the area was finished before 2000. Geological reports for all the mines over the past 20 years have involved no substantial new drilling activities, focusing instead on the verification of resource and reserves. Although the specific historical drilling techniques are difficult to retrace, based on our review of the borehole data from each mine and its comparison with production data, we confirm that this data is generally consistent with the information exposed during mining operations.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
	relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Sub-sampling techniques and sample	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.

Criteria	JORC Code explanation	Commentary
preparation	*sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The coordinate system is the 1954 Beijing Coordinate system, and the elevation system adopts the 1956 Yellow Sea elevation reference. Total stations are set up using nearby control points, and the position of the survey point in the plane is determined using the Topcon GTS-602 type GPS. The accuracy of the control

Criteria	JORC Code explanation	Commentary
		points was evaluated using two sets of coordinate differences. The maximum difference between the two sets of coordinates was 0.17 meters, and the elevation difference was 0.12 meters. • The surveying instruments used for borehole positioning hold valid annual inspection certificates issued by the quality control department. These instruments demonstrate stable and reliable performance, and the measurement methods employed are correct and appropriate. A more than 10% random re-survey was conducted on 44 engineering boreholes in this area using the repeat observation method. The plane error of 98% of the drilling holes is within ±0.10 to ±0.15 meters. Elevation error: ≤ ±0.05 meters • The re-survey results confirm that the engineering survey outcomes in this area are accurate, and their precision meets the requirements of relevant regulations and specifications.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The drilling grid in most mines in Zhuozishan Coalfield is 500×500 m, with the exception of Lutian mine, which is about 200x200 m since historically open-pit mining method was used. This drilling spacing is sufficient to classify the majority of the resources in the each mining area as the indicated category. The data spacing is adequate to establish geological and quality continuity • Sample compositing is not applicable to coal.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a*	• For coal seams, as long as full seam interval sampling is achieved, the sampling orientation has virtually no impact on the results. • No material sampling bias is expected for coal seams where full-interval sampling was conducted.

Criteria	JORC Code explanation	Commentary
	sampling bias, this should be assessed and reported if material.	
Sample security	• *The measures taken to ensure sample security.*	• The exploration activities date too far back in history, and the relevant information can no longer be traced.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• There are no known audits or reviews of sampling techniques and data. This is not routine practice in the Chinese coal industry.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Gonwusu Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Shenhua Group Haibowan Mining Co., Ltd. Gongwusu No.3 Coal Mine Mining Right Number: C1000002012011140122379 Area: 14.7566 km² Location: Gongwusu Town, Hainan District, Wuhai City, Inner Mongolia Autonomous Region Ownership: Inner Shenhua Group Haibowan Mining Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to the "Implementation Opinions on the Main Functional Zoning Plan" issued by the Inner Mongolia Autonomous Region Government (NZF [2015] No. 18), the main functional zones include key development areas, development restricted areas, and development prohibited areas. According to the document, Hainan District is listed in the Appendix 3 (of above document) - Key

Criteria	JORC Code explanation	Commentary
		Development Area Catalog of Inner Mongolia Autonomous Region, however per the Appendix 8 – Development Prohibited Area Catalog for Natural Protection Area, part of the eastern boundary of Gongwusu No.3 Coal Mine falls under the jurisdiction of Etuoke Banner of Ordos City, and partially overlap with the Western Ordos National Natural Protection Zone, which fall within the category of Development Prohibited Area. As a result of the above, the Gongwusu No. 3 Coal Mine has been adjusted so as to avoid overlapping with the Natural Protection Zone, with a 9.28 million-ton protective coal pillar being designed. The mine maintains a minimum distance of 10m from the nearest experimental zone, 120m from the nearest buffer zone, and 325m from the nearest core zone to meet ecological access requirements of Inner Mongolia Autonomous Region. • Laoshidan Coal Mine: Type of Mining Right: Mining Right Mining Right Name: China Energy Wuhai Energy Co., Ltd. Laoshidan Coal Mine Mining Right Number: C1500002010041120062203 Area: 9.7767 km² Location: Hainan District, Wuhai City, Inner Mongolia Autonomous Region Ownership: China Energy Wuhai Energy Co., Ltd. (100% owned by China Energy) According to EIA and/or exploration report of the project, the Laoshidan

Criteria	JORC Code explanation	Commentary
		Coal Mine does not involve environmentally sensitive points requiring special protection, such as major water source, geological relics, cultural landscape, nature reserves, or scenic sites. • Limin Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Inner Mongolia Limin Coal and Coke Co., Ltd. Coal Mine Mining Right Number: C1500002011011120104723 Area: 7.9862 km² Location: Qipanjing Town, Etuoke Banner, Ordos City, Inner Mongolia Autonomous Region Ownership: Inner Mongolia Limin Coal and Coke Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) According to EIA and/or exploration report of the project, the Limin Coal Mine does not involve environmentally sensitive points requiring special protection, such as nature reserves, or historical sites. The mine is located far from urban area. • Luotuoshan Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Shenhua Group Haibowan Mining Co., Ltd. Luotuoshan Coal Mine Mining Right Number: C1000002011071120115468 Area: 11.571 km² Location: Haibowan District, Wuhai City, Inner Mongolia Autonomous Region Ownership: Shenhua Group Haibowan Mining Co., Ltd. (100% owned

Criteria	JORC Code explanation	Commentary
		by China Energy directly and/or via subsidiaries) According to EIA and/or exploration report of the project, the Luotuoshan Coal Mine does not overlap with the Western Ordos Natural Protection Zone, and there is no natural reserves, scenic sites or historical sites within the mine area. • Lutian Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Shenhua Group Haibowan Mining Co., Ltd. Lutian Coal Mine Mining Right Number: C1500002011101120120203 Area: 6.7532 km² Location: Haibowan District, Wuhai City, Inner Mongolia Autonomous Region Ownership: Shenhua Group Haibowan Mining Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. • Pinggou Coal Mine: Type of Mining Right: Mining Right Mining Right Name: Shenhua Group Haibowan Mining Co., Ltd. Lutian Coal Mine Mining Right Number: C1000002012101140127769 Area: 15.6452 km² Location: Haibowan District, Wuhai City, Inner Mongolia Autonomous Region

Criteria	JORC Code explanation	Commentary
		Ownership: Shenhua Group Haibowan Mining Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) The Pinggou Coal Mine technical upgrade project partially overlaps with the protection zone and construction control area of the Zhaoshaogou Rock Paintings Sites. The technical upgrade project of Pinggou consists of three blocks with a total area of 15.6452 km². Block 1 covers 2.2977 km², where any form of construction work is strictly prohibited. Block 2 covers 2.6760 km², where any form of construction work is strictly prohibited before the project construction unit obtains the construction project planning permit issued by the National Cultural Heritage Administration. Block 3 covers 10.6715 km², which is not involved in the above-ground cultural heritage protection zone or construction control area. • Hongliushu West Exploration: Type of Mining Right: Exploration Right Mining Right Name: Inner Mongolia Autonomous Region Zhuozishan Coalfield Hongliushu Mine Area West Coal Exploration Mining Right Number: T150000200811101001883 7 Area: 6.0983 km² Location: Hainan District, Wuhai City, Inner Mongolia Autonomous Region Ownership: Shenhua Wuhai Coal Coking Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues.

Criteria	JORC Code explanation	Commentary
		• Kabuqi Deep Area Exploration: Type of Mining Right: Not Available (Exploration Right pending) Mining Right Name: Not Available Mining Right Number: Not Available Area: Not Available Location: Haibowan District, Wuhai City, Inner Mongolia Autonomous Region Ownership: Shenhua Group Haibowan Mining Co., Ltd. (100% owned by China Energy directly and/or via subsidiaries) Currently no available information on material social and environmental issues. Wuhai Energy initially applied for the Exploration Right in 2005, however as of the data cut-off date of this Report, the Exploration Right has never been granted. Wuhai Energy provided a series of documents provided by Natural Resource authorities showing that the Exploration Right has been reserved for Wuhai Energy in the past decade and latest document was issued in 2018 without an expiration date of their valid reservation period of the Exploration Right, which requested Wuhai Energy to re-apply for the Exploration Right after removing an area of 4.5 km^2 from the right which overlap with the Western Ordos Natural Protection Zone. According to Wuhai, this Exploration Right is still reserved for Wuhai Energy, based on the document Wuhai Energy provided and the Competent Person's knowledge and experiences with Chinese mining industry, Wuhai Energy's claim appears reliable. • Related coal mines in the Zhuozishan Coalfield include Gongwusu, Laoshidan, Limin, Luotuoshan, Lutian and Pinggou mines, exploration right areas include Hongliushu West and Kabuqi Deep Exploration

Criteria	JORC Code explanation	Commentary
		areas. The mining right certificates and exploration right certificates for these are all valid. No known impediments to maintaining and renewing such mining and exploration certificates were identified.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In order to complete a resources/reserves estimates for the subjected mining/exploration rights located in the Zhuozishan Coalfield, the following exploration reports were provided for our review: - Gongwusu Mine: = Detailed Exploration Report for the Gongwusu Mining Area, Zhuozishan Coalfield, November 1965 = Supplementary Production Geology Exploration Report for the Gongwusu Open-pit Mine, November 1989 - Laoshidan Mine: = Detailed Exploration Report for the Luotuoshan Mining Area, Zhuozishan Coalfield, December 1972 = Detailed Exploration Report for the Luotuoshan Mine, November 1984 - Pinggou Mine = Detailed Geological Report for Pinggou and Jiudonggou Mine, February 1964 - Hongliushu Mine: = Coal Exploration Report for Hongliushu Mine, June 2006 • All programs include collection of data on coal occurrence and quality, hydrology, and geotechnical characteristics of strata, spontaneous combustion and explosiveness of coal, coalbed methane, etc. Based on the Chinese mining regulation, the results of exploration are presented in the form of an Exploration Report that must be approved

Criteria	JORC Code explanation	Commentary
		by the government in order to apply for exploration and mining right certificates. Due to these detailed regulated procedures, drilling data, exploration reports, and mine design reports prepared in PRC are very consistent in content and presentation. • It's the CP's opinion that the reports are reliable, and the drill hole data in the report was used for resources/reserves estimates.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Coal deposit. • The geologic settings of the Zhuozishan Coalfield is judged to be moderate. While the strata are mostly gently dipping, seam splitting and complex faulting are the complicating factors for the seams in Zhuozishan Coalfield. • Regional Geology: The region is located on the eastern limb of the Gongwusu Anticline, characterized by an east-dipping monoclinal structure. Strata strike SN–NNE with dips of 10–30°, generally steeper at shallow depths and gentler in deeper sections. Folding is weakly developed, featuring only three minor structures: the Gongwusu Anticline (NNE-trending, about 7 km long, shallow seams at the axis suitable for open-pit mining), the A1 Anticline (approximately 2.5 km long, disrupted by the F10 thrust fault), and the S1 Syncline. • Structure: Faults are the dominant structural feature, with 62 identified (31 confirmed, 22 basically confirmed, 1 preliminarily controlled). These include 19 thrust and 43 normal faults, mostly with throws <30 m. Early NS-trending thrust faults strongly control structure, while later EW-trending normal faults often cut them. Major thrusts include Xilaifeng (throw 100 to 500 m, significantly influencing coal seams and Ordovician groundwater), Hongliushu

Criteria	JORC Code explanation	Commentary
		and its branches (35 to 220 m), and F10 (0 to 110 m). Key normal faults (e.g., F11, F12, XF1, DF10) mostly dip east with throws of 10–40 m. No magmatic activity is observed. Overall, the structure is dominated by monocline, with minor folds and numerous but controllable faults, moderately impacting mining layout. The structural complexity is rated as moderate.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable as no Exploration Results included in the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable as no Exploration Results included in the report.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable as no Exploration Results included in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Not applicable as no Exploration Results included in the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable as no Exploration Results included in the report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable as no Exploration Results included in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• There is currently no further exploration planned.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Collected coal mine geological reports, including drilling data, are available in both PDF and editable Word/Excel formats. The CP converted the data from the editable versions into the database for this resource estimate. The database was verified in the spreadsheet by checking the maximum, minimum, average, and duplicates, seam sequence checking. • If any errors preventing further progress were identified during the process, the cause was investigated based on error prompts, and comparisons were made with the PDF version data for verification. No data anomalies were detected during this estimate process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han and BOYD Senior Geologist, Mr. Yongliang Xing visited I CHN Energy Wuhai Energy Co., Ltd. in September 2025. During the site visit, the Competent Person collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Collected coal mine geological reports are available in both PDF and editable Word/Excel formats. The Qualified Person converted the data from the editable versions into the database for this resource estimation. • Due to the layered continuity and large-scale occurrence of coal seams, the geological interpretation reliability for coal seams in mature mining areas like Wuhai Energy mines in Zhuozishan

Criteria	JORC Code explanation	Commentary
		Coalfield is high. The CP for this report, through the review of coal quality, borehole logs and geophysical logs for seam correlation, considers the geological interpretation of the Wuhai Energy mines in Zhuozishan Coalfield to be highly reliable. • The geological interpretation utilizes the following assumptions: - Variations in coal seam thickness are linear and follow a regular pattern. - Sudden and significant changes in coal seam thickness over short distances typically indicate structural abnormalities, such as: = Syndepositional structures leading to seam splitting and thinning. = Post-depositional structures including erosion by paleochannels, and magmatic erosion. • Factors compromising coal seam continuity encompass: - Seam splitting and thinning. - Erosion by paleochannels/up-lifting to surface/ igneous intrusions. - Faulting. - outcrop.
Dimensions	• The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	• The resources area is delineated by the authorized mine boundary, with vertical mining elevation limits as follows: - Gongwusu: from 1,300 m to 400 m - Laoshidan: from 1,250 m to 775 m - Limin: from 1,377 m to 855 m

Criteria	JORC Code explanation	Commentary
		- Luotuoshan: from 1,230 m to 360 m - Lutian: from 1,235 m to 1,024 m - Pinggou: from 1,310 m to 750 m • The resources area of Hongliushu Exploration Area is only delineated by the authorized certificate boundary. • Kabuqi Deep Exploration Area：Kabuqi Deep Exploration Area is the deeper area located under the Pinggou Mine, while the exploration right for this area has not been approved by the time our report is prepared, according to the source data provided by Wuhai Energy, the authorized mining elevation of Pinggou Mine overlaps with the upper part of Kabuqi Deep Exploration Area, therefore the coal resources occurred in the 16-1 seam and 16-2 seam which are situated within the overlapped elevation range have been included in our resources and reserve estimation for Pinggou Mine, however the lower 17 seam and 18 seam are not included, as the drilling data of these two seams are too limited to support a resource estimation according to JORC Code.

Criteria	JORC Code explanation	Commentary
		•

Mine	Seam	Thickness (m) Coal	Parting	Seam	Distance from the Upper Seam (m)	Seam Depth Range (m)	Seam Dip (deg.)	Seam Occurrence
Gongwusu	9	3.1	0.75	3.9	-	25 - 857	22-SE	Moderate
	12	0.9	0.03	1.0	38	9 - 892	22-SE	Eratic
	16	6.0	1.24	7.3	31	19 - 919	22-SE	Moderate
	17	0.9	0.03	0.9	4	31 - 768	22-SE	Eratic
	26-2	1.5	0.05	1.5	14	511 - 805	5-SE	Eratic
	26-3L	3.6	0.24	3.9	33	424 - 856	5-SE	Moderate
	27-1	2.9	0.21	3.1	48	577 - 948	5-SE	Moderate
	27-3	10.7	0.88	11.5	63	464 - 980	5-SE	Moderate
Laoshidan	16-4	6.6	2.77	9.4	-	37 -423	7-NW	Eratic to Moderate
Limin	9-1	3.1	0.30	3.4	-	145 - 437	8-SW	Moderate
	9-2	1.2	0.08	1.3	3	153 - 441	8-SW	Moderate
	16	4.9	0.85	5.8	37	58 - 474	8-SW	Moderate
Luotuoshan	9-2	2.3	0.43	2.7	-	125 - 637	9-SW	Moderate
	10	1.0	-	1.0	2	130 - 643	9-SW	Moderate
	16-1	3.2	0.18	3.4	52	181 - 693	9-SW	Moderate
	16-2	1.6	0.28	1.9	2	185 - 700	9-SW	Moderate
Lutian	17	1.1	-	1.1	-	8 - 1161	15-E	Moderate
Pinggou	9	2.7	0.65	3.4	-	11 - 533	10-W	Moderate
	10	1.1	-	1.1	3	18 - 540	10-W	Eratic
	16-1	1.7	0.25	1.9	50	12 - 590	10-W	Eratic
	16-2	1.7	0.29	2.0	1	16 - 594	10-W	Moderate
Hongliushu West	12	1.7	0.09	1.8	-	294 - 1190	17-E	Moderate
	14	1.2	0.11	1.3	44	343 - 1237	17-E	Eratic
	17	3.9	0.94	4.8	80	424 - 424	17-E	Moderate

Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to*	All mining and exploration rights within the Zhuozishan Coalfield are underground coal mines. The resource estimation methodology is consistent for all underground mines and is detailed as follows: • Database Establishment: Transfer data into Excel, including: mining right boundary coordinates and authorized mining elevations, borehole collar coordinates and elevations, coal seam structure data for each seam, coal seam roof and floor depths/elevations, and coal quality data. • Data Validation: Use various Excel tools and formulas to screen for anomalous data, verifying them against original source documents. The correctness of the seam sequence is validated by calculating inter-seam spacing. Check for duplicates and

Criteria	JORC Code explanation	Commentary
	the average sample spacing and the search employed. • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	correct them post-verification. • Data Completeness Review: Batch import the preliminarily validated data layer by layer into AutoCAD. Compare each coal seam layer against the original maps to ensure the dataset incorporates all the latest data. • Seam Correlation: Review the provided original borehole logs, geophysical logs, exploration line cross-sections, and resource/reserve estimation maps. Compare these with the newly created and preliminarily validated database to confirm the rationality of the seam correlation. Update the database iteratively based on the correlation conclusions until all seams are satisfactorily correlated. Preserve the database to prevent accidental modifications. • Resource Map Generation in CAD: Using the final database, generate resource maps for each coal seam in CAD. These primarily include: coal seam isopachs, floor elevation contours, resource classification boundaries, and various resource area boundaries (e.g., permanent sterilized areas, surface infrastructure protection zones, authorized mining elevation limits, structural protection zones, minimum thickness lines). • Coal Quality Review: Confirm whether any areas need to be excluded based on coal quality criteria. • Resource Calculation: Calculate the area of each resource block by resource classification and thickness range. Then, calculate the total in-situ resources for each classification using

Criteria	JORC Code explanation	Commentary
		parameters like coal apparent density and formation dip angle. • In-seam parting Calculation: For seams containing non-excludable partings, calculate the tonnage of this inherent dilution using the same methodology.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All resource tonnages are estimated and report on natural moisture basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The cut-off grades used: Ash content Ad: 40% Sulphur content St,d: 3% • Calorific Value Qnet,d: 17.0 MJ/kg.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The following assumptions are made specifically for underground mining: - All seams will be extracted by FM LW mining method (with/without sub-level caving capability). - in-seam parting thinner than the minimum mining thickness of coal for LW-FM mining will have to be mined together with coal.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of*	• No metallurgical factors or assumptions used for coal resources estimates.

Criteria	JORC Code explanation	Commentary
	the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Each of the subject Wuhai Energy mines (except for Pinggou which is undergoing mine upgrade construction preparation) provided environmental impact assessment report. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The competent persons have reviewed the bulk density data corresponding to each sample in the received borehole data. The arithmetic mean for each coal seam was adopted as the fundamental parameter for calculating the seam's resources. • In accordance with standard Chinese exploration practice, bulk density data for partings within coal seams is typically not prioritized, resulting in a limited dataset. Based on industry experience, the competent persons have assumed a value of 2.1 for this parameter. • The competent persons confirm that the adoption of these bulk density values and the aforementioned assumption are appropriate.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*	• The resource was classified as Measured, Indicated, and inferred in accordance with the JORC Code (2012 Edition) and Australasia Institute of Mining and Metallurgy (AusIMM) guidelines. • Resource classification considered geological factors (structural and sedimentary) and continuity of coal quality, sample spacing and the quality of the data.

Criteria	JORC Code explanation	Commentary
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The results reflect the competent persons' view.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the coal resources estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Data protocols and estimation techniques used in the Mineral Resource adhere to the guidelines outlined in the JORC Code (2012 Edition). • The coal resources estimate for the undergournd operations may exhibit minor variance due to equipment-dependent minimum mining height, coal-seam thickness undulation, and assumptions regarding the maximum thickness of parting that is to be mined together with coal. While these factors may introduce limited systematic and unavoidable deviation, their overall impact on resource accuracy is negligible.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• In estimating coal resources, the following steps were used: - Independent review and interpretation of the source exploration data. - Review of seam correlation. - Identification of coal seam occurrence greater than 0.7 m

Criteria	JORC Code explanation	Commentary
Reserves		thick for coking coal as presented at the Zhuozishan Coalfield. - Exclusion of barrier areas underlying protected surface structures (e.g., mine facilities, major highways, major streams, and populated areas that are not planned to be relocated) and barrier areas along main roadway development for mine plans. - Preparation of coal isopach maps within the identified resource areas. - Review of seam quality. • The Coal Resources reported are inclusive of the Coal Reserves. Coal Reserve estimation has only been undertaken for those portions of the Measured and Indicated Resources that satisfy the applicable Modifying Factors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person, Mr. Jisheng Han visited Wuhai Energy in September 2025. During the site visit, the Competent Person observed the mine operations, collected source data, reviewed exploration history and records, discussed historic performance and current status as well as future plans of each subject mine and exploration area with corresponding technical staff and management personnel.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves.*	• A Preliminary Design Report for the Gongwusu, Laoshidan, Limin, Luotuoshan and Pinggou mines, and a Coal Resource Development and Utilization Plan for Lutian were provided, which are the typical feasibilitystudy or mine design reports for coal mines in China,

Criteria	JORC Code explanation	Commentary
	Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	generally considered comparable to or higher than the Pre-Feasibility Study level. The mine plan and economics were carefully reviewed in detail and concluded as viable to support Coal Reserves estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• Coal reserves estimation was limited to the Measured and Indicated Resource areas and no cut-off grades were used.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• Preliminary Design Report or Coal Resource Development and Utilization Plan for each mine was provided, which has the necessary mining design details for coal reserve estimation. The mining method selected: - Gongwusu: FM LW SLC - Laoshidan: FM LW SLC - Limin: FM LW - Luotuoshan: FM LW - Lutian: FM LW SLC - Pinggou: FM LW
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• Seam thickness is the major factor considered in selecting the mining method. Typically, the threshold seam thickness for sublevel caving mining is approximately 4.5-6.0 m. Both FM LW and FM LW SLC methods are widely used in underground coal mines in China. The selection of mining methods in the six mines is considered appropriate in terms of the seam thickness and general occurrence as well as the design output capacity.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Ground control in the LW faces are provided by hydraulic shields, which are designed by evaluating various factors including the mining depth, the roof strata structure and mining heights. Roadway support features mainly roof bolts with mesh wires and cables.
	• *The major assumptions made and Mineral Resource model used for*	• Not applicable

Criteria	JORC Code explanation	Commentary
	pit and stope optimisation (if appropriate). • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• OSD of 0.05 – 0.2 m roof rock was considered for most seams during mining depending on the roof rock type and mining methods selected. • An 85% recovery factor was used. • LW faces are generally designed at fixed width. • In Coal Reserve estimation, Inferred Coal Resources were excluded from LW panels. • Zhuozishan Coalfield is located in the western part of Inner Mongolia Autonomous Region. Due to the well-developed coal industry, infrastructure needed for underground mining operations in the Wuhai area are conveniently available such as power supply, transportation network, water supply, etc.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• The subject Wuhai Energy mines adopt crusher and screen technology to process the coarse coal and the 3-product heavy media cyclone technology to process the fine coal. The proposed coal processing arrangement is considered appropriate for the coking coal in this coalfield, and appeared capable of satisfying the requirement of product coal quality by their customers.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• The crusher and screen process and 3-product heavy media cyclone technology are all widely adopted coal processing technologies and have been well tested for decades in various regions in China.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Most of the subject Wuhai Energy mines have well-established coal processing history. Actual amount of coal being processed is determined by customer requirements and market conditions. The coal recovery factor (or yield) for each seam is estimated based on

Criteria	JORC Code explanation	Commentary
		the percentage of partings and OSD for each seam.
	• *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.*	• No deleterious elements • Most of the subject Wuhai Energy mines have well-established coal processing history, thus no bulk sample or pilot scale test work is needed.
	• *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• The coal type at Zhuozishan Coalfield is mainly coking coal or 1/3 coking coal which are used in the coking industry. The inherent caking index of the clean coal satisfies the coking requirements (>90%) while the processing is mainly for ash content control. The clean coal for coking purpose generally requires ash content below 10.5%. In the Coal Reserve estimation process, such parameters have been reviewed and demonstrated in the product coal quality.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• Each of the subject Wuhai Energy mines (except for Pinggou which is undergoing mine upgrade construction preparation) provided environmental impact assessment report. The mines do not need residue storage since the waste rocks are either used by the mines for backfilling or transported away for various usages.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Zhuozishan Coalfield is located in the western part of Inner Mongolia Autonomous Region near Wuhai City. Due to the well-developed coal industry, infrastructure needed for underground mining operations are conveniently available such as power supply, transportation network, water supply, etc.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• Capital expenditure projections for the period from August 2025 to December 2029 were provided by each mine covering civil

Criteria	JORC Code explanation	Commentary
		constructions, equipment purchases, etc. Sustaining capital at RMB30/t of coal producing capacity was assumed which is typical for underground mines in China.
	• *The methodology used to estimate operating costs.*	• Operating cost projections for the period from August 2025 to December 2029 were provided by each mine based on historical performance and adjusted for certain changes. The competent person extended the projection period to the year when the Coal Reserves are depleted.
	• *Allowances made for the content of deleterious elements.*	• No deleterious elements.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.*	• The historical three-year average prices (VAT inclusive) were used for our economic analysis of each mine. Gongwusu: RMB754/t Laoshidan: RMB814.75/t Limin: RMB858.5/t Luotuoshan: RMB697.6/t Lupian: RMB443.75/t Pinggou: RMB650/t
	• *The source of exchange rates used in the study.*	• Exchange rates: not applicable
	• *Derivation of transportation charges.*	• Transportation charges account for only a small portion of the costs for underground mines, and are included in the operating costs.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Processing cost projections are based on historical performance and included in overall mining operation costs. No case of failure to meet quality specifications was reported and penalties for such failure were not considered in forecasting, which appears common for coal mines.
	• *The allowances made for royalties payable, both Government and private.*	• The mines already paid the mining right fees in obtaining the mining rights. Such fees were amortized over operating years.

Criteria	JORC Code explanation	Commentary
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Geological conditions over the projection period are consistent with recent experience; no material coal quality change. • The historical three-year average prices (VAT inclusive) were used for our economic analysis of each mine. Gongwusu: RMB754/t Laoshidan: RMB814.75/t Limin: RMB858.5/t Luotuoshan: RMB697.6/t Lupian: RMB443.75/t Pinggou: RMB650/t
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• The clean coal products from the subject Wuhai Energy mines are used as coking coal to supply the coking and steel industry. Zhuozishan Coalfield is a well-developed coalfield with a mature coking coal market. The coal products from the mines have consistent coal quality and are expected to continue their market share. • Coal prices have been slowly declining over the 2024-2025 period. The historical three-year average prices (VAT inclusive) were used for our economic analysis of each mine. Gongwusu: RMB754/t Laoshidan: RMB814.75/t Limin: RMB858.5/t Luotuoshan: RMB697.6/t Lupian: RMB443.75/t Pinggou: RMB650/t
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic*	• The projection on output, operating costs, capital expenditures, tax rates, working capital, etc. are used to produce the NPV. The discount

Criteria	JORC Code explanation	Commentary
	inputs including estimated inflation, discount rate, etc.	rate was derived from the study of peer group analysis, weighted average cost of capital, equity cost of capital and debt cost of capital. Based on the results of the above analysis, we estimates the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%, as of 31 July 2025.
	• *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	NPV Under Various Sensitivity Cases (RMB Millions) Base Case Mine / 6.0% / 7.0% / (7.1%) / 8.0% / 9.0% / 10.0% Gongwusu 303 49 21 (167) (351) (508) Laoshidan 53 20 16 (10) (37) (61) Limin 203 56 40 (68) (173) (261) Luotuoshan 97 38 31 (16) (65) (109) Lutian 5 5 5 5 5 5 Pinggou 148 61 51 (7) (59) (98)
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• The mines recognize their social responsibility and have maintained cordial relationship with local government and society. No social issues affecting or disrupting mine operations were reported.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• No such factors that will have impact on the project and/or on the estimation and classification of the Coal Reserves have been identified. It has been rare that under normal situations, operating coal mines in China would not receive government approvals to continue mine operations.
Classification	• *The basis for the classification of the Ore Reserves into varying*	• Once Coal Resources of various categories were estimated, Coal

Criteria	JORC Code explanation	Commentary
	confidence categories.	Reserves were estimated after applying the mine plan to the resource areas. Under normal conditions as in the subject Wuhai Energy mines cases, the basis for the classification of the Coal Reserves into varying confidence categories is derived from the categories of Coal Resources, i.e., the Proven Reserves are from the Measured Resources, and the Probable Reserves are from the Indicated Resources.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• They do.
	• *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• None.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• Internal technical reviews were undertaken by peer Competent Persons as part of its routine governance process. These reviews did not identify material issues affecting the Ore Reserve estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	• The Ore Reserve estimate for the underground operation may exhibit minor variance due to equipment-dependent mining height, coal-seam thickness undulation, and assumptions regarding OSD and extraction losses. These factors may introduce limited deviation, but the overall impact on reserve accuracy is expected to be small.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	• The accuracy statement relates primarily to the global Coal Reserve estimate. Local accuracy may vary slightly in zones where seam thickness fluctuates or equipment recovery is constrained.
	• *Accuracy and confidence discussions should extend to specific*	• Uncertainty is mainly associated with modifying factors such as mining equipment mining height, operational OSD assumptions, and

Criteria	JORC Code explanation	Commentary
	discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	recovery/loss parameters. These factors influence extraction thickness and mined tonnage but remain within normal ranges for underground longwall or continuous mining operations. • No reconciliation against long-term production is available. Confidence is therefore based on equipment capability, geological interpretation, and modifying factor assumptions.

APPENDIX C

COMPETENT PERSON'S CONSENT FORM

Report name:

COMPETENT PERSON'S REPORT
FORTY - SEVEN COAL MINES AND EXPLORATION RIGHT AREAS UNDER SUBSIDIARIES OF CHINA ENERGY INVESTMENT CORPORATION LIMITED
Heilongjiang, Shanxi, Shaanxi Provinces and
Inner Mongolia, Ningxia, Xinjiang Autonomous Regions
People's Republic of China

Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED

Signature:

Date of Report:

STATEMENT

I, Ronald L. Lewis, confirm that I am the Competent Person for the Report and:

- I have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).
- I am a Competent Person as defined by the JORC Code, 2012 Edition, having five years experience that is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which I am accepting responsibility.
- I am a registered members of the Society of Mining, Metallurgy, and Exploration, Inc..
- I have reviewed the Report to which this Consent Statement applies.

I am a full time employee of John T. Boyd Company and have been engaged by China Shenhua Energy Company Limited to prepare the documentation for forty-seven coal mines and exploration right areas on which the Report is based, for the period ended 31 July 2025.

I have disclosed to the reporting company the full nature of the relationship between myself and the company, including any issue that could be perceived by investors as a conflict of interest.

I verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in my supporting documentation relating to Coal Resources and Coal Reserves.

Ronald L. Lewis, CP
Managing Director and COO

CONSENT

I consent to the release of the Report and this Consent Statement by the directors of:

China Shenhua Energy Company Limited

Signature of Competent Person Date:

Professional Membership Membership Number

Signature of Witness Print Witness Name and Residence

Additional deposits covered by the Report for which the Competent Person signing this form is accepting responsibility:

None.

Additional Reports related to the deposit for which the Competent Person signing this form is accepting responsibility:

VALUATION REPORT
FORTY-SEVEN COAL MINES AND EXPLORATION RIGHT AREAS UNDER SUBSIDIARIES OF CHINA ENERGY INVESTMENT CORPORATION LIMITED
Heilongjiang, Shanxi, Shaanxi Provinces and
Inner Mongolia, Ningxia, Xinjiang Autonomous Regions
People's Republic of China

Signature of Competent Person Date:

Professional Membership Membership Number

Signature of Witness Print Witness Name and Residence

STATEMENT OF JORC COMPLIANCE

The estimates of Coal Resources and Reserves for forty-seven (47) coal mines and coal exploration right areas under subsidiaries of China Energy presented in this report have been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Mineral Council of Australia, 2012.

The information in this report to which this statement is attached that relates to the Coal Resources is based on information reviewed by Mr. Ronald L. Lewis, who is registered members of the Society of Mining, Metallurgy, and Exploration, Inc., and full-time employees of John T. Boyd Company.

Mr. Lewis has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

(Signed)

Ronald L. Lewis, CP
Managing Director and COO

STATEMENT ON MATERIAL CHANGES SINCE THE EFFECTIVE DATE

I, Ronald L. Lewis, the Lead Competent Person responsible for this Competent Person's Report, hereby state that, to the best of my knowledge and belief, there have been no material changes to the Coal Resource and Coal Reserve estimates contained in this Report, nor to the key assumptions, parameters, and methods supporting these estimates, between the effective date of this Report (31 July 2025) and the date of this statement.

Signature:

Name: Ronald L. Lewis
Title: Managing Director and COO
Company: John T. Boyd Company
Date:

VALUATION REPORT

FORTY-SEVEN COAL MINES AND EXPLORATION RIGHT AREAS UNDER SUBSIDIARIES OF CHINA ENERGY INVESTMENT CORPORATION LIMITED

Heilongjiang, Shanxi, Shaanxi Provinces and
Inner Mongolia, Ningxia, Xinjiang Autonomous Regions
People's Republic of China

Prepared For

CHINA SHENHUA ENERGY COMPANY LIMITED

By

John T. Boyd Company
Mining and Geological Consultants
Pittsburgh, Pennsylvania, USA

Report No. 3123.040
DECEMBER 2025

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Mining and Geological Consultants

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Managing Director and COO
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DRAFT
Date: 24 December 2025
File: 3123.040

China Shenhua Energy Company Limited
Shenhua Tower, 22 Andingmen Xibinhe Road
Dongcheng District, Beijing
People's Republic of China

Attention: Mr. Zhang Changyan
Executive Director

Subject: Valuation Report
Forty-Seven Coal Mines and Exploration Right Areas Under Subsidiaries of China Energy Investment Corporation Limited
Heilongjiang, Shanxi, Shaanxi Provinces And Inner Mongolia, Ningxia, Xinjiang Autonomous Regions
People's Republic of China

Dear Ladies and Gentlemen:

John T. Boyd Company (BOYD) was engaged in September 2025 by China Shenhua Energy Company Limited (China Shenhua) to complete an independent valuation of forty-seven (47) coal mines and coal exploration right areas, which are currently held by multiple subsidiaries of China Energy Investment Corporation Limited (China Energy). The subject properties are located in various coal-producing provinces (regions) of the People's Republic of China (PRC) including Heilongjiang, Inner Mongolia, Ningxia, Shaanxi, Shanxi and Xinjiang. We understand China Shenhua intends to acquire the subsidiaries of China Energy which control the subject properties, and this Valuation Report is prepared in accordance with the VALMIN Code.

The reader is referred to a companion Competent Person's Report (CPR) prepared by BOYD in December 2025, which provides the basis of the estimated coal resources and reserves, mine plans, and related economics used as the primary source of information in preparing this Valuation Report.

Respectfully submitted,

JOHN T. BOYD COMPANY
By:

Ronald L. Lewis
Managing Director and COO
Representative Expert/Competent Evaluator

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GLOSSARY AND DEFINITIONS

Additional Coal Reserve	Coal reserve that remains unmined in each mine beyond 2054 until when DCF analysis is completed by BOYD (from August 2025 through 2054). It is also called Tail Reserve in the report.
Apt.....	Arbitrage pricing theory.
BOYD.....	John T. Boyd Company.
CAPEX.....	Capital expenditure.
CAPM.....	Capital asset pricing model.
Competent Evaluator.....	A Competent Person undertaking mineral valuations that satisfy HKEx RULE 18.23.
Competent Person.....	A person that satisfies HKEx rules 18.21&.22.
CPR	Competent Person' Report.
CPP.....	Coal processing plant.
DCF.....	Discounted cash flow.
ERP.....	Equity risk premium.
Expert (VALMIN)	May be either: (a) an "Independent individual" who prepares and accepts responsibility for a Report, or (b) a "Representative Expert" who is the nominated representative of a legally constituted body. He or she supervises the preparation of a Report and accepts responsibility for it on behalf of that body. Independent Individual Expert: (a) must be Competent in and have had at least ten years of relevant and recent general mining experience in the mining industry, as may be appropriate; (b) have had at least five years of relevant and recent experience in the assessment and/or valuation of mineral assets or securities, as may be appropriate; (c) hold appropriate licenses; (d) be a member of an appropriate professional

	association having an enforceable code of ethics. Representative Expert: should preferably have the same length of experience and degree of competence as is required of an Independent Individual Expert. If this is not the case, he or she must engage a "Senior Specialist" who: (a) is competent and has had at least ten years of relevant and recent experience in the mining industry, as may be appropriate; (b) has had at least five years of relevant and recent experience in the assessment and/or valuation of mineral assets and securities, as may be appropriate; (c) holds the appropriate licenses; (d) is a member of an appropriate professional association having an enforceable code of ethics.
Feasibility Study	A comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational, and all other relevant factors, which are considered in enough detail to demonstrate at the time of reporting that extraction is reasonably justified and the factors reasonably serve as the basis for a final decision by a financial institution to finance the development of the project.
GAAP	Generally accepted accounting principles.
HKEx	Stock Exchange of Hong Kong.
Indicated Resource.....	That part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade, and mineral content can be estimated with a reasonable level of confidence.
Inferred Resource.....	That part of a mineral Resource for which tonnage, grade, and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence, sampling, and assumed but not verified geological and/or grade continuity.

JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), as published by the Joint Ore Reserves Committee, as amended from time to time.
Life-of-Mine (LOM) Plan	A design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.
LOM	Life-of-Mine.
Market Value	The estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently, and without compulsion.
Measured Resource	That part of a mineral Resource for which tonnage, densities, shape, physical characteristics, grade, and mineral content can be estimated with a high level of confidence.
Mine Planning	Includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralization, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.
Mineral	Any naturally occurring material found in or on the earth's crust that is useful to and/or has a value placed on it by humankind, excluding crude oil, natural gas, coal-based methane, tar sands, and oil-shale, which are classified as Petroleum as defined in D35 of VALMIN Code.
Mineral Asset	All property, including but not limited to real property, intellectual property, mining, and exploration tenements held or acquired in connection with the exploration of, the development of, and the production from those tenements together with all plant, equipment, and infrastructure owned or acquired for the development, extraction, and processing of minerals in connection with those tenements. Most Mineral Assets can be classified as either:

Exploration Areas — properties where mineralization may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.

Advanced Exploration Areas — properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralization present and encouragement that further work will elevate one or more of the prospects to the resource category.

Pre-Development Projects — properties where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance, and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further Valuation, Technical Assessment, delineation, or advanced exploration is being undertaken.

Development Projects — properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.

Operating Mines — mineral properties, particularly mines and processing plants, that have been commissioned and are in production.

Mt	Million tonnes.
MV	Market Value.
NPVs	Net present values.
PRC	The People's Republic of China.
Prefeasibility Study	A comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, for underground mining, or the pit configuration, for an open pit,

	has been established and an effective method of mineral processing has been determined. It includes a financial analysis based on realistically assumed or reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are enough for a Competent Person, acting reasonably, to determine if all or part of the mineral Resource may be classified as a mineral Reserve.
Probable Reserve.....	With regard to minerals, the economically mineable part of an Indicated, and in some circumstances a Measured, Resource.
Professional Association	A self-regulating body such as one of engineers or geoscientists or both that: (a) has been given authority or recognition by statute; (b) admits members primarily on the basis of their academic qualifications and professional experience; (c) requires compliance with professional standards of expertise and behavior according to a code of ethics established by the association; and (d) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its code of ethics be breached.
Proved Reserve.....	With regard to minerals, the economically mineable part of a Measured Resource.
Reasonableness	Implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.
Recognized Professional Organization.....	A self-regulatory organization of professional individuals in the mining or petroleum industry which admits individuals on the basis of their academic qualifications and experience, requires compliance with professional standards of competence and ethics established by the organization, and has disciplinary powers, including the power to suspend or expel a member.

Reserve	With regard to minerals, the economically mineable part of a Measured, and/or Indicated Resource, taking into account diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments to a minimum of a Prefeasibility Study must have been carried out. Mineral Reserves are subdivided in order of increasing confidence into Probable Reserves and Proved Reserves. Note: although the term Mineral Reserve is used throughout this Chapter, it is recognized that the term Ore Reserve is used in the JORC Code.
Resources	With regard to minerals, a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality, and quantity that there are reasonable prospects for their eventual economic extraction. The location, quantity, grade, geological characteristics, and continuity of a mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated, and Measured Resources, as defined in the JORC Code.
Risk	The chance of an event occurring that will have an impact on objectives. A risk may be quantifiable in terms of the likelihood of loss, less than expected returns, or an undesirable outcome.
RMB	Renminbi, the Chinese currency.
Specialist	A person whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering, or metallurgy) provides them with the authority to assess or value Mineral Assets.
Technical Assessment	An evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.
Technical Assessment Report	(a.k.a. CPR) Involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.
Technical Value	An assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set

	of assumptions deemed most appropriate by an Expert or Specialist, excluding any premium or discount to account for such factors as market or strategic considerations.
VALMIN Code	The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (2005 edition), as prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists, and the Mineral Industry Consultants Association as amended from time to time.
Valuation	The process of determining the monetary Value of a Mineral Asset at a set Valuation Date.
Valuation Date.....	The reference date on which the monetary amount of a Valuation in "dollars of that day" terms is current. This date could be different from the dates of completion or signing of the Report or the cut-off date of available data.
Valuation Methods	A subset of Valuation Approaches and may represent variations on a common rationale or basis.
Valuation Report.....	The public valuation report prepared by a Competent Evaluator on Mineral or Petroleum Assets in compliance with SEHK rule 18.34 and the applicable Reporting Standard, as modified by this Chapter. It may form part of a Competent Person's Report.
VAT	Value-Added Tax.
VR	Valuation Report.
WACC	Weighted Average Cost of Capital.
YTM	Yield to maturity.

1.0 INTRODUCTION

1.1 Scope of Work/Purpose

This independent valuation of the forty-seven (47) coal mines and coal exploration right areas was prepared by BOYD under the direction of Ronald L. Lewis, Representative Expert, for China Shenhua Energy Company Limited (China Shenhua) for use in a public filing on the Stock Exchange of Hong Kong (HKEx). In preparing this report, we have relied on a companion report: Competent Person's Report (CPR), prepared by BOYD in December 2025. The Valuation Date for this study is 31 July 2025. This report is prepared in accordance with HKEx Listing Rules Chapter 18 and the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition (VALMIN Code 2015).

1.2 Assets Summary

As of the date of valuation, the subject mine operations and related assets and the exploration rights are fully or partially controlled by multiple subsidiaries of China Energy Investment Corporation Limited (China Energy). Most of the mines and related facilities are fully developed, with several individual mines in other status including under technical renovation, under construction and to be constructed. The operations employ underground or open-pit mining method with various design

capacity and coal handling arrangements. Coal mines and exploration right areas included in the scope of work are summarized in Table 1-1.

Table 1-1 Summary of Subject Coal Mines and Exploration Areas

Mine/Exploration Right Area	Share of China Energy*	Mining Method**	Status	Location	
				Area	Province/Region
China Energy Baotou Mining Co., Ltd.					
Exploration Rights					
Yinminhe East Backup	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
Yinminhe East No.2	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
Yinminhe East Peripheral	100%	UG	Greenfield	Hulunbuir	Inner Mongolia
China Energy Guoyuan Power Co., Ltd.					
Mining Rights					
Chaoyang Open-pit	90%	OP	Operation	Baoqing	Heilongjiang
Dananhu No.2 Open-pit	100%	OP	Operation	Hami	Xinjiang
Renjiazhuang	75.50%	UG	Operation	Lingwu	Ningxia
Sandaogou	70%	UG	Operation	Fugu	Shaanxi
Shangyuquan	69.85%	UG	Operation	Hequ	Shanxi
Exploration Rights					
Dananhu West F1 South	100%	UG	Greenfield	Hami	Xinjiang
Dananhu West No.1 East	100%	UG	Greenfield	Hami	Xinjiang
Dananhu West No.3	100%	UG	Greenfield	Hami	Xinjiang
Data	69.85%	UG	Greenfield	Hequ	Shanxi
Huangbai	69.85%	UG	Greenfield	Hequ	Shanxi
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Mining Rights					
Xiwan Open-pit	41%	OP	Operation	Yulin	Shaanxi
China Energy Wuhai Energy Co., Ltd.					
Mining Rights					
Gongwusu	100%	UG	Operation	Wuhai	Inner Mongolia
Huangbaici	100%	UG	Operation	Wuhai	Inner Mongolia
Laoshidan	100%	UG	Test Run	Wuhai	Inner Mongolia
Limin	100%	UG	Operation	Wuhai	Inner Mongolia
Luotuoshan	100%	UG	Operation	Wuhai	Inner Mongolia
Lutian	100%	UG	Operation	Wuhai	Inner Mongolia
Pinggou	100%	UG	Operation	Wuhai	Inner Mongolia
Suhaitu	100%	OP	Operation	Wuhai	Inner Mongolia
Wuhushan	100%	UG	Operation	Wuhai	Inner Mongolia
Exploration Rights					
Kabuqi Deep Exporation Area	100%	UG	Greenfield	Wuhai	Inner Mongolia
Hongliushu West	100%	UG	Greenfield	Wuhai	Inner Mongolia
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Mining Rights					
Heishan Open-pit	100%	OP	Operation	Tuokexun	Xinjiang
Hongshaquan No.1 Open-pit	100%	OP	Operation	Qitai	Xinjiang
Hongshaquan No.2 Open-pit	100%	OP	Operation	Qitai	Xinjiang
Tunbao	100%	UG	Operation	Changji	Xinjiang
Wudong	100%	UG	Operation	Wulumuqi	Xinjiang
Zhundong Open-pit	100%	OP	Operation	Changji	Xinjiang
Exploration Rights					
Jiangjunmiao	100%	OP	Greenfield	Qitai	Xinjiang
Liuhuanggou No.4	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.2	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.3	100%	UG	Greenfield	Changji	Xinjiang
Wucaiwan No.5	48.42%	OP	Greenfield	Changji	Xinjiang
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Mining Rights					
Chahasu	100%	UG	Operation	Yulin	Shaanxi
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Mining Rights					
Baiyinhua No.1 Open-pit	100%	OP	Operation	West Ujimqin	Inner Mongolia
Boligou	100%	UG	Construction	Zhunge'er	Inner Mongolia
Hesigewula South Open-pit	51%	OP	Operation	Ulagai	Inner Mongolia
Yuanbaoshan Open-pit	100%	OP	Operation	Chifeng	Inner Mongolia
Exploration Rights					
Heidaigou	100%	UG	Greenfield	Zhunge'er	Inner Mongolia
Jinsanjiao East	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai Youyan West	100%	UG	Greenfield	Nilka	Xinjiang
Jirentai West	100%	UG	Greenfield	Nilka	Xinjiang
Shanxi Jinshen Energy Co., Ltd.					
Mining Rights					
Ciyaogou	29%	UG	Operation	Hequ	Shanxi
Shaping	49%	UG	Operation	Hequ	Shanxi

Note: *China Energy's share of the title owner of the mining/exploration rights.
**UG = Underground, OP = Open-pit.

1.3 Source Data

The reader is referred to the BOYD CPR for a listing of source data used to prepare this document. For purposes of this Valuation Report (VR), BOYD requested and received the following additional source data:

- Details for forward August 2025-2029 mining and business plans (projections):
  - Projected product type.
  - General and administrative cost.
  - Selling costs and taxes.
  - Financial costs.
  - Fully Mechanized longwall (FM LW) and development equipment replacement plan.

- Coal sales:
  - Existing coal sales commitments (or contracts) for forward sales.
  - Summary of historical coal sales contracts, showing the name of customer, name of mine, coal quality requirement, FOB price, tonnage, and other additional pricing agreement.
  - FOB mine coal sales prices for the mine on the close of the first day of each month for the past 12 months and past 5 years.

- Existing assets:
  - Fixed asset summary listing for the mines and facilities, as of 31 July 2025, showing original and net asset values.
  - Annual depreciation rates by asset classes.
  - Depreciation schedule for all the assets from 1 August 2025 until the end of the year when the estimated reserves are depleted.

- Mineral and land costs:
  - Mineral resource compensation fees.
  - Outstanding mining right fees to be paid as of 1 August 2025.
  - Mining right fees paid in and future payment schedules as of 1 August 2025.
  - Land usage fees and future payment schedules as of 1 August 2025.

- Other forward planning considerations:
  - Production fee projections by year with detailed breakdowns for the period from August 2025 to 2029 and beyond.
  - Expected coal processing requirements for CPPs.
  - Rate and calculation method for all the fees/taxes levied by the tax department or administrative organizations
  - Expected VAT obligation as percent of selling price and expected deductions to VAT for purchase of goods and services.

1.4 BOYD Background and Qualifications

BOYD is one of the largest independent consulting firms exclusively serving the mining, financial, utility, power, and mineral related industries. Consultancy services have been provided on a continuous basis since 1943 in over 100 countries. Our full-time staff includes specialists in the analysis of geology, reserves, mine planning and costs, material handling and processing, markets, business planning, transport, environmental assessments, and mineral valuation. Our full range of professional services includes:

- Independent technical reports (ITR, QPR, CPR)
- Geologic, reserve and mine plan modeling
- Exploration design and supervision
- Reserve and geotechnical studies
- Economic feasibility studies and valuations
- Due diligence of mining operations
- Assessment of existing operations
- Permitting and environmental analysis
- Market and transport analyses
- Material handling and processing
- Strategic business planning
- Financial analysis
- Asset appraisals
- Monitoring of operating companies
- Minerals industry restructuring
- Privatization studies

BOYD possesses extensive computer and software systems to estimate reserves, and complete mine plans including Mincom Minescape, MAPTEK Vulcan, Carlson SurvCADD, Runge XPAC, Mintec Mine Sight, and GEMCOM Whittle.

The company is privately owned, with James W. Boyd serving as Chairman, John T. Boyd II serving as President and Carlos F. Barrera serving as CEO. Currently, a full-time staff of more than 65 is maintained in five offices (Canonsburg, Pennsylvania, USA; Denver, Colorado, USA; Brisbane, Australia; Beijing, China; and Bogota, Colombia). Our staff is supplemented by associates and executive consultants in various areas of specialized expertise in the mining industry.

We have extensive experience with international mining operations and in preparing Competent Person's Reports (CPR), Qualified Person's Reports (QPR), and Independent Technical Reports (ITR) for international financing purposes and for stock exchange filings. We are fully knowledgeable of the listing requirements of the Hong Kong Stock Exchange (HKEx), London Stock Exchange (and AIM), Australian Stock Exchange (ASX), Toronto Stock Exchange (TSX), and Singapore Stock Exchange (SGX). These exchanges generally require technical reports to comply with internationally recognized reporting guidelines such as NI 43-101 (Canadian Requirements), JORC Code, and US Securities and Exchange Commission (SEC) S-K 1300, etc., with regard to mining operations.

Shenhua Group Corporation, a key state-owned enterprise in China and the largest coal company in the world, retained BOYD as their technical advisor for their successful 2005 IPO on the HKEx. Our work included an analysis of reserves (JORC

Standards), coal quality, mine operations, processing, material handling and rail and ocean transport facilities, and economics. Our report was accepted by the HKEx. Subsequently, we completed the resource and reserve reviews for China Shenhua Energy Company Limited's (1088.HK) asset acquisitions filed with the HKEx in 2007, 2010, 2011, and 2012, and prepared coal resource and reserve updates for HKEx annual auditing in 2009, 2014, 2016, 2020, 2022 and 2024.

Inner Mongolia Yitai Coal Company, the largest private coal company in China, successfully listed their IPO on the HKEx in July 2012. BOYD completed the CPR and VR according to international (JORC and VALMIN Codes) standards and Chapter 18 rules.

Yankuang Energy Group Company Limited (Yankuang Energy, formerly Yanzhou Coal Mining Company Limited), a wholly-owned subsidiary of Yankuang Group, is a company listed on four stock markets including HKEx, NYSE, SSE, and ASX. BOYD was engaged by Yankuang Energy to complete the CPR according to International (JORC 2012) standards for its 12 coal mine assets in 2017 as well as the annual update of CPR for annual reporting during 2018 and 2024. In September 2020 BOYD completed a CPR and a VR for Yankuang Energy according to international (JORC and VALMIN Codes) standards and Chapter 18 rules to support the acquisition of the Jinjitan Mine.

BOYD is a recognized consultancy having worldwide stature. Her Majesty's Government, Department of Trade and Industry retained us regarding the privatization of British Coal Corporation, and we were actively involved with N M Rothschild, the lead financial advisor, during the course of this project. Our work assisted in the successful restructuring of the UK coal industry.

Over 2,000 reserve audits have been completed, and many of the largest US and international mineral producers have entrusted BOYD to review their reserve holdings. BOYD's reserve statements have been used by client companies for stock exchange filings. Staff representatives of BOYD have appeared before stock exchange technical staff to support our estimates. As an example, Peabody Energy, one of the largest international coal-producing companies, has utilized BOYD to develop information for SEC filing purposes.

BOYD has worked with and/or for virtually all of the major international banks. Numerous financial agencies have used our services to opine on major property/mine operations and prepare bankable documents accepted and used with confidence by major financial institutions and other investors around the world.

Our commitment to the China/Asia mining industry is exemplified by the presence of our office in Beijing, China. Our clients receive the services of an international company with expertise in the People's Republic of China (PRC) and knowledge of international financial community requirements.

1.5 Competent Evaluator and Specialists

Competent Evaluator for this Valuation Report is Mr. Ronald L. Lewis, who is serving as Representative Expert as defined by VALMIN Code. Mr. Lewis clearly meets all HKEx Rule 18.23 requirements:

- Employed by BOYD for approximately 54 years, currently serving as Chief Operating Officer (COO) and overall Managing Director (MD).
- Relevant experience includes: oversight of all BOYD consulting activities and senior management approval of BOYD work products, direct participation in mining and mineral resource/reserve and valuation assignments.
- Independently recognized expert in mineral valuation serving as an expert witness in over 50 legal proceedings.
- Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc. (SME, a Recognized Professional Organization under the JORC Code), a registered Professional Engineer in the United States, and a Certified Member of the International Institute of Minerals Appraisers.

Mr. Lewis has directed and participated in the preparation of this Report, and accepts responsibility for the Report on behalf of BOYD. Key Senior Specialists who assisted Mr. Lewis are:

Mr. Jisheng (Jason) Han – Vice President, MS (Mining Engineering)
Mr. Han has 29 years of mining engineering experience focused on ground control, geomechanics, general mining engineering, and assessment of mining operations. Experienced in roof bolting and other support design, underground structure stability analysis, remedy reinforcement design, ground control problems associated with multi-seam coal mining and ground subsidence study, feasibility study of mine projects, evaluation of underground mine plans, mining operations, operating costs, mine staffing, capital requirements, mining technique upgrade, and productivity. Expertise has been developed in mine feasibility, economic analysis of mining operations and operational assessments. Additional mine engineering expertise in ventilation analysis, evaluation of coal quality, geological impacts on mine operations and valuation of mining operations. Mr. Han is a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a Competent Person

as defined in the JORC Code and HKEx Chapter 18 requirements. Mr. Han has independent status as required by Rule 18.22.

Mr. Rongjie (Jeff) Li – Managing Director - China, MS (Geochemistry), BE (Geology)
Mr. Li has 19 years of consulting geological based experience in mineral deposits on design and management of exploration programs, and interpretation of exploration data, evaluation of depositional features impacting mineability and utilization, preparation of resource/reserve estimates, technical and economic assessment of mining operations, and valuations of mineral assets. Mr. Li is a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a Competent Person as defined in the JORC Code and HKEx Chapter 18 requirements. Mr. Li has independent status as required by Rule 18.22.

1.6 Certification of Competent Evaluator

As evidenced by Mr. Lewis's signature to this report, he certifies that, to the best of his knowledge and belief:

- The statements of fact contained in this Report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, and BOYD's impartial, and unbiased professional analyses, opinions, conclusions, and recommendations.
- I (Mr. Lewis), nor BOYD, have no present or prospective interest in the China Energy assets that are the subject of this Report, and I, nor BOYD, have no personal interest with respect to the parties involved.
- I, or BOYD, have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- BOYD's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- BOYD's compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the VALMIN Code.

- Mr. Lewis has not made a personal inspection of the properties that is the subject of the report, but representatives of BOYD have visited the subsidiaries of China Energy in conjunction with the preparation of the companion Competent Person's Report.

1.7 Reporting Considerations

BOYD is a privately owned consultancy firm with headquarters in the United States. Our company was selected for this assignment on the basis of our internationally recognized expertise in exploration, resource/ reserve studies, mine development, and valuation.

Estimates of resources and reserves, as well as projections of mine and processing plant output, and financial results, are inherently forward-looking statements. Actual performance may differ from projections of future performance due to various reasons beyond the control of BOYD, including, but not limited to: inherent uncertainties in geologic data interpretation, occurrence of unforeseen geological conditions, change or lack of development in key domestic and international markets, material changes in market prices, variances in the execution of construction and mine plans, and significant changes in projected materials, supplies, parts and equipment, operating costs, and expenditures. Imposition of different central, regional, and/or local government policies could affect future coal production. For example, increased environmental compliance and changes in regulatory oversight for health and safety could result in reduced output and increased costs. Possible variations of future performance from the projections presented in this report are addressed in more detail in specific sections of this report.

We believe the China Energy mining operations are appropriately equipped and operated, and except for normal geologic, operational, and other risks associated with underground coal mining in the PRC, BOYD has not identified any material concerns and/or risks that we consider extraordinary. Management of the mines is a critical element in achieving both production plans and a high degree of safety. China Energy's output plans are based on operating the mine and production facilities consistent with the operation's production capacity. In the event that any unforeseeable events result in temporary decreased production, BOYD is of the opinion that the subject operations have additional capacity potential to make up for minor loss of production volumes.

The primary source of information (written and verbal) relied upon by BOYD in preparing this VR was provided by the subsidiaries of China Energy controlling the

subject mine operations and exploration rights areas. We have exercised reasonable care in reviewing the information provided and received written confirmation from China Energy that all historical data have been accurately reported and all forward projections are prepared and/or approved by competent professionals and China Energy management. Information regarding historical coal sales were provided in summary form and used by BOYD as provided. We have no reason to believe that any material facts have been withheld. We are not responsible for any material errors or omissions in the information provided.

The valuation opinion presented in this report represents the independent professional opinion of the Competent Evaluator and BOYD based on our review of available project information. Our expertise is in technical and valuation issues, and BOYD is not qualified to offer, nor do we represent that any of our findings include, matters of a legal or accounting nature. We have not independently researched land and/or coal certificate rights, nor have we reviewed or verified the ownership or structure of the various entities with interests in the subject mine operations, exploration rights, subsidiary companies of China Energy and China Energy. BOYD is not qualified and does not purport to offer a legal opinion on the status of ownership/control and/or the right to mines.

Although we believe all findings and conclusions to be reasonable, we rely on information developed by others and reflect mining and marketing conditions, and our interpretation of regulations, as of the date of the VR.

Following this page are:

Figures:
1.1: General Location Map

Respectfully submitted,

JOHN T. BOYD COMPANY
By:

Contributing Project Team Members (Specialists)

Rongjie (Jeff) Li, CP
Managing Director - China

Jisheng (Jason) Han, CP
Vice President

Competent Evaluator

Ronald L. Lewis, CP
Representative Expert/Competent Evaluator
Managing Director and COO

2.0 VALUATION OPINION

2.1 Valuation and Sensitivity

The assignment of this report is to opine on the Market Value (MV) of the subject mines and exploration rights holdings, as of 31 July 2025. Based on the production sales, cost, and other data provided to BOYD for the purposes of this assignment and our LOM plan and DCF analysis for the mines and market approach for the exploration rights holdings, we developed an independent opinion of the Technical Value of the existing and projected mine operations and exploration right areas.

According to our discounted cash flow analysis and market approach studies, the Base MV of the subject mine operations is RMB 76,337 million, with an additional indicative MV of RMB 1,716 million. Whilst the Base MV of the exploration rights areas are RMB 13,892 million.

To provide guidance on the probable range in values, we have completed a series of sensitivity DCF-NPV analyses. The probable range in Technical Value using the

variables below applied to the specified Base Case DCF-NPV parameters are as follows:

Table 2-1 China Energy DCF-NPV Sensitivity Analyses

		NPV in Different Sensitivity Cases (RMB Millions)								
	Sensitivity					Base Case				
Mine	Case	-20%	-15%	-10%	-5%	(7.1% Discount Rate)	5%	10%	15%	20%
					China Energy Guoyuan Power Co., Ltd.					
Chaoyang	Coal Price	-2,228	-1,211	-272	662	1,562	2,424	3,283	4,105	4,904
Open-pit	Cash Cost	3,888	3,347	2,772	2,169	1,562	928	263	-405	-1,069
	CAPEX	4,589	3,867	3,136	2,349	1,562	744	-114	-965	-1,838
	WACC	1,979	1,865	1,758	1,657	1,562	1,472	1,388	1,309	1,234
Dananhu	Coal Price	801	1,637	2,435	3,231	3,958	4,682	5,378	6,072	6,762
No.2	Cash Cost	5,567	5,172	4,780	4,379	3,958	3,536	3,088	2,618	2,144
Open-pit	CAPEX	6,133	5,593	5,057	4,524	3,958	3,391	2,793	2,163	1,534
	WACC	4,719	4,511	4,315	4,131	3,958	3,794	3,641	3,496	3,359
Renjiazhuang	Coal Price	147	774	1,383	1,994	2,605	3,171	3,740	4,308	4,868
	Cash Cost	3,916	3,589	3,264	2,935	2,605	2,244	1,879	1,514	1,153
	CAPEX	4,451	3,994	3,533	3,071	2,605	2,102	1,601	1,104	604
	WACC	2,899	2,821	2,746	2,674	2,605	2,539	2,475	2,414	2,356
Sandaogou	Coal Price	-3,775	-1,966	-158	1,650	3,460	5,273	6,988	8,591	10,178
	Cash Cost	8,540	7,364	6,167	4,836	3,460	2,088	713	-659	-2,040
	CAPEX	9,900	8,389	6,855	5,203	3,460	1,718	-15	-1,745	-3,476
	WACC	3,890	3,776	3,666	3,561	3,460	3,363	3,271	3,182	3,096
Shangyuquan	Coal Price	-1,808	-839	134	1,062	1,875	2,698	3,514	4,335	5,158
	Cash Cost	4,080	3,532	2,974	2,424	1,875	1,324	718	52	-620
	CAPEX	5,063	4,266	3,466	2,666	1,875	1,080	221	-702	-1,626
	WACC	2,382	2,243	2,112	1,990	1,875	1,767	1,666	1,571	1,481
					China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan	Coal Price	12,504	15,495	18,271	21,041	23,797	26,560	29,324	32,090	34,846
Open-pit	Cash Cost	29,994	28,446	26,896	25,345	23,797	22,247	20,700	19,138	17,581
	CAPEX	31,500	29,572	27,644	25,720	23,797	21,874	19,950	18,019	16,080
	WACC	27,750	26,666	25,650	24,695	23,797	22,951	22,155	21,404	20,696
					China Energy Wuhai Energy Co., Ltd.					
Gongwusu	Coal Price	-1,984	-1,417	-929	-453	21	493	966	1,433	1,904
	Cash Cost	1,294	972	657	339	21	-298	-623	-943	-1,273
	CAPEX	1,911	1,439	965	496	21	-452	-918	-1,390	-1,922
	WACC	389	289	194	105	21	-58	-133	-204	-271
Huangbaici	Coal Price	-1,488	-1,104	-727	-341	37	383	708	1,033	1,349
	Cash Cost	1,110	852	590	323	37	-275	-591	-902	-1,218
	CAPEX	1,371	1,046	717	392	37	-346	-731	-1,110	-1,494
	WACC	195	153	112	73	37	2	-32	-64	-94
Laoshidan	Coal Price	-621	-465	-302	-140	16	171	308	451	589
	Cash Cost	498	383	263	146	16	-117	-249	-383	-516
	CAPEX	613	470	322	175	16	-150	-315	-477	-642
	WACC	63	51	39	27	16	5	-5	-15	-25
Limin	Coal Price	-1,694	-1,257	-833	-393	40	473	869	1,232	1,595
	Cash Cost	1,417	1,096	781	421	40	-341	-729	-1,115	-1,503
	CAPEX	1,673	1,290	911	499	40	-419	-878	-1,337	-1,786
	WACC	253	195	140	88	40	-6	-49	-89	-127
Luotuoshan	Coal Price	-797	-588	-381	-177	31	236	436	636	833
	Cash Cost	682	522	361	197	31	-138	-305	-469	-635
	CAPEX	861	657	451	240	31	-181	-394	-605	-813
	WACC	117	94	72	51	31	12	-7	-25	-43
Lutian	Coal Price	-16	-11	-7	1	5	10	16	22	27
	Cash Cost	86	66	45	25	5	-15	-36	-56	-76
	CAPEX	91	69	48	27	5	-16	-37	-59	-80
	WACC	5	5	5	5	5	5	5	5	5
Pinggou	Coal Price	-1,142	-851	-546	-247	51	350	648	946	1,242
	Cash Cost	1,044	796	540	300	51	-197	-446	-686	-935
	CAPEX	1,261	959	654	357	51	-253	-557	-851	-1,156
	WACC	180	143	110	79	51	26	3	-18	-37
Wuhushan	Coal Price	-1,695	-1,259	-820	-380	57	488	924	1,363	1,774
	Cash Cost	1,592	1,226	840	448	57	-340	-736	-1,125	-1,519
	CAPEX	1,951	1,521	1,034	542	57	-434	-922	-1,411	-1,899
	WACC	181	148	116	86	57	31	5	-18	-41

Table 2-2 China Energy DCF-NPV Sensitivity Analyses – Continued

		NPV in Different Sensitivity Cases (RMB Millions)								
Mine	Sensitivity Case	-20%	-15%	-10%	-5%	Base Case (7.1% Discount Rate)	5%	10%	15%	20%
China Energy Xinjiang Energy and Chemical Co., Ltd.										
Heishan	Coal Price	-2,769	113	3,007	5,589	7,998	10,382	12,771	15,128	17,486
Open-pit	Cash Cost	14,657	13,003	11,355	9,678	7,998	6,299	4,589	2,506	409
	CAPEX	16,207	14,163	12,123	10,063	7,998	5,912	3,687	1,142	-1,401
	WACC	10,453	9,775	9,142	8,551	7,998	7,481	6,998	6,544	6,119
Hongshaquan	Coal Price	-9,220	-6,906	-4,593	-2,289	13	2,326	4,630	6,943	9,149
No.1	Cash Cost	8,495	6,519	4,347	2,184	13	-2,159	-4,321	-6,483	-8,654
Open-pit	CAPEX	9,718	7,606	5,080	2,541	13	-2,514	-5,038	-7,563	-10,085
	WACC	530	386	252	128	13	-94	-194	-286	-373
Hongshaquan	Coal Price	-8,283	-6,200	-4,119	-2,047	23	2,104	4,174	6,255	8,243
No.2	Cash Cost	7,188	5,528	3,689	1,863	23	-1,816	-3,646	-5,474	-7,314
Open-pit	CAPEX	8,317	6,532	4,365	2,189	23	-2,141	-4,305	-6,468	-8,629
	WACC	602	437	287	149	23	-92	-197	-293	-382
Tunbao	Coal Price	-1,271	-957	-641	-317	8	326	647	964	1,297
	Cash Cost	1,073	798	532	275	8	-257	-523	-790	-1,056
	CAPEX	1,314	985	657	328	8	-320	-646	-974	-1,292
	WACC	235	172	113	58	8	-38	-82	-121	-158
Wudong	Coal Price	-1,842	-1,356	-877	-391	86	564	1,043	1,474	1,878
	Cash Cost	1,446	1,145	802	446	86	-261	-621	-980	-1,330
	CAPEX	1,913	1,501	1,046	573	86	-388	-861	-1,343	-1,815
	WACC	377	296	221	151	86	26	-30	-82	-131
Zhundong	Coal Price	-8,415	-6,311	-4,203	-2,097	19	2,126	4,243	6,348	8,403
Open-pit	Cash Cost	7,366	5,554	3,709	1,863	19	-1,814	-3,658	-5,503	-7,349
	CAPEX	8,577	6,609	4,416	2,212	19	-2,170	-4,360	-6,547	-8,719
	WACC	876	633	410	206	19	-152	-309	-453	-584
Guodian Jiantou Inner Mongolia Energy Co., Ltd.										
Chahasu	Coal Price	-927	1,162	3,199	5,230	7,259	9,291	11,322	13,352	15,382
	Cash Cost	12,702	11,342	9,983	8,619	7,259	5,900	4,540	3,177	1,819
	CAPEX	14,275	12,522	10,764	9,015	7,259	5,514	3,766	2,021	260
	WACC	8,192	7,942	7,703	7,476	7,259	7,052	6,853	6,663	6,481
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.										
Baiyinhua	Coal Price	5,069	5,126	5,185	5,231	5,277	5,324	5,370	5,415	5,462
No.1	Cash Cost	8,545	7,727	6,911	6,093	5,277	4,439	3,527	2,601	1,611
Open-pit	CAPEX	9,373	8,348	7,322	6,304	5,277	4,215	3,090	1,920	615
	WACC	6,529	6,184	5,862	5,560	5,277	5,012	4,762	4,528	4,307
Boligou	Coal Price	1,928	2,290	2,636	2,985	3,340	3,682	4,019	4,359	4,701
	Cash Cost	3,875	3,742	3,609	3,473	3,340	3,196	3,055	2,914	2,776
	CAPEX	4,242	4,017	3,790	3,565	3,340	3,106	2,873	2,641	2,411
	WACC	3,839	3,705	3,577	3,456	3,340	3,230	3,125	3,024	2,928
Hesigewula	Coal Price	6,328	7,764	9,207	10,646	12,077	13,517	14,954	16,396	17,836
South	Cash Cost	14,804	14,121	13,439	12,765	12,077	11,400	10,727	10,038	9,362
Open-pit	CAPEX	15,839	14,898	13,958	13,020	12,077	11,140	10,206	9,272	8,337
	WACC	14,103	13,551	13,031	12,541	12,077	11,640	11,226	10,835	10,464
Yuanbaoshan	Coal Price	-3,859	-2,874	-1,894	-909	75	1,056	2,034	2,978	3,902
Open-pit	Cash Cost	3,511	2,684	1,831	958	75	-809	-1,685	-2,572	-3,451
	CAPEX	4,043	3,113	2,129	1,106	75	-960	-1,986	-3,020	-4,052
	WACC	264	213	164	118	75	34	-5	-41	-76
Shanxi Jinshen Energy Co., Ltd.										
Ciyaogou	Coal Price	40	655	1,267	1,876	2,459	3,037	3,614	4,188	4,739
	Cash Cost	4,132	3,737	3,308	2,884	2,459	2,033	1,581	1,126	673
	CAPEX	4,703	4,163	3,600	3,030	2,459	1,889	1,291	690	91
	WACC	2,733	2,661	2,591	2,524	2,459	2,397	2,337	2,279	2,223
Shaping	Coal Price	-4,255	-3,141	-2,029	-916	186	1,300	2,409	3,526	4,574
	Cash Cost	3,859	2,980	2,057	1,117	186	-740	-1,678	-2,602	-3,534
	CAPEX	4,782	3,718	2,537	1,363	186	-984	-2,151	-3,323	-4,486
	WACC	341	298	258	221	186	153	122	94	67

The probable range in value using discount factors ranging from 6% to 10% are as follows:

Table 2-3 China Energy DCF-NPV Probable Range

	NPV Under Various Sensitivity Cases (RMB Millions)					
Mine	6.0%	7.0%	Base Case (7.1%)	8.0%	9.0%	10.0%
China Energy Guoyuan Power Co., Ltd.						
Chaoyang Open-pit	1,881	1,593	1,562	1,350	1,144	968
Dananhu No.2 Open-pit	4,540	4,015	3,958	3,571	3,195	2,873
Renjiazhuang	2,832	2,628	2,605	2,446	2,284	2,140
Sandaogou	3,792	3,493	3,460	3,228	2,992	2,781
Shangyuquan	2,263	1,913	1,875	1,620	1,373	1,163
China Energy Shaanxi Shenyan Coal Co., Ltd.						
Xiwan Open-pit	26,820	24,093	23,797	21,795	19,845	18,178
China Energy Wuhai Energy Co., Ltd.						
Gongwusu	303	49	21	(167)	(351)	(508)
Huangbaici	159	49	37	(47)	(131)	(204)
Laoshidan	53	20	16	(10)	(37)	(61)
Limin	203	56	40	(68)	(173)	(261)
Luotuoshan	97	38	31	(16)	(65)	(109)
Lutian	5	5	5	5	5	5
Pinggou	148	61	51	(7)	(59)	(98)
Suhaitu	-	-	-	-	-	-
Wuhushan	152	67	57	(6)	(68)	(120)
China Energy Xinjiang Energy and Chemical Co., Ltd.						
Heishan Open-pit	9,871	8,180	7,998	6,780	5,612	4,632
Hongshaquan No.1 Open-pit	406	51	13	(238)	(475)	(671)
Hongshaquan No.2 Open-pit	460	65	23	(243)	(484)	(671)
Tunbao	180	25	8	(101)	(202)	(284)
Wudong	307	108	86	(55)	(188)	(298)
Zhundong Open-pit	667	80	19	(378)	(737)	(1,019)
Guodian Jiantou Inner Mongolia Energy Co., Ltd.						
Chahasu	7,977	7,331	7,259	6,762	6,258	5,808
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.						
Baiyinhua No.1 Open-pit	6,233	5,371	5,277	4,650	4,043	3,529
Boligou	3,724	3,378	3,340	3,077	2,812	2,579
Hesigewula South Open-pit	13,630	12,231	12,077	11,039	10,017	9,136
Yuanbaoshan Open-pit	220	89	75	(22)	(118)	(199)
Shanxi Jinshen Energy Co., Ltd.						
Ciyaogou	2,671	2,481	2,459	2,309	2,153	2,012
Shaping	304	197	186	109	35	(26)

Although BOYD has used a 7.1 discount factor to arrive at our Base MV for the subject operations and exploration rights, for sensitivity purposes, we also included DCF analyses using discount rate ranging from 6% to 10%. While we believe the 7.1 discount factor is appropriate and reasonable, an alternate factor of 6% is included to reflect highest technical value to a synergistic buyer. The 8% to 10% discount rates are typical for MV (any willing buyer) valuations.

We developed life-of-mine (LOM) plan for the subject mines that provides the foundation of the cash flow projections. Level of study of the LOM plans is

considered to be Prefeasibility. The plan is limited to defined JORC Code qualified Proven and Probable Reserves (as developed by BOYD in the Competent Person's Report (CPR). The mines valued in this report have varying LOM. For mines with an LOM of less than 30 years, our DCF valuation extends to the year of reserve depletion. For mines with an LOM of 30 years or more, our DCF valuation only covers the first 30 years (up to 2054). The remaining reserves not extracted by 2054 (within the 30-year period) were valued using a Hybrid Approach.

In cases where the coal reserves are depleted before 2054, we have shown the value of the estimated mine closure costs in the final year of mine operation. We recognize that the mine operator may elect to continue to operate marginal performing mines for other commercial reasons or to delay the cost of closure.

The valuation of the exploration tenements was conducted using two approaches: the Market Approach for these with available comparable market transactions, and a Hybrid Approach for these without such transaction information.

In the Market Approach, a set of comparable market transactions was collected, including available information on location, resource quantity, and transaction prices. Each target exploration tenement was analyzed against these comparable cases, and adjustments were applied to account for differences in geology, resource quality, infrastructure, and project maturity.

The Hybrid Approach is adopted when sufficient comparable transaction cases are not available due to confidentiality restrictions, incomplete public disclosure, and heterogeneous transaction structures. Consequently, the Market Approach is not practical. Alternatively, an indicative value was derived using a correlation to the average per-tonne profitability of comparable operating coal mines within the same geological region, for which the detailed operational information is available and assessed in the CPR. Adjustments were made to account for resource conversion, exploration uncertainty, and development risk. The resulting value is considered an indicative estimate of potential market value rather than a formal market-based valuation.

2.2 DCF-NPV Analysis Parameters and Assumptions

The major valuation parameters and assumptions used to develop our base case DCF-NPV analysis are as follows:

1. Annual Coal production, operating cost and capital expenditures are derived from the LOM plan (supplied by the subsidiary companies of China Energy and developed by BOYD if certain information is incomplete) for the subject mines.
2. Product coal FOB sales prices are expressed in constant RMB including VAT.
3. Annual cash flow projections are calculated on an after-tax basis, with capital expenditures deducted in the year incurred.
4. Mid-year discounting is utilized with the 7.1 discount rate.
5. Mine level general and administrative costs are included; corporate general and administrative charges are not included.
6. The mining right Fee, Construction Tax, and Education Supplementary Tax are included in our cost estimate.
7. Working capital/parts/inventory in July 2025 at each mine was reviewed; additional capital injection is considered if deemed inadequate for the LOM Plan . It is assumed that the mines will recover the working capital during the last operation year.
8. Detailed capital expenditure projections were provided by China Energy only for some mines in the next five years. Based on the information from the site discussions with mine technical and management personnel, BOYD developed a capital expenditures (CAPEX) projection for the mines until the year when the identified remaining LOM reserves exhausts, by assigning an unit CAPEX of RMB 15-30 per tonne for underground mines and RMB 5-15 per tonne for open-pit mines.
9. Depreciation and amortization are standard pro-forma non-cash charges. Production maintenance fee ("keep simple production"), safety fund fee, and financial expense charges are unique to Chinese coal industry accounting. These charges are generally considered to be non-cash deductions to determine taxable income. Production maintenance fee and safety fund fee projections are based on actual local financial policies.
10. Operating costs for CPPs were included in the overall operating costs.
11. LOM terminal values of fixed assets and intangible assets of the mine/CPP/railway spur line were estimated by straight-line depreciation method.

2.3 Market Approach Assumptions

The market value of the exploration right areas has been estimated by reference to recent comparable transactions of coal exploration tenements with same coal type, similar geological setting, mining method within the same geological region.

A unit value expressed in RMB per tonne of in-situ resource has been adopted, adjusted by a Price Factor, which is determined by deducting the risk factors of price and market volatility risks, policy and regulation risks and other risks from 100% as shown below:

Assumption	Market Approach Deducting Factors %
Uncertainty of geological occurrenc	10.0
Price and market volatility risks	20.0
Policy and regulation risks	10.0
Other risks	5.0
Price Factor	55.0

All assumptions are considered reasonable and consistent with VALMIN Code (2015) requirements for Market-Based Valuation.

2.4 Hybrid Approach Assumptions

Owing to the absence of directly comparable exploration-tenement transactions in the region, this valuation applies an alternative correlation method based on the profitability performance of nearby operating mines. The approach uses observed operating data and reasonable adjustment assumptions to infer the potential economic worth of the resources when market evidence is limited. It is reasonable to assume that the subject exploration right areas share comparable general coal deposit geology and future mine development conditions, thus the potential profitability from the coal resources is comparable to the mines in operation in the same region, although adjustments are necessary to account for the uncertainties of the exploration rights. The Hybrid Approach was also applied to value the Tail (Residual) Reserves that remain unmined beyond 2054.

The core concept of the hybrid approach is to replace the market unit price in the market approach with the discounted cash flow (DCF) profit unit value (RMB/t) of coal mines similar to the subject mine/exploration right, in order to value the target's additional reserves or resources.

The parameters and assumptions used in the Hybrid Approach for valuing Tail Reserves and Resources under exploration rights are as follows:

	%	
Assumption	Tail Reserves	Resources
Unit Price Parameter	**5.0**	**15.0**
Exploration and development uncertainty	-	30.0
Construction-period and financing delay risks	-	20.0
Post-2054 Economic and Technological Obsolescence Risk	60.0	-
Price, and market volatility risks	20.0	20.0
Policy and regulation risks	10.0	10.0
Other risks	5.0	5.0
Recoverable Factor	**100.0**	**50.0**

As shown in the table above, the unit price factor for Tail Reserves 5% is derived by subtracting the following parameters/risk factors from 100%:

- Post-2054 Economic and Technological Obsolescence Risk
- Price and market volatility risks
- Policy and regulation risks
- Other risks

Whilst the unit price factor for the exploration rights resource/reserves is derived by subtracting the following parameters/risk factors from 100%:

- Exploration and development uncertainty
- Construction-period and financing delay risks
- Price and market volatility risks
- Policy and regulation risks
- Other risks

In addition, 100% of the Tail Reserves are included in the valuation, and we reasonably assume that half of the Exploration Right resources will be extracted and ultimately salable, therefor a 50% recovery factor is applied to the resources.

The resulting figure represents an Indicative Market Value, subject to uncertainties relating to resource conversion, coal-price evolution, and development conditions, and should not be interpreted as a realizable or transaction price.

2.5 Conclusion

Based on our DCF-NPV analysis and the methodology BOYD used to assess China Energy mines' existing and projected operation Technical Value, which were supplemented by interactions with China Energy personnel, we have a high degree

of confidence that the MV shown in this report are a reasonable representation of the subject assets as of 31 July 2025.

	Mining Rights Value			
	Market Value (RMB Million)		Additional Indicative Market Value (RMB Million)	
Mining Right	DCF Base Case	Probable Range	Additional Reserves	Probable Range
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	1,562	970 - 1,880	42	20 - 50
Dananhu No.2 Open-pit	3,958	3,960 - 3,960	543	270 - 650
Renjiazhuang	2,605	2,140 - 2,830	-	-
Sandaogou	3,460	2,780 - 3,790	-	-
Shangyuquan	1,875	1,160 - 2,260	103	50 - 120
Subtotal	13,459	11,000 - 14,700	688	340 - 820
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	23,797	18,200 - 26,800	263	130 - 320
Subtotal	23,797	18,200 - 26,800	263	130 - 320
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	21	0 - 300	-	-
Huangbaici	37	0 - 160	-	-
Laoshidan	16	0 - 50	-	-
Limin	40	0 - 200	-	-
Luotuoshan	31	0 - 100	-	-
Lutian	5	5 - 5	-	-
Pinggou	51	0 - 150	-	-
Suhaitu	-	-	-	-
Wuhushan	57	0 - 150	-	-
Subtotal	259	5 - 1,100	-	-
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	7,998	4,630 - 9,870	117	60 - 140
Hongshaquan No.1 Open-pit	13	0 - 410	1	0 - 1
Hongshaquan No.2 Open-pit	23	0 - 460	2	1 - 2
Tunbao	8	0 - 180	0.1	-
Wudong	86	0 - 310	5	3 - 6
Zhundong Open-pit	19	0 - 670	0.1	-
Subtotal	8,148	4,600 - 11,900	125	70 - 150
Guodian Jiantou Inner Mongolia Energy Co., Ltd.				
Chahasu	7,259	5,800 - 8,000	610	310 - 730
Subtotal	7,259	5,800 - 8,000	610	310 - 730
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	5,277	3,530 - 6,230	-	-
Boligou	3,340	2,580 - 3,720	30	15 - 36
Hesigewula South Open-pit	12,077	9,140 - 13,630	-	-
Yuanbaoshan Open-pit	75	0 - 220	-	-
Subtotal	20,770	15,300 - 23,800	30	15 - 36
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	2,459	2,010 - 2,670	-	-
Shaping	186	0 - 300	-	-
Subtotal	2,645	2,000 - 3,000	-	-
Total	**76,337**	**44,900 - 71,900**	**1,716**	**900 - 2,100**

Note: 1. Figures may not add due to rounding.
2. The hybrid approach is used to value additional reserves.

Exploration Rights Indicative Market Value (RMB Million)			
Exploration Right	Base Case	Probable Range	Approach
China Energy Baotou Mining Co., Ltd.			
Yinminhe East Backup	2,389	1,190 - 2,870	Market
Yinminhe East No.2	5,282	2,640 - 6,340	Market
Yinminhe East Peripheral	768	380 - 920	Market
Subtotal	8,439	4,200 - 10,100	
China Energy Guoyuan Power Co., Ltd.			
Dananhu West F1 South	5	3 - 6	Hybrid
Dananhu West No.1 East	1	1 - 1	Hybrid
Dananhu West No.3	4	2 - 5	Hybrid
Data	307	150 - 370	Hybrid
Huangbai	1,230	620 - 1,480	Hybrid
Subtotal	1,547	800 - 1,900	
China Energy Wuhai Energy Co., Ltd.			
Hongliushu West	6	3 - 7	Hybrid
Kabuqi Deep Area	-	-	-
Subtotal	6	3 - 7	
China Energy Xinjiang Energy and Chemical Co., Ltd.			
Jiangjunmiao	6	3 - 7	Hybrid
Liuhuanggou No.4	5	3 - 6	Hybrid
Wucaiwan No.2	3	2 - 4	Hybrid
Wucaiwan No.3	5	2 - 6	Hybrid
Wucaiwan No.5	3	1 - 3	Hybrid
Subtotal	22	10 - 30	
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.			
Heidaigou	3,873	1,900 - 4,600	Market
Jinsanjiao East	1	0 - 1	Hybrid
Jirentai Bituminous West	1	0 - 1	Hybrid
Jirentai West	3	2 - 4	Hybrid
Subtotal	3,878	1,900 - 4,600	
Total	**13,892**	**6,900 - 16,700**	

Note: Figures may not add due to rounding

3.0 SUMMARY OF ASSETS

3.1 Introduction

A detailed description of the subject mining operations and exploration rights areas is contained in the companion report: Competent Person's Report, Forty-Seven Coal Mines And Exploration Right Areas Under Subsidiaries of China Energy Investment Corporation Limited, December 2025, as prepared by BOYD. This Chapter provides a summary of the subject assets included in this independent Valuation Report.

Mining and exploration rights for the subject mines and areas are all controlled by China Energy. Table 3-1 shows the mining/exploration rights information, as provided by the subsidiary companies of China Energy.

Table 3-1 Mining/Exploration Right Certificates

Mining/Exploration Right Area	Mining/Exploration Right Certificate Number	Authorized Output Capacity (Mtpa) Certificate	Authorized Output Capacity (Mtpa) New Approva	Authorized Mining Elevation (m)	Area (km^2)	Current Term Grant Date (month/yr)	Current Term Expiration (month/yr)
China Energy Baotou Mining Co., Ltd.							
Exploration Rights							
Yiminhe East Backup	T15000020081110100019105	-	-	-	29.9396	09/2024	09/2029
Yiminhe East No.2	T15000020160810100053153	-	-	-	80.9162	09/2024	09/2029
Yiminhe East Peripheral	T15000020080710100011486	-	-	-	36.0155	06/2024	06/2029
China Energy Guoyuan Power Co., Ltd.							
Mining Rights							
Chaoyang Open-pit	C10000020090611100207 51	11.0	11.0	28 to -90	122.5073	11/2021	06/2039
Renjiazhuang	C10000020080711200000425	2.4	4.0	1,100 to 500	17.4581	12/2021	07/2038
Sandaogou	C61000020150911101397 15	9.0	9.0	1,258 to 1,033	176.1346	09/2017	09/2025
Shangyuquan	C14000020110112401107 72	3.0	7.0	1,030 to 680	29.7837	11/2012	11/2042
Exploration Rights							
Dananhu West F1 South	T65000020090910100337 23	-	-	-	61.09	07/2021	07/2026
Dananhu West No.1 East	T65000020180310100546 21	-	-	-	15.54	07/2021	07/2026
Dananhu West No.3	T65000020180310100546 24	-	-	-	42.36	06/2025	06/2027
Data	T14000020080710500239 82	-	-	-	16.73	05/2023	05/2028
Huangbai	T14000020090410100273 83	-	-	-	53.31	07/2024	02/2028
China Energy Shaanxi Shenyan Coal Co., Ltd.							
Mining Rights							
Xiwan Open-pit	C61000020141111101382 23	13.0	13.0	1,099 to 873	76.5606	10/2023	10/2031
China Energy Wuhai Energy Co., Ltd.							
Mining Rights							
Gongwusu	C10000020120111401223 79	2.7	2.7	1,300 to 400	14.7566	02/2024	12/2031
Huangbaici	C10000020120111401224 10	1.8	1.8	1,149 to 750	5.7933	10/2021	12/2031
Laoshidan	C15000020100411200622 03	1.5	1.5	1,250 to 775	9.7767	07/2023	07/2043
Limin	C15000020110111201047 23	1.5	1.5	1,377 to 855	7.9862	12/2021	12/2041
Luotuoshan	C10000020110712011546 8	1.5	1.5	1,230 to 360	11.571	04/2022	10/2036
Lutian	C15000020111101201202 03	1.2	1.2	1,235 to 1,024	6.7532	12/2022	12/2029
Pinggou	C10000020120111401277 69	1.8	1.8	1,310 to 750	15.6452	01/2024	12/2031
Suhaitu	C10000020120111401223 78	1.2	-	1,149 to 829	11.0057	09/2013	12/2031
Wuhushan	C10000020120111401224 12	2.0	2.0	1,149 to 800	8.0834	12/2021	12/2031
Exploration Rights							
Kabuqi Deep Exporation Area	NA	-	-	-	-	-	-
Hongliushu West	T15000020081110100188 37	-	-	-	6.0983	11/2024	11/2029
China Energy Xinjiang Energy and Chemical Co., Ltd.							
Mining Rights							
Heishan Open-pit	C65000020171111101457 86	16.0	16.0	3,023 to 1,600	48.3671	04/2025	09/2037
Hongshaquan No.1 Open-pit	C65000020171111101457 89	30.0	30.0	760 to -51	74.1912	02/2025	09/2038
Hongshaquan No.2 Open-pit	C65000020231111101560 03	10.0	10.0	727 to -47	102.9828	11/2023	11/2038
Tunbao	C65000020091211200548 02	1.2	2.7	1,500 to 0	6.143	08/2023	09/2036
Wudong	C10000020120511201249 15	6.0	6.0	800 to 200	19.9357	05/2012	11/2031
Zhundong Open-pit	C65000020180111101457 85	35.0	35.0	636 to -60	40.0785	02/2025	10/2036
Exploration Rights							
Jiangjunmiao	T65000020090710100318 92	-	-	-	121.63	11/2023	11/2028
Liuhuanggou No.4	T65000020090110100243 11	-	-	-	15.66	05/2024	05/2026
Wucaiwan No.2	T65000020090810100334 40	-	-	-	43.8	05/2023	07/2026
Wucaiwan No.3	T65000020090810100335 17	-	-	-	68.14	05/2023	07/2026
Wucaiwan No.5	T65000020220910400570 72	-	-	-	0.09	09/2022	09/2027
Guodian Jiantou Inner Mongolia Energy Co., Ltd.							
Mining Rights							
Chahasu	C15000020240712101571 48	8.0	8.0	1,040 to 740	77.9515	07/2024	07/2054
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Mining Rights							
Baiyinhua No.1 Open-pit	C10000020080911100009 35	7.0	12.0	1,050 to 650	19.9154	09/2008	09/2038
Boligou	C15000020210411101518 49	4.0	4.0	960 to 740	18.1463	04/2021	04/2051
Hesigewula South Open-pit	C10000020200111101494 19	15.0	15.0	925 to 300	27.2312	01/2020	01/2050
Yuanbaoshan Open-pit	C10000020111211401218 58	5.0	12.0	482 to 120	12.8574	11/2004	07/2031
Exploration Rights							
Heidaigou	T15000020081110500199 91	-	-	-	21.422	08/2024	08/2029
Jinsanjiao East	T65000020090310100265 02	-	-	-	4.18	04/2024	04/2026
Jirentai Youyan West	T65000020090310100266 26	-	-	-	6.09	04/2024	04/2026
Jirentai West	T65000020130510100476 91	-	-	-	36	07/2024	07/2026
Shanxi Jinshen Energy Co., Ltd.							
Mining Rights							
Ciyaogou	C14000020091112200456 98	1.2	5.0	1,100 to 780	10.6227	08/2012	08/2042
Shaping	C14000020091212200524 26	2.4	8.0	990 to 700	22.5915	05/2024	12/2042

Xinjiang Energy holds 48.42% of Xinjiang Shenxing Energy Company Limited (Shenxing Energy). Shenxing Energy is currently applying to the government authorities through for the modification of the Wucaiwan No. 5 Open-pit Exploration License to larger area of 55.10 km^2. In June 2025, the Natural Resources Bureau of Changji Prefecture, Xinjiang, issued an "Official Reply on Soliciting Opinions

Regarding the Exploration Change and Renewal of the Wucaiwan No. 5 Open-pit Mining Field in Zhundong Coalfield, Jimsar County, Xinjiang Autonomous Region" stating that the bureau has consented to process the change and renewal procedures for the exploration license. After reviewing the provided documentation, we have reasonably assumed that the exploration license will be successfully modified.

BOYD has reviewed the mining and exploration rights documentation presented by China Energy with regard to the individual assets. To the extent supported by the documentation and from BOYD's standing as a technical expert, we have accepted that China Energy holds the mining/exploration right certificates for the areas evaluated in this report. We assume the current term of the mining rights will be extended through depletion of remaining reserves during the normal course of business, and the exploration rights will be extended upon application.

3.2 Geology Resources

3.2.1 Geologic Setting

On a global basis, the geologic setting, or nature, of the mining/exploration rights areas included in this report is judged to vary from simple to complex. At most of the mines, the coal seam has a moderate dip between 5 and 20 degrees. However, in some areas of the Zhundong and Zhunnan coalfields in Xinjiang Autonomous Region, the coal seam dip has increased to 30 degrees due to folding. The Wudong Coal Mine is an isolated case. The coal seams within its area form a large syncline between the northern and southern regions. The coal seam in the northern region has a seam dip 40 and 50 degrees, whereas in the southern region it reaches 85 degrees. Typically, the mines in Heilongjiang, Shanxi, Shaanxi and Erdos area of the Inner Mongolia Autonomous Region have favorable geologic settings, with gentle seam dip and less faulting and folds. The mines in other areas typically moderate to complex geologic settings due to faulting, seam splitting and thinning and sand channel erosion. The presence of burnt areas in coal seams near outcrops is common in Xinjiang coal mines. It is also one of the factors that complicate the occurrence of coal seams.

3.2.2 Resources and Reserves

Using Source data provided, BOYD has independently assessed this information and prepared resource and reserve estimates in accordance with JORC Code 2012. Our

resource and reserve tonnage estimates for the mines as of 31 July 2025, are as follows:

Table 3-2 Coal Resources Estimates – All Mines

Mine	In-Place Resources (Mt)				% of
	Measured	Indicated	Inferred	Total	Resource
China Energy Baotou Mining Co., Ltd.					
Exploration Rights					
Yinminhe East Backup	215.84	118.73	995.85	1,330.43	2.7
Yinminhe East No.2	1,281.35	749.29	911.03	2,941.67	6.0
Yinminhe East Peripheral	119.27	163.94	144.66	427.87	0.9
Subtotal	1,616.46	1,031.96	2,051.54	4,699.96	9.5
China Energy Guoyuan Power Co., Ltd.					
Mining Rights					
Chaoyang Open-pit	268.05	237.92	436.42	942.39	1.9
Dananhu No.2 Open-pit	429.03	1,427.48	446.79	2,303.30	4.7
Renjiazhuang	134.24	27.17	5.07	166.48	0.3
Sandaogou	-	349.23	433.13	782.36	1.6
Shangyuquan	554.65	291.13	56.54	902.32	1.8
Exploration Rights					
Dananhu West F1 South	496.34	776.17	1,048.58	2,321.09	4.7
Dananhu West No.1 East	-	588.73	132.59	721.32	1.5
Dananhu West No.3	876.24	578.10	478.09	1,932.43	3.9
Data	36.39	150.44	204.78	391.61	0.8
Huangbai	802.04	450.91	315.08	1,568.03	3.2
Subtotal	3,596.98	4,877.28	3,557.06	12,031.33	24.3
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Mining Rights					
Xiwan Open-pit	227.65	606.12	331.85	1,165.62	2.4
Subtotal	227.65	606.12	331.85	1,165.62	2.4
China Energy Wuhai Energy Co., Ltd.					
Mining Rights					
Gongwusu	-	106.45	-	106.45	0.2
Huangbaici	41.57	4.67	8.34	54.58	0.1
Laoshidan	15.13	-	-	15.13	0.0
Limin	-	46.22	-	46.22	0.1
Luotuoshan	57.85	11.70	-	69.56	0.1
Lutian	0.58	-	-	0.58	0.0
Pinggou	-	77.67	-	77.67	0.2
Suhaitu	-	-	-	-	0.0
Wuhushan	33.89	21.68	1.87	57.43	0.1
Exploration Rights					0.0
Kabuqi Deep Exploration Area	-	-	-	-	0.0
Hongliushu West	-	45.58	21.94	67.51	0.1
Subtotal	149.02	313.97	32.14	495.14	1.0
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Mining Rights					
Heishan Open-pit	198.26	509.20	886.91	1,594.37	3.2
Hongshaquan No.1 Open-pit	1,471.17	1,332.25	607.03	3,410.45	6.9
Hongshaquan No.2 Open-pit	945.09	1,970.50	998.05	3,913.64	7.9
Tunbao	151.55	78.61	0.31	230.47	0.5
Wudong	-	597.21	225.66	822.86	1.7
Zhundong Open-pit	770.48	781.63	845.95	2,398.06	4.9
Exploration Rights					
Jiangjunmiao	941.33	1,653.18	1,256.73	3,851.24	7.8
Liuhuanggou No.4	71.45	427.92	233.09	732.47	1.5
Wucaiwan No.2	-	175.59	2,001.85	2,177.44	4.4
Wucaiwan No.3	-	1,542.53	1,504.44	3,046.96	6.2
Wucaiwan No.5	403.65	309.60	970.27	1,683.51	3.4
Subtotal	4,952.98	9,378.21	9,530.29	23,861.48	48.3
Guodian Jiantou Inner Mongolia Energy Co., Ltd.					
Mining Rights					
Chahasu	649.04	285.03	158.71	1,092.78	2.2
Subtotal	649.04	285.03	158.71	1,092.78	2.2
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Mining Rights					
Baiyinhua No.1 Open-pit	675.98	74.07	0.26	750.31	1.5
Boligou	277.84	95.10	43.33	416.26	0.8
Hesigewula South Open-pit	965.40	22.61	64.92	1,052.93	2.1
Yuanbaoshan Open-pit	191.57	42.33	67.01	300.91	0.6
Exploration Rights					
Heidaigou	187.82	543.30	29.21	760.33	1.5
Jinsanjiao East	311.47	106.43	8.65	426.56	0.9
Jirentai Youyan West	220.57	77.16	6.50	304.23	0.6
Jirentai West	691.79	731.45	147.41	1,570.64	3.2
Subtotal	3,522.44	1,692.45	367.29	5,582.18	11.3
Shanxi Jinshen Energy Co., Ltd.					
Mining Rights					
Ciyaogou	110.77	4.71	-	115.48	0.2
Shaping	340.00	37.84	-	377.84	0.8
Subtotal	450.77	42.56	-	493.32	1.0
Total	**15,165.33**	**18,227.59**	**16,028.88**	**49,421.80**	**100.0**

Note: 1. Figures may not add due to rounding.
2. The reported Coal Resources are inclusive of the Coal Reserves.

Table 3-3 Coal Reserves Estimates – All Mines

Mine	Recoverable Reserves (Mt) Proved	Probable	Total	Marketable Reserves (Mt) Proved	Probable	Total	% of Reserves
China Energy Guoyuan Power Co., Ltd.							
Chaoyang Open-pit	258.13	230.69	488.82	250.15	216.85	467.00	4.0
Dananhu No.2 Open-pit	314.81	1,105.52	1,420.33	299.07	1,050.24	1,349.31	11.7
Renjiazhuang	70.35	12.44	82.79	60.61	11.30	71.91	0.6
Sandaogou	-	187.62	187.62	-	180.80	180.80	1.6
Shangyuquan	296.43	136.15	432.58	210.77	117.18	327.94	2.8
Subtotal	939.72	1,672.42	2,612.14	820.59	1,576.37	2,396.96	20.8
China Energy Shaanxi Shenyan Coal Co., Ltd.							
Xiwan Open-pit	192.85	273.64	466.49	187.06	265.43	452.50	3.9
Subtotal	192.85	273.64	466.49	187.06	265.43	452.50	3.9
China Energy Wuhai Energy Co., Ltd.							
Gongwusu	-	49.96	49.96	-	39.52	39.52	0.3
Huangbaici	22.89	1.23	24.13	19.48	0.98	20.46	0.2
Laoshidan	10.07	-	10.07	7.50	-	7.50	0.1
Limin	-	31.37	31.37	-	26.07	26.07	0.2
Luotuoshan	15.38	1.64	17.02	11.05	1.24	12.28	0.1
Lutian	0.57	-	0.57	0.51	-	0.51	0.0
Pinggou	-	42.97	42.97	-	33.61	33.61	0
Suhaitu	-	-	-	-	-	-	-
Wuhushan	23.52	11.72	35.24	16.94	8.79	25.73	0.2
Subtotal	72.43	138.89	211.32	55.47	110.21	165.68	1.4
China Energy Xinjiang Energy and Chemical Co., Ltd.							
Heishan Open-pit	195.47	411.55	607.02	185.90	390.97	576.88	5.0
Hongshaquan No.1 Open-pit	1,341.20	1,195.89	2,537.09	1,274.33	1,136.10	2,410.43	20.9
Hongshaquan No.2 Open-pit	815.09	1,580.91	2,396.00	774.57	1,501.86	2,276.43	19.7
Tunbao	71.65	27.28	98.93	62.14	24.70	86.84	0.8
Wudong	-	217.84	217.84	-	193.05	193.05	1.7
Zhundong Open-pit	546.93	623.42	1,170.35	526.45	592.25	1,118.70	9.7
Subtotal	2,970.34	4,056.89	7,027.23	2,823.40	3,838.93	6,662.33	57.7
Guodian Jiantou Inner Mongolia Energy Co., Ltd.							
Chahasu	482.18	147.65	629.83	429.93	134.21	564.14	5
Subtotal	482.18	147.65	629.83	429.93	134.21	564.14	4.9
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Baiyinhua No.1 Open-pit	356.09	8.87	364.96	338.32	8.43	346.75	3.0
Boligou	111.17	14.14	125.31	87.91	10.81	98.72	0.9
Hesigewula South Open-pit	554.28	1.74	556.02	526.56	1.66	528.22	4.6
Yuanbaoshan Open-pit	136.12	13.08	149.20	129.31	12.43	141.74	1.2
Subtotal	1,157.66	37.83	1,195.49	1,082.11	33.31	1,115.43	9.7
Shanxi Jinshen Energy Co., Ltd.							
Ciyaogou	65.00	1.50	66.50	56.30	1.28	57.58	0.5
Shaping	151.33	8.65	159.98	126.72	7.68	134.40	1.2
Subtotal	216.33	10.15	226.48	183.02	8.96	191.97	1.7
Total	**6,031.50**	**6,337.47**	**12,368.97**	**5,581.58**	**5,967.42**	**11,549.01**	**100**

Note:Figures may not add due to rounding.

We have estimated coal resources for all the subject mining and exploration rights, except Suhaitu Mine and Kabuqi Deep Exploration Area. Suhaitu Mine had depleted its coal resources years ago, and is currently recovering the remaining coal pillars left by previous mining activities using open-pit method in the name of environmental protection (prevent future spontaneous combustion and prepare the mined-out area for reclamation), as approved by the local government. Kabuqi Deep Exploration Area is the deeper area located under the Pinggou Mine, while the exploration right for this area has not been approved by the time our report is prepared, according to the source data provided by Wuhai Energy, the authorized mining elevation of Pinggou Mine overlaps with the upper part of Kabuqi Deep Exploration Area, therefore the coal resources occurred in the 16-1 seam and 16-2 seam which are situated within the overlapped elevation range have been included in our resources and reserve estimation for Pinggou Mine, however the lower 17 seam and 18 seam are not included, as the drilling data of these two seams are too limited to support a resource estimation according to JORC Code.

Total Marketable Reserves are 11,549.01 Mt. Approximately 48% of the marketable reserves are in the proved classification.

3.2.3 Coal Quality

The age of the coal-bearing strata within the mining/exploration rights areas ranges from the Late Carboniferous-Early Permian to the Jurassic and the Cretaceous, as well as the Paleogene and Neogene. Typical coal quality characteristics at each geological period are summarized in the following table:

Table 3-4 Coal Quality by Geological Period

Geological Period	Typical Coal Rank & Type	Key Quality Characteristics	Depositional Environment & Notes
Late Carboniferous to Early Permian	Bituminous coal (Coking coal in Wuhai Area)	Variable sulfur content in the Carboniferouos seams	Coastal/Paralic, seawater influence led to higher sulfur & pyrite content
Jurassic	Low-rank bituminous coal, occasional anthracite	Low to medium ash, generally low sulfur, high calorific value	Inland/Lacustrine, oxidizing conditions led to high inertinite and low sulfur. Excellent for power generation and gasification
Cretaceous	Primarily lignite, followed by low-rank bituminous coal	Highly variable, can range from low ash & sulfur to high volatile matter characteristic of low-rank coal.	Inland/Basin, quality is highly dependent on the specific local basin conditions
Paleogene and Neogene	Lignite	High moisture, high volatile matter, variable ash & sulfur, low heat value	Wet, forested swamps, low thermal maturity

As the summarized coal quality data is too voluminous to include in this report, readers are referred to the Chapter 3 "Coal Quality" Section in the companion report: Competent Person's Report, Forty-Seven Coal Mines And Exploration Right Areas Under Subsidiaries of China Energy Investment Corporation Co., Ltd., December 2025, as prepared by BOYD.

3.3 Mine Operations

3.3.1 Mine Introduction

The subject mining operations include twenty-eight (28) mines under the seven (7) subsidiary companies of China Energy. Among these mines, eleven (11) are open-pit

operations and seventeen (17) are underground operations. The subject mines are summarized as shown in Table 3-15:

Table 3-5 Summary of Subject Mines

Mine	Mining Method	Authorized (Mtpa)	Technology Utilized (OP)	(UG)	Mining
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	OP	11.0	Outsourced	-	Shovel-Truck
Dananhu No.2 Open-pit	OP	13.0	Outsourced	-	Shovel-Truck
Renjiazhuang	UG	4.0	-	RH	FM LW
Sandaogou	UG	9.0	-	RH, CM	FM LW
Shangyuquan	UG	7.0	-	BM	FM LW
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	OP	13.0	Outsourced	-	Shovel-Truck
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	UG	2.7	-	RH	FM LW SLC
Huangbaici	UG	1.8	-	RH	FM LW
Laoshidan	UG	1.5	-	RH	FM LW SLC
Limin	UG	1.5	-	RH	FM LW
Luotuoshan	UG	1.5	-	RH	FM LW
Lutian	UG	1.2	-	RH	FM LW SLC
Pinggou	UG	1.8	-	RH	FM LW
Suhaitu	OP	-		-	Shovel-Truck
Wuhushan	UG	2.0	-	RH, BM	FM LW
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	OP	16.0	Outsourced	-	Shovel-Truck
Hongshaquan No.1 Open-pit	OP	30.0	Outsourced	-	Shovel-Truck
Hongshaquan No.2 Open-pit	OP	10.0	Outsourced	-	Shovel-Truck: Outsourc
Tunbao	UG	2.7	-	RH, BM	FM LW SLC
Wudong	UG	6.0	-	RH	FM LW SLC
Zhundong Open-pit	OP	35.0	Outsourced	-	Shovel-Truck
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	UG	8.0	-	RH, BM	FM LW
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	OP	12.0	Outsourced	-	Shovel-Truck
Boligou	UG	4.0	-	RH, BM	FM LW, FM LW SLC
Hesigewula South Open-pit	OP	15.0	Outsourced	-	Shovel-Truck
Yuanbaoshan Open-pit	OP	12.0	Outsourced	-	Shovel-Truck
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	UG	5.0	-	RH, CM	FM LW SLC
Shaping	UG	8.0	-	RH, BM, CM	FM LW, FM LW SLC

Note: OP=Open-pit; UG=Underground; FM LW=Fully-Mechanized Longwall; SLC=Sublevel Caving; RH=Roadheader; BM=Bolter Miner; CM=Continuous Miner

The mines are mostly located in well-known coal-producing regions in Heilongjiang, Inner Mongolia, Ningxia, Shaanxi, Shanxi, Xinjiang provinces/autonomous regions, and are administered by China Energy through its subsidiary entities. Among them, Guoyuan Power holds the most extensive distribution of mines, a result of its role as one of the nation-wide power supply companies. Wuhai Energy operates locally at Wuhai area, and most of its mines are relatively smaller and older underground operations with long operating history. Except for Tunbao and Wudong underground mines, the other Xinjiang Energy's mines are large and relatively new open-pit

operations, which is a result of the central and Xinjiang regional coal development strategy in recent years. Pingzhuang Coal is a company with long operating history. The subject mines in eastern Inner Mongolia are all large open-pit operations mining lignite. Shenyan Coal and Jinshen Energy are two joint-ventures cooperated between China Energy and local companies.

Based on our experience and review, we are of the opinion that the subject mines represent typical open-pit and underground operations in China. The mining technologies employed at each mine have decades of demonstrated successful history in China, and are widely used throughout the international coal industry.

3.3.2 Historical Output

Coal output for the subject China Energy mines for the period 2022 to July 2025 is summarized as follows:

Table 3-6 Historical Production

	Historical Production (Mt)			
Company / Mine	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	6.51	6.55	6.78	4.33
Dananhu No.2 Open-pit	10.12	11.56	12.04	6.43
Renjiazhuang	3.97	4.14	3.25	1.95
Sandaogou	9.82	9.87	9.89	5.61
Shangyuquan	4.97	5.11	5.35	3.19
Subtotal - Guoyuan Power	35.39	37.23	37.31	21.51
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	12.66	13.00	13.67	7.99
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	1.11	1.43	1.31	0.25
Huangbaici	0.92	1.38	1.14	0.73
Laoshidan	1.84	1.89	1.60	0.53
Limin	1.92	1.93	1.61	1.05
Luotuoshan	-	-	-	0.08
Lutian	1.41	1.85	2.00	0.77
Pinggou	-	-	-	-
Suhaitu	-	-	-	-
Wuhushan	1.18	1.75	1.42	0.59
Subtotal - Wuhai Energy	8.38	10.24	9.08	3.99
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	15.61	14.78	15.69	9.95
Hongshaquan No.1 Open-pit	25.93	35.49	33.69	16.09
Hongshaquan No.2 Open-pit	-	-	8.46	3.68
Tunbao	1.05	1.11	0.61	0.52
Wudong	3.02	3.03	3.01	1.54
Zhundong Open-pit	32.11	34.91	29.54	13.98
Subtotal - Xinjiang Energy	77.72	89.32	91.00	45.76
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	10.31	3.17	2.83	4.72
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	11.45	12.00	12.00	5.78
Boligou	-	-	-	-
Hesigewula South Open-pit	15.00	15.00	15.01	8.71
Yuanbaoshan Open-pit	8.80	7.80	10.61	7.08
Subtotal - Pingzhuang Coal	35.25	34.80	37.62	21.57
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	5.52	5.70	4.21	2.52
Shaping	5.34	4.65	2.11	0.80
Subtotal - Jinshen Enrgy	10.86	10.35	6.32	3.32
Total	190.56	198.10	197.82	108.86

As shown, the overall historical product coal outputs are generally stable over the past three years, although there have been some fluctuations among individual mines for various reasons.

The underground mines employ modern FM LW mining techniques. Physical mining conditions vary considerably among different subsidiary companies of China Energy, although mine design and equipment selection at each mine are generally

considered appropriate as observed by BOYD in the PRC coal mining industry. Luotuoshan and Hongshaquan No.2 Open-pit mines started their operation in the past three years. Pinggou just completed a new mine design but construction of the mine has not commenced. Suhaitu depleted its coal reserves and is recovering remaining barrier pillars and no JORC reserves are reported in the CPR. Boligou is under construction, and initial mine operation is projected to start in 2028.

The open-pit operations employ shovel-truck approach. Stripping of waste materials is commonly outsourced to third-party companies at most of the open-pit mines. The mining equipment fleets satisfy the designated output level at each mine.

3.3.3 Staffing

Historical staffing for the subject China Energy mines is summarized by mine as follows:

Table 3-7 Historical Staffing

	Year			
Company / Mine	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.	Historical No. of Personnel			
Chaoyang Open-pit	91	113	188	194
Dananhu No.2 Open-pit	97	102	237	230
Renjiazhuang	1,258	1,307	1,334	1,316
Sandaogou	1,001	881	886	879
Shangyuquan	869	869	851	843
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	585	778	793	781
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	650	642	587	555
Huangbaici	962	866	795	812
Laoshidan	605	617	615	494
Limin	647	663	631	624
Luotuoshan	234	239	375	375
Lutian	476	474	411	364
Pinggou	165	165	149	146
Suhaitu	139	138	116	108
Wuhushan	940	891	823	820
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	190	190	196	265
Hongshaquan No.1 Open-pit	624	643	695	830
Hongshaquan No.2 Open-pit	-	-	80	165
Tunbao	314	304	304	368
Wudong	684	635	643	814
Zhundong Open-pit	275	296	323	508
Guodian Consturction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	1,045	1,355	1,190	1,526
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	1,248	1,328	1,180	1,250
Boligou	-	-	-	-
Hesigewula South Open-pit	693	700	715	704
Yuanbaoshan Open-pit	1,500	1,498	1,450	1,413
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	613	615	628	619
Shaping	854	861	1,010	903
Subtotal - Open-pit	5,303	5,648	5,857	6,340
Subtotal - Underground	11,456	11,522	11,348	11,566
Total	16,759	17,170	17,205	17,906

For open-pit mines, it is a common practice to contract stripping work to third-party contractors. The personnel shown in the table does not include the staff from

contractors. The overall staffing of the subject China Energy mines remains generally stable, with slight fluctuations less than 3%.

The historical labor productivity, in terms of open-pit and underground operations, is summarized as follows (the labor productivity numbers for 2025 are annualized):

Table 3-8 Historical Labor Productivity

	Year			
	2022	2023	2024	Jan. - Jul. 2025
Operations	Product Tonnes, Mt			
Open-Pit	138.19	151.09	157.49	84.02
Underground	52.37	47.01	40.33	24.84
Total	190.56	198.10	197.82	108.86
	Historical No. of Personnel			
Open-Pit	5,303	5,648	5,857	6,340
Underground	11,456	11,522	11,348	11,566
Total	16,759	17,170	17,205	17,906
	Labor Productivity, Product Tonnes / Employee-Year			
Open-Pit	26,060	26,750	26,890	22,720
Underground	4,570	4,080	3,550	3,680
Overall	11,370	11,540	11,500	10,420

The labor productivity for the open-pit operations averages 25,520 tonnes/employee-year, which is comparable to that of other large open-pit coal mines in China.

The labor productivity for the underground operations averages approximately 3,970 tonnes/employee-year, which appears slightly lower than the average level of underground FM LW coal mines in China. It is BOYD's opinion that this lower productivity mainly results from the relatively small-scale and lower output of the underground operations of Wuhai Energy. The overall average labor productivity for the subject China Energy operations during the period from 2022 to July 2025 is approximately 11,200 tonnes/employee-year.

3.3.4 Capital Expenditures

Historical capital expenditures for the subject China Energy mines in the period from 2022 to July 2025, by mine are summarized as follows:

Table 3-9 Historical Capital Expenditures

	Historical Capital Expenditures, RMB millions			
Company / Mine	2022	2023	2024	Jan. - Jul. 2025
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	56.4	52.9	57.0	36.7
Dananhu No.2 Open-pit	18.3	229.6	196.1	210.9
Renjiazhuang	118.1	195.8	120.5	193.1
Sandaogou	611.2	142.7	272.5	32.3
Shangyuquan	166.6	129.7	199.5	115.1
Subtotal - Guoyuan Power	970.6	750.7	845.5	588.1
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	134.2	32.1	54.8	41.9
China Energy Wuhai Energy Co., Ltd.				
Gongwusu	170.7	68.4	96.2	0.1
Huangbaici	74.1	34.6	96.9	1.7
Laoshidan	89.3	77.8	143.1	6.1
Limin	56.1	59.8	136.0	18.3
Luotuoshan	91.0	-	-	-
Lutian	48.2	85.9	80.5	16.9
Pinggou	9.7	48.0	257.5	0.8
Suhaitu	12.0	7.7	279.8	1.0
Wuhushan	149.8	113.6	210.9	-
Subtotal - Wuhai Energy	700.8	495.8	1,300.9	44.9
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	148.7	218.8	140.3	48.5
Hongshaquan No.1 Open-pit	43.7	30.5	108.1	28.3
Hongshaquan No.2 Open-pit	-	39.8	586.2	57.9
Tunbao	17.5	126.8	120.2	43.1
Wudong	400.5	49.9	59.8	27.4
Zhundong Open-pit	162.1	246.6	214.9	19.8
Subtotal - Xinjiang Energy	772.5	712.4	1,229.5	225.0
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.				
Chahasu	15.3	9.0	11.7	0.2
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	149.3	62.1	36.1	198.5
Boligou	3.6	81.1	310.7	348.4
Hesigewula South Open-pit	279.6	153.8	83.3	22.6
Yuanbaoshan Open-pit	27.8	-	15.6	-
Subtotal - PingZhuang Coal	460.2	297.0	445.7	569.5
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	40.2	132.2	162.2	69.4
Shaping	32.5	169.6	320.8	27.5
Subtotal - Jinshen Energy	72.7	301.8	483.0	96.9
Total	3,126.4	2,598.9	4,371.2	1,566.6

The largest capital spending is attributed to new mine construction including surface facilities, major mine expansion, major production equipment replacement, safety-related facilities upgrading, coal preparation facilities upgrading, etc. The overall sustaining capital for the open-pit mines averages approximately RMB7.1/tonne of output capacity, which appears moderate for the large size open-pit operations. The average sustaining capital spending for the underground mines is approximately RMB29.6/tonne of output capacity, which in our opinion appears slightly higher and reasonable compared with the average of underground FM LW mines in China, mainly due to the recent commencement of mine technical upgrading and new mine.

3.3.5 Operating Costs

Historical operating costs for the period 2022 to July 2025, by mine are summarized as follows:

Table 3-10 Historical Operating Costs

				Jul.				Jan.-Jul.
	2022	2023	2024	2025	2022	2023	2024	2025
	Historical Operating Costs (RMB / tonne)							
Company / Mine	Cash				Total			
China Energy Guoyuan Power Co., Ltd.								
Chaoyang Open-pit	75	100	97	87	97	122	119	102
Dananhu No.2 Open-pit	46	59	69	50	67	83	86	73
Renjiazhuang	172	171	268	254	220	242	348	314
Sandaogou	127	162	182	170	190	227	246	233
Shangyuquan	157	155	155	157	195	199	196	202
China Energy Shaanxi Shenyan Coal Co., Ltd.								
Xiwan Open-pit	143	186	178	122	181	226	219	163
China Energy Wuhai Energy Co., Ltd.								
Gongwusu	602	1,032	679	798	686	1,099	710	873
Huangbaici	597	893	416	284	693	1,041	501	339
Laoshidan	513	542	405	334	528	558	426	405
Limin	233	246	215	222	269	309	290	245
Luotuoshan	-	-		245	-	-	-	245
Lutian	290	377	317	144	325	411	350	186
Pinggou	-	-	-	-	-	-	-	-
Suhaitu	-	-	-	-	-	-	-	-
Wuhushan	484	368	374	468	551	442	461	544
China Energy Xinjiang Energy and Chemical Co., Ltd.								
Heishan Open-pit	186	193	238	200	201	208	263	224
Hongshaquan No.1 Open-pit	114	118	102	82	128	132	116	94
Hongshaquan No.2 Open-pit	-	-	76	72	-	-	90	85
Tunbao	321	254	517	364	377	328	614	450
Wudong	207	171	213	175	271	242	284	248
Zhundong Open-pit	93	102	91	57	125	121	110	74
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.								
Chahasu	155	393	496	210	216	509	624	285
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.								
Baiyinhua No.1 Open-pit	262	295	223	137	350	352	271	180
Boligou	-	-	-	-	-	-	-	-
Hesigewula South Open-pit	75	86	81	83	97	105	100	102
Yuanbaoshan Open-pit	143	156	147	120	176	190	177	148
Shanxi Jinshen Energy Co., Ltd.								
Ciyaogou	171	153	198	208	218	199	244	255
Shaping	130	142	201	300	174	189	273	508

Operating costs of the subject open-pit mines during the period from 2022 to July 2025 averaged approximately RMB150 per product tonne, which appears comparable to other open-pit coal mines with similar output (mostly in northern China). Average operating costs for the Wuhai Energy underground mines exceed RMB500 per product tonne, which is higher than the industrial average, resulting from the longer operating years and lower output level than the actual capacities. Operating costs for the underground mines of the subject companies other than Wuhai Energy generally appear normal. The operating costs for all the subject underground mines averages RMB294 per product tonne. The operating costs of all the subject China Energy mines are approximately RMB191 per product tonne.

3.4 Life-of-Mine Planning

In order to have a reliable basis to project future revenue, operating and capital costs, and cash flow for the subject mines, BOYD has extended the available five-year projections to a life-of-mine (LOM) plan for the mines (here LOM is for the period during which the current Reserves defined in the CPR are exhausted). This is a necessary step in the valuation of mining operations using the income method (of valuation). We have restricted all future mine plans to defined Marketable Reserve areas in accordance with VALMIN, JORC, and HKEx Chapter 18 requirements. The level of mine planning is considered Prefeasibility.

BOYD's LOM projections and operating performance include annual ROM output and generalized product coal output. The LOM period for each mine extends from August 2025 to the year the reserves defined in the CPR are depleted.

The ROM output levels are all within the authorized output limit for each mine, and are consistent with recent operating history and our experience with similar Chinese coal mines.

LW face retreat rate may vary in certain years due to fluctuation of coal seam thickness, and open-pit advancing rates may vary too. We assume that the mines will maintain sufficient mining equipment redundancy to support the projected output tonnages. We have assumed that LW development for underground mines is adequate to avoid LW face relocation delays. Similarly, we also have assumed that land acquisition for open-pit mining is well scheduled to avoid mine advancing delays. Detailed development timing for underground mines as well as land acquisition for surface operations have not been performed, but recognizing the mines' historical performance, we are confident that the subject mines have the resources and management experiences to avoid such delays due to insufficient gate development and land acquisition.

3.5 Future Operations

3.5.1 Coal Output

Except for Suhaitu, which had depleted its coal reserves and mines ramping up output from initial operation, most of the subject mines planned to produce coal generally at the authorized ROM output level. Mining operations are projected to

continue using the mining technologies employed. The five-year projections for ROM and product tonnages are shown in the table follows:

Table 3-11 Output Projections

	Production Projections (Mt)				
Company / Mine	Aug.-Dec. 2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	2.67	8.00	9.50	11.00	11.00
Dananhu No.2 Open-pit	4.07	11.00	13.00	13.00	13.00
Renjiazhuang	1.63	3.60	3.60	3.60	3.60
Sandaogou	4.25	9.00	9.00	9.00	9.00
Shangyuquan	1.61	4.80	4.80	4.80	4.80
Subtotal - Guoyuan Power	14.23	36.40	39.90	41.40	41.40
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	5.01	13.00	13.00	13.00	13.00
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	0.05	1.50	1.50	1.50	2.70
Huangbaici	0.47	1.80	1.80	1.80	1.80
Laoshidan	0.27	0.98	0.91	1.20	1.20
Limin	0.45	1.50	1.50	1.50	1.50
Luotuoshan	1.32	1.50	1.50	1.50	1.50
Lutian	0.63	1.60	1.60	1.60	1.60
Pinggou	-	-	-	-	1.35
Suhaitu	-	-	-	-	-
Wuhushan	0.51	1.45	2.00	2.00	2.00
Subtotal - Wuhai Energy	3.71	10.33	10.81	11.10	13.65
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	6.05	16.00	15.40	16.40	17.40
Hongshaquan No.1 Open-pit	11.91	30.00	30.00	30.00	30.00
Hongshaquan No.2 Open-pit	2.72	10.00	20.00	30.00	30.00
Tunbao	0.14	0.55	2.00	2.11	2.37
Wudong	1.56	3.50	3.00	3.00	3.50
Zhundong Open-pit	11.02	35.00	35.00	35.00	35.00
Subtotal - Xinjiang Energy	33.40	95.05	105.40	116.51	118.27
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	2.56	8.00	8.00	8.00	8.00
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	6.22	12.00	12.00	12.00	12.00
Boligou	-	-	-	2.00	4.00
Hesigewula South Open-pit	6.29	15.00	15.00	15.00	15.00
Yuanbaoshan Open-pit	4.32	12.00	12.00	12.00	12.00
Subtotal - Pingzhuang Coal	16.83	39.00	39.00	41.00	43.00
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	2.48	3.50	3.50	3.50	3.50
Shaping	2.45	5.36	5.36	5.36	5.36
Subtotal - Jinshen Enrgy	4.93	8.86	8.86	8.86	8.86
Total	80.67	210.64	224.97	239.87	246.18

The overall plans of the subject mines to attain output authorizations are reasonable and realistic considering the operation practices which are well established and have been successful. Upon review of the design of the new mines, BOYD is of the opinion that the output levels are achievable.

3.5.2 Staffing

Projected staffing for the subject China Energy mines is summarized by mine as follows:

Table 3-12 Staffing Projections

	Year				
Company / Mine	2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.	Projected No. of Personnel				
Chaoyang Open-pit	208	208	207	206	206
Dananhu No.2 Open-pit	231	236	241	246	246
Renjiazhuang	1,310	1,335	1,360	1,359	1,361
Sandaogou	879	879	879	879	879
Shangyuquan	840	837	829	826	825
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	781	781	781	781	781
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	515	516	517	518	524
Huangbaici	812	812	612	612	612
Laoshidan	484	457	419	378	343
Limin	624	624	624	624	624
Luotuoshan	415	415	415	415	415
Lutian	359	354	349	347	345
Pinggou	146	142	430	430	430
Suhaitu	-	-	-	-	-
Wuhushan	820	820	820	820	820
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	265	265	265	265	265
Hongshaquan No.1 Open-pit	847	908	908	908	908
Hongshaquan No.2 Open-pit	195	205	217	230	245
Tunbao	469	424	415	403	389
Wudong	977	1,103	1,103	1,103	1,103
Zhundong Open-pit	508	508	508	508	508
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	1603	1629	1505	1487	1474
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	1,240	1,130	1,130	1,130	1,130
Boligou	-	-	400	507	507
Hesigewula South Open-pit	706	700	694	684	673
Yuanbaoshan Open-pit	1,394	1,366	1,334	1,311	1,260
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	619	619	619	619	622
Shaping	918	933	947	962	977
Subtotal - Open-pit	6,375	6,307	6,285	6,269	6,222
Subtotal - Underground	11,790	11,899	12,243	12,289	12,250
Total	18,165	18,206	18,528	18,558	18,472

The open-pit mines plan to continue the practice to contract stripping work to third-party contractors. The personnel shown in the table does not include the staff from contractors. The overall staffing level of the subject China Energy mines remains generally stable with only slight fluctuations.

The projected labor productivity, in terms of open-pit and underground operations, is summarized as follows:

Table 3-13 Projected Labor Productivity

Operations	Aug.-Dec. 2025	2026	2027	2028	2029
	Projected Product Tonnes, Mt				
Open-Pit	60.28	162.00	174.90	187.40	188.40
Underground	20.39	48.64	50.07	52.47	57.78
Total	80.67	210.64	224.97	239.87	246.18
	Projected No. of Personnel				
Open-Pit	6,375	6,307	6,285	6,269	6,222
Underground	11,790	11,899	12,243	12,289	12,250
Total	18,165	18,206	18,528	18,558	18,472
	Labor Productivity, Product Tonnes / Employee-Year				
Open-Pit	22,690	25,690	27,830	29,890	30,280
Underground	4,150	4,090	4,090	4,270	4,720
Overall	10,660	11,570	12,140	12,930	13,330

The labor productivity for the open-pit operations averages 27,250 tonnes/employee-year, which is approximately 7% higher than the historical performance due to the output increase from the open-pit mines. The labor productivity for the underground operations averages approximately 4,260 tonnes/employee-year, which appears comparable to the historical performance. It is BOYD's opinion that the overall projection of the subject mines appears achievable.

3.5.3 Capital Expenditures

BOYD was not provided with detailed capital expenditure projections for all the mines in the future years. Based on BOYD's site visit discussions with technical and

management personnel, a capital expenditures (CAPEX) projection for the subject mines for the period August 2025 to 2029 was developed as follows:

Table 3-14 Capital Expenditures Projection

	Projected Capital Expenditures, RMB millions				
Company / Mine	Aug.-Dec. 2025	2026	2027	2028	2029
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	28.9	72.8	72.8	72.8	72.8
Dananhu No.2 Open-pit	35.7	207.3	-	-	-
Renjiazhuang	3.0	N/A	N/A	N/A	N/A
Sandaogou	N/A	N/A	N/A	N/A	N/A
Shangyuquan	385.2	436.8	457.8	207.8	207.8
Subtotal - Guoyuan Power	452.8	716.9	530.6	280.6	280.6
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	42.6	33.7	108.6	30.8	30.8
China Energy Wuhai Energy Co., Ltd.					
Gongwusu	72.4	265.1	675.2	920.3	481.4
Huangbaici	60.4	5.0	1.0	N/A	N/A
Laoshidan	9.6	37.0	11.0	10.0	200.0
Limin	8.0	16.0	26.7	87.5	160.0
Luotuoshan	233.3	44.2	58.0	121.0	30.0
Lutian	236.1	238.0	202.0	700.0	268.0
Pinggou	0.5	10.2	651.5	534.1	120.4
Suhaitu	-	-	-	-	-
Wuhushan	64.8	79.3	50.0	83.4	13.0
Subtotal - Wuhai Energy	685.2	694.8	1,675.4	2,456.2	1,272.8
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	N/A	N/A	N/A	N/A	N/A
Hongshaquan No.1 Open-pit	N/A	N/A	N/A	N/A	N/A
Hongshaquan No.2 Open-pit	711.0	171.5	-	-	-
Tunbao	N/A	N/A	N/A	N/A	N/A
Wudong	N/A	N/A	N/A	N/A	N/A
Zhundong Open-pit	N/A	N/A	N/A	N/A	N/A
Subtotal - Xinjiang Energy	711.0	171.5	-	-	-
Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.					
Chahasu	N/A	N/A	N/A	N/A	N/A
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua No.1 Open-pit	111.1	55.0	55.0	195.0	55.0
Boligou	601.7	1,041.0	3,396.9	30.6	-
Hesigewula South Open-pit	18.1	114.4	-	-	-
Yuanbaoshan Open-pit	55.0	36.8	-	42.4	-
Subtotal - PingZhuang Coal	785.9	1,247.2	3,451.9	268.0	55.0
Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	65.0	528.9	220.5	10.2	10.2
Shaping	511.7	58.2	69.0	9.2	8.0
Subtotal - Jinshen Energy	576.7	587.1	289.5	19.4	18.2
Total	3,254.2	3,451.2	6,055.9	3,055.0	1,657.3

Capital expenditure projections data provided were not complete, with the missing data mainly for the normal operating mines. Based on our experience in China, the sustaining capital for underground and open-pit mines generally falls in the range approximately RMB15-30/ROM tonne capacity and RMB5-15/ROM tonne capacity, respectively. The capital spending projections for the mines under expansion, technical upgrading and new mine construction were provided. Upon our review, the

projected capital expenditure generally appears reasonable to achieve the target output capacity within the projected timeframe for these mines.

3.5.4 Operating Costs

Projected operating costs for the period 2025 to 2029 by mine, on per tonne basis and total RMB, are summarized as follows:

Table 3-15 Unit Operating Cost Projection

	Aug.-Dec. 2025	2026	2027	2028	2029	Aug.-Dec. 2025	2026	2027	2028	2029
	Projected Operating Costs (RMB / tonne)									
Company / Mine	Cash					Total				
China Energy Guoyuan Power Co., Ltd.										
Chaoyang Open-pit	107.5	89.6	70.1	57.4	63.6	147.5	111.1	88.2	73.0	80.5
Dananhu No.2 Open-pit	61.1	-	-	-	-	83.5	-	-	-	-
Renjiazhuang	342.7	-	-	-	-	378.3	-	-	-	-
Sandaogou	148.7	183.3	-	-	-	214.3	250.5	-	-	-
Shangyuquan	203.0	172.6	172.6	172.6	172.6	252.8	219.1	219.1	219.1	219.1
China Energy Shaanxi Shenyan Coal Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Xiwan Open-pit	273.3	233.6	235.7	240.9	250.6	320.6	278.0	281.6	286.9	302.9
China Energy Wuhai Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Gongwusu	-	-	-	-	-	-	-	-	-	-
Huangbaici	871.3	-	-	-	-	940.8	-	-	-	-
Laoshidan	706.0	-	-	-	-	797.4	-	-	-	-
Limin	-	-	-	-	-	-	-	-	-	-
Luotuoshan	140.6	140.6	140.6	140.6	140.6	324.9	324.9	324.9	324.9	324.9
Lutian	532.4	-	-	-	-	595.1	-	-	-	-
Pinggou	-	-	-	-	315.9	-	-	-	-	417.0
Suhaitu	-	-	-	-	-	-	-	-	-	-
Wuhushan	604.1	-	-	-	-	693.2	-	-	-	-
China Energy Xinjiang Energy and Chemical Co., Ltd	-	-	-	-	-	-	-	-	-	-
Heishan Open-pit	215.4	205.9	213.9	200.9	189.3	243.3	231.1	240.1	225.4	212.5
Hongshaquan No.1 Open-pit	-	-	-	-	-	-	-	-	-	-
Hongshaquan No.2 Open-pit	104.7	-	-	-	-	127.9	-	-	-	-
Tunbao	1,041.9	608.4	177.3	156.9	160.7	1,186.0	791.0	228.6	209.5	226.5
Wudong	326.7	242.2	282.3	282.3	242.0	391.7	311.8	363.5	363.5	311.6
Zhundong Open-pit	80.4	-	-	-	-	98.5	-	-	-	-
Guodian Construction and Investment Inner Mongolia	-	-	-	-	-	-	-	-	-	-
Chahasu	398.4	-	-	-	-	485.4	-	-	-	-
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Baiyinhua No.1 Open-pit	144.4	144.4	143.1	144.3	145.6	137.3	161.4	160.0	161.3	162.6
Boligou	-	-	-	50.5	50.5	-	-	-	113.8	113.8
Hesigewula South Open-pit	93.0	109.6	93.4	94.4	90.2	112.2	129.6	113.7	114.7	110.4
Yuanbaoshan Open-pit	164.4	177.6	179.2	188.4	194.7	195.3	207.6	209.0	218.4	225.1
Shanxi Jinshen Energy Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Ciyaogou	234.6	252.4	255.5	255.5	255.5	284.8	306.5	309.6	309.6	309.6
Shaping	118.9	104.9	108.6	106.7	107.4	179.4	165.4	168.8	166.9	164.1

BOYD reviewed the projections of detailed operating costs by category. Our comments regarding China Energy mines' internal operating cost projections are as follows:

- The Salaries and Welfare costs reflect the projected level of employee numbers.
- Material, Power and Repairs costs appear reasonable as compared with historical performance.
- Subsidence Compensation is paid to local government and villagers for the relocation of residents and management of subsided surface. The subject mines have accumulated experience in planning and managing subsidence related

issues and the projections for Subsidence Compensation costs appear reasonable.

- Depreciation costs are calculated using the straight-line method for fixed assets according to established asset depreciation lives and salvage value estimations.
- The Amortization is composed mainly of the amortization of Mining Rights fees paid by the company. In acquiring the mining rights, the mines had to pay off the resource charges upfront or in the earlier years of operation. This cost is amortized throughout the life of the mine operation.
- Safety Production and Production Maintenance ("Keep Simple Production") fees are considered as non-cash cost accruals (according to GAAP) for income tax calculations, although the monies may be utilized for mine-related projects.

It is BOYD's opinion that the projected operating costs are generally comparable to China Energy mines' historical performance and appear reasonable.

3.6 Environmental Overview

BOYD has completed an overview of the subject mines' environmental practices and policies and opines that environmental protection plans of these operations are in compliance with relevant PRC and provincial laws and regulations. Management at the mines has made diligent efforts to incorporate responsible environmental protection policies and practices into the mine designs.

4.0 VALUATION

4.1 Introduction

The assignment of this report is to opine on the MV of the subjective China Energy mine operations and exploration right areas, as of 31 July 2025.

Given the unique nature of coal (mineral) resources, and the mining and processing operations used to recover the in situ mineral in order to produce the saleable product, coal (mineral) valuation requires the services of an evaluator knowledgeable or specialized in coal (mineral) resource assessment, mining, processing, marketing, and related disciplines. Following are the three generally accepted methods for valuing mineral and mineral-producing assets.

Replacement Cost determines the value of the mineral asset by first calculating the new cost to replicate the asset to its condition on the Valuation Date, then adjusting plant and equipment to a depreciated replacement value basis. In the case of undeveloped mineral holdings, the new cost would include exploration and mining right fees, exploration, technical studies, and other site development work. Although the replacement Cost method has application in some situations (i.e., normally when valuing fixed assets and/or undeveloped mineral holdings), it seldom is appropriate when valuing developed or operating mineral properties.

Market Transaction/Comparable Sales method involves a comparison of the coal or mineral lands under study with transactions involving similar property interests that were sold in the open market. The known comparable sale(s) are, ideally, contemporaneous and include reserves having similar geologic and quality characteristics and are located in the general vicinity of the property being valued. The comparable sales approach, where comparisons are reasonably direct, is an acceptable method of appraisal. If direct comparable sales are not available, data from other mineral property sales can still be valuable to the appraiser. A general review, even though direct comparisons may not be possible, still provides insight into market activity, the number and nature of potential buyers and sellers, the level of market activity, range of prices paid, etc. this information is important in considering how a potential buyer would evaluate a property. The ability to use the Market Transaction method relies on both the availability of recent comparable transactions and an in-depth knowledge of the details of each transaction (e.g., assets conveyed, associated debt and liabilities, structure of payment, etc.).

Income method uses a discounted cash flow (DCF) operational analysis to estimate the net present value (NPV) of projected cash flow of the existing or planned mining operation. It is important to identify what asset is being valued. In the case of an

operating mining business, the annual revenues and expenses (capital and operating costs) are estimated for the mine over its remaining operating life. It is critical that realistic assumptions regarding mining plans, markets, etc. are used. For a fully developed mining operation, the calculated NPV represents the enterprise value (Technical Value) of the business, including reserves, equipment and facilities, sales agreements, and other assets incorporated into the cash flow model.

In addition, according to Clause 8.2(a) of the VALMIN Code:

> *Market-based, which is based primarily on the notion of substitution. In this Valuation Approach the Mineral Asset being valued is compared with the transaction value of similar Mineral Assets under similar time and circumstance on an open market.*
>
> *Valuation Methods include but are not limited to comparable sales transactions and joint venture terms.*

In the process of BOYD attempting to collect comparable market transactions in the same regions of the subject exploration right areas, two issues were encountered: a) only limited number of comparable transaction cases are available due to confidentiality restrictions, incomplete public disclosure, and heterogeneous transaction structures, and b) The deal prices for the transaction cases collected are deemed heavily deviated from the actual profitability of the mine operations in the same region which are reviewed in the CPR, implying that significant value overestimate may be resulted if such transactions are used as comparable cases. Alternatively, an indicative value for a particular exploration right area was derived using a correlation to the average per-tonne profitability of comparable operating coal mines within the same geological region. This approach is referred to as the Hybrid Approach in this report.

4.2 Risk Assessment

4.2.1 Introduction

Coal mining operations are unlike other industrial facilities in that mines can be engineered or planned to a precise design capacity or cost structure, but there are inherent uncontrollable natural and external factors that can prevent the attainment of precise production, cost and revenue targets. Mining operations are conducted in the earth's strata rather than within a homogeneous and controlled work environment.

There is inherent geologic risk, and mine operators must therefore contend with periodic adverse or variable geological conditions that cannot be fully anticipated in advance of actual mining activity. While the occurrences of these physical conditions

are beyond the control of site management, it should not be interpreted that coal mining is inherently risky. On the contrary, there are established measures that mine operators utilize to minimize the operational and financial impacts associated with such encounters. Coal mining operations in the region have a demonstrated track record in sustaining consistent and predictable levels of performance.

Assessment of risk associated with any enterprise is largely subjective in nature and relies on the relevant experience of the professional completing the study in the specific industry and operating venue applicable to the subject enterprise. There are three general categories of business risk inherent in a mining operation, namely: geological, operational, and market. For purposes of this study and in accordance with SEHK guidelines, we define risk in three broad categories of severity, as follows:

- Major Risk: A factor that would have a materially adverse effect (15% to 20% or higher) on project cash flow for the risk assessment period, possibly leading to project failure, if the specific risk occurred and was not corrected.
- Moderate Risk: A factor that would have significant adverse effect (10% to 15%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected.
- Minor Risk: A factor that would have minimal or no adverse effect (less than 10%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected.

However, equally, or perhaps more, important, is the probability or likelihood that the specific risk will occur. For this study, a risk assessment period is considered with the following probability of occurrence ratings:

- Likely: Event is likely to occur.
- Possible: Event may occur.
- Unlikely: Event is unlikely to occur.

The overall risk assessment combines these two components, severity and probability, to determine the final overall risk assessment, as shown below:

Probability of Risk Occurring	Severity (Consequence) of Risk		
	Minor	Moderate	Major
	Overall Risk Assessment		
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

The risk assessment period for this study is August 2025 to 2029 and our risk assessment is based on PRC coal industry conditions as of the end of July 2025 and does not reflect subsequent industry developments.

As discussed in detail in the companion CPR, BOYD completed an independent risk assessment and concluded the subject China Energy mining operations and exploration rights was Medium in overall risk.

4.2.2 Market Risk

We judge market volatility and uncertainty as the primary risk for the PRC coal industry. A substantial reduction in market prices would have a material adverse impact on financial performance of the subject China Energy mines. Such an event would occur if there were surplus alternative coals from other suppliers, or a reduction in demand from the subject mines' customer base.

In the period 2013 to 2016, PRC coal demand on a composite industry basis appeared to have ceased growing supporting a basis for considering that Chinese coal demand had peaked. The demand for coal for industrial uses declined during the period, which offset increases in demand for coal for power generation. Coal prices reacting to lower overall demand decreased in the period. The central government imposed the 276- working day rule in March 2016 in part to support coal prices. The rule was abated in November 2016 as coal prices began to recover. Coal prices rebounded sharply in 2017 from the low-price coal market environment experienced in 2013 to 2016 period and leveled off in early 2018. After some decline of thermal coal prices in later 2018, the prices reached another high point in the first quarter of 2019 and followed a moderate declining trend for the rest of the year. The early 2020 COVID-19 outbreak brought down the market significantly, which however recovered to the mid-2019 level as of mid-2020. From mid-2020, following the initial pandemic disruption, China's coal prices recovered steadily as industrial activity resumed. In 2021, demand growth, tight supply, and policy constraints pushed coal prices to record highs before government intervention stabilized the market late in the year. During 2022, international energy shocks and strong domestic demand kept prices elevated, though volatility increased. In 2023, production and imports expanded rapidly, outpacing consumption growth and leading to a gradual decline in prices. The downward trend continued through 2024 amid abundant supply and moderate demand. By the first half of 2025, coal inventories were high, imports weakened, and thermal coal prices fell to their lowest levels in four years. As of July 2025, prices had stabilized at a lower plateau, well below the peaks of 2021–2022.

During the 2013 to 2016 period of declining coal demand and continuing to date, the central government continued its campaign to close small mines in favor of strengthening support for larger mining operations. The small mine closure campaign with other market factors (such as the 276-working day rule) may have been the impetus for the rebound in coal prices experienced in 2017. The ongoing economic recovery from the Covid 19 pandemic has supported the recent coal market recovery.

It is unclear if overall PRC coal demand will experience growth during the five-year risk assessment period. Despite the rationalization of small coal mines, new mine development in recent years has resulted in the prospect of potentially excessive coal supplies especially for thermal quality coals used in the industrial and coal-fired generation markets, as well as in coal chemical industries, which are the major markets served by the subject mines. On the other hand, the central government appears to have improved strategic planning for domestic and regional coal and downstream industries development in recent years. This will have a positive effect in stabilizing the coal market.

Owing to the recent significant declining PRC and world economies (which may potentially continue in the near future), it is possible that domestic markets for the subject China Energy mines could decline. Factors such as barriers to new mine development, expansion and addition of power plants would tend to support market conditions. It is BOYD's opinion that new competitors are unlikely to generate surplus production capacity. There are high barriers to entry, as new mine development requires significant capital investment and government approval.

Market Risk Assessment

Severity:	Moderate to Major
Probability:	Possible
Overall:	Medium

4.3 Valuation Method Selected

Based on the established (fully developed) and active producing, technical upgrading construction status of the subject mining operations, BOYD selected the Income Method of mineral valuation as the preferred and appropriate method for the mines with mining rights, the Market Approach (Market Transaction/Comparable Sales) for the exploration right areas where comparable transaction cases are available, and the Hybrid Approach for the exploration areas where limited comparable transaction data are accessible, but detailed information for mine operations in the same area are available.

It is BOYD's understanding that China Energy has entered into an Assets Transfer Agreement with China Shenhua under which China Energy agrees to transfer the subject mineral assets to China Shenhua.

We opine that the pending transaction will provide synergistic (added) value to the assets being acquired by China Shenhua (as reflected in our Base Case). This VR provides our independent opinion of the MV of the subject mining operations and exploration areas on a debt-free basis. We initially assessed the likely financial performance of the existing mine (and identified reserves) using the DCF-NPV

analysis of the life-of-mine (LOM) plan In completing the forward mining projections used as the foundation of the cash flow, BOYD reviewed all primary components for reasonableness and adjusted projected output, capital costs, operating costs and coal prices were warranted in our expert opinion. The resulting cash flow projection is intended to be reasonable and achievable, and further adjustments (i.e., changes to the Technical Value for "market strategic or other considerations" (VALMIN Code D43) are therefore not considered appropriate in the judgment of the Competent Evaluator for determining the market value of the enterprise (business) incorporated into the LOM plan. The Market Approach for the exploration right areas without mining development studies is the mostly adopted approach and thus considered appropriate. The Hybrid Approach stablishes a correlation between the economic performance of regional operating coal mines and the potential value of the exploration rights, representing an alternative valuation method applied where direct market evidence is limited.

As required by HKEx Chapter 18 rules, all reported reserves are sufficiently explored to be classified as either Proved Reserve or Probable Reserve. In addition, most of the subject mines have an established production record. Reliability of forward mine plans (production and economics) is considered low risk.

4.4 30-Year Period LOM Plan Reserves Valuation - Income Method

4.4.1 Discount Rate

The discount rate is a critical input in any discounted cash flow (DCF) valuation analysis. The following section discusses the methodology and assumptions utilized by BOYD to estimate a reasonable discount rate for the subject China Energy mines.

4.4.1.1 Peer Group Analysis

For the development of a discount rate, BOYD reviewed the financial structure of twelve companies that primarily operate coal mining and preparation businesses and supply coal-related products into the domestic and international markets. The peer

group analyzed and recent information regarding their current financial position are shown in the following table:

		(CNY 000's)				Percentage:	
Stock No.	Stock Name	Market Capitalization	Total Debt	Total Equity	Total Capitalization	Total Debt	Total Equity
601898	China Coal Energy Co. Ltd.	137,474,700	99,639	155,714	255,353	39.0%	61.0%
600188	Yankuang Energy	112,677,600	124,342	84,443	208,785	59.6%	40.4%
601001	Jinneng Holding Shanxi Coal Ind.	21,289,460	2,335	18,321	20,656	11.3%	88.7%
900948	Inner Mongolia Yitai Coal Co. Ltd.	5,820,860	27,153	47,650	74,802	36.3%	63.7%
601225	Shaanxi Coal Industry Co. Ltd.	195,742,000	25,406	88,963	114,369	22.2%	77.8%
600546	Shanxi Coal International Energy Co.	19,289,300	10,818	15,942	26,760	40.4%	59.6%
600348	Shan Xi Hua Yang	25,180,350	27,099	33,250	60,349	44.9%	55.1%
600403	Henan Dayou Energy	8,726,470	6,436	4,845	11,281	57.0%	43.0%
601666	Pingdingshan Tianan Coal Mining Co.	19,532,610	28,184	26,997	55,181	51.1%	48.9%
600121	Zhengzhou Coal Industry	19,532,610	4,006	1,679	5,685	70.5%	29.5%
601101	Beijing Haohua Energy Res. Co.	10,411,180	6,843	11,914	18,756	36.5%	63.5%
600508	Shanghai Datun Energy Res. Co. Ltd.	8,759,340	2,221	12,854	15,075	14.7%	85.3%
Weighted Average:						37.9%	62.1%

Source: Reuters September 11, 2025

The China-based peer group companies are listed on the Shanghai Stock Exchange.

4.4.1.2 Weighted Average Cost of Capital

The weighted average cost of capital (WACC) is a required component of a DCF valuation. Simplistically, a company has two primary sources of capital: debt and equity. The WACC is the weighted average of the expected returns required by the providers of these two capital sources. Mathematically, the required return of each source of funding is multiplied by its respective weight in the company's capital structure. The sum of the weighted components equals the WACC. The basic formula for computing the after-tax WACC is as follows:

$$WACC = (k_e \, x \, W_e) + [k_d \, x \, W_d]$$

Where:

k_e = Cost of equity
k_d = After-tax cost of debt (i.e., pretax cost of debt * (1 – effective tax rate))
W_e = Percentage of equity capital in the capital structure
W_d = Percentage of debt capital in the capital structure

The peer group's financial statements and their associated public trading data points were reviewed to determine debt levels, market capitalizations, beta values (both levered and unlevered) and effective tax rates to compute the WACC for the Shenhua mining operations. As shown above, the peer group's capital structure includes both equity and long-term debt. Consequently, it is reasonable to assume

that the capital structure of China Energy will also encompass both equity and debt. As such, a discount rate using the WACC approach is appropriate for discounting the target company's projected cash flow. Derivation of the components of WACC for China Energy mines is discussed below.

4.4.1.3 Equity Cost of Capital

The cost of equity is the return required by equity investors, which adequately compensates them for the risk assumed by investing in a given company's equity. There are several models that can be used to estimate the cost of equity, including the capital asset pricing model (CAPM), the buildup method, Fama-French three-factor model, and the arbitrage pricing theory (APT). For purposes of this analysis, BOYD utilized the "build-up" approach.

The equity cost of capital is generally defined as the sum of a risk-free rate and a risk premium. The build-up model divides the risk premium into three main subcomponents: (1) an equity risk premium, (2) a size premium, and (3) a country and/or company-specific risk premium. The formula for the equity cost of capital using the build-up method is shown below:

$$k_e = R_f + ERP * \beta_L + R_{CP} + R_{SP} + R_{CS}$$

Where:

- The risk-free rate (R_f) is the theoretical return associated with an investment where the expected return equals the actual return. For the valuation of a Chinese company, the nominal risk-free rate is the yield on 10-year People's Republic of China (PRC) government bonds. As of July 1, 2025, the yield on the PRC 10-year government bond was 1.70%.

- The equity risk premium (ERP) is defined as the expected return on a fully diversified portfolio of equity securities less the expected rate of return on a risk-free security (i.e., ERP is the level of risk-reward that equity investors in the stock market would require as compensation for the level of risk undertaken versus a risk-free investment). For purposes of this analysis, BOYD utilized ERP data for Chinese publicly traded companies published by the Stern School of Business at New York University[1] as of July 1, 2025. The ERP value (5.25%) is adjusted for the target company's levered beta (1.27).

- Country risk premium (R_{CP}) published by the Stern School of Business at New York University as of July 1, 2025, was 1.04%.

[1] Damodaran Online, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datacurrent.html#discrate. Updated values as of January 9, 2025, and July 1, 2025.

- The size risk premium (R_{SP}) is a factor added to the cost of equity and refers to the excess return that an investor would require as compensation for the risk associated with investing in a small or start-up company. Size premium is based on research from the Center for Research in Security Prices that groups companies into deciles based upon market capitalization. Due to Shenhua's expected large-company status, BOYD elected not to apply a company-size risk premium.

- Company-specific risk premiums (R_{CS}) are intended to account for any unsystematic risk not already captured by other risk factors.
  Some reasons utilized for the inclusion of company-specific risk premiums in a cost of equity estimate include projection risk, customer concentration risk, inferior management team, key employee risk, and limited liquidity. For this project, there are no additional company-specific risks present that would require inclusion of an additional risk premium.

Based on these factors, the cost of equity for the target company is estimated to be 9.38%.

4.4.1.4 Debt Cost of Capital

The cost of debt is the interest rate that a company pays on its debt, which is typically based on the anticipated return on a bond if the bond is held until maturity (i.e., the yield to maturity (YTM) on its long-term debt). For companies that do not have publicly traded debt from which to derive YTM, the cost of debt can be viewed as the rate a prudent debt investor would require on comparable long-term interest-bearing debt. As such, BOYD built an estimated after-tax cost of debt using the following equation:

$$k_d = [R_f + Country\ Borrowing\ Spread + R_{CP}\,]\ x\ (1 - t)$$

Where:

- The risk-free rate (R_f) is again the yield on the 10-year PRC government bonds.
- Country Borrowing Spread is based on China's three-month interbank offered rate, which is the interest rate at which banks lend funds to one another in the international interbank rate. As of July 31, 2025, the three-month interbank offered rate published by China's Central Bank was 1.57%.
- Country risk premium (R_{CP}) is again 1.04%.
- According to the Stern School of Business at New York University, as of January 9, 2025, the effective tax rate for coal and related energy companies was 20.76%.

Based on these factors, the cost of debt for Shenhua is estimated to be 3.41%.

4.4.1.5 Discount Rate Utilized

The following table summarizes the steps utilized to derive the nominal after-tax WACC:

Cost of Capital Build Up		Comment
$Weighted\ Average\ Cost\ of\ Capital = [(ke * We) + (k_d * W_d)]$		
% Equity Weighting (We)	62.1	From peer group analysis.
Cost of Equity (ke)	9.4	From above.
% Debt Weighting (Wd)	37.9	From peer group analysis.
After-Tax Cost of Debt*	3.4	From above.
Nominal after-tax WACC %	7.1	With the impact of inflation
PRC Inflation Rate %	-	FocusEconomics.com
Real after-tax WACC %	7.1	Without the impact of inflation.

* Based on an effective tax rate of 20.76%

Based on the results of the above analysis, as of 31 July 2025, BOYD estimates the nominal after-tax WACC rate (and the real after-tax WACC rate) to be 7.1%. Given BOYD's experience related to coal industry valuations, it is our opinion that a 6.0 to 10.0 percent after-tax discount rate is appropriate for an established operating mining company such as China Energy. The 6.0 percent discount rate reflects the maximum synergistic value attributable to China Shenhua, and the 8.0 to 10.0 percent scenarios are typical discount rates used in determining MV (assuming any willing buyer).

4.4.2 Major Assumptions

BOYD's DCF-NPV analysis is based upon the following major assumptions:

- Material changes in government policies and regulation do not occur during the LOM mine projection period.
- The subject mines will receive necessary approvals to renew and continue their mining rights in the future seams after paying the mining right fees for the rest of the resources. The estimation of the amount of the mining right fees follows the same approach as that used when the mines acquired the current mining rights.
- Geological conditions over the mine projection period are consistent with recent experience.
- Mining operations do not experience any major interruptions, such as major roof falls mine accidents that result in extended idle mine periods.
- Operating costs do not experience material fluctuations other than because of variations in output and seam conditions.
- Imposition of government taxes, fees, and other charges does not materially increase over the mine projection periods.

- Company management are competent, responsible and capable to execute work plans as demonstrated by their recent performance.
- Force majeure events such as war, natural disasters, etc. do not occur during the mine projection period.

4.4.3 Valuation Procedure

As shown in Chapter 3 of this report (and detailed in the separate Competent Person's Report also prepared by BOYD), we have developed a LOM plan for the subjective mines that provide the foundation of the cash flow projections. Level of study of the LOM plans is considered to be Prefeasibility. The plans are limited to defined JORC Code qualified Proved and Probable Reserves (as developed by BOYD in the Competent Person's Report).

The following Valuation parameters and assumptions are used to develop our base Technical Value:

12. Annual Coal production, operating cost and capital expenditures are derived from the LOM plan (developed by BOYD) for the subject mines.
13. FOB sales prices are expressed in constant RMB including VAT. The VAT is calculated using 13% of revenue with a credit adjustment of 35% of raw materials + power + repairs/maintenance + capital.
14. Annual cash flow projections are calculated on an after-tax basis, with capital expenditures deducted in the year incurred. A PRC income tax rate of 25% is utilized for most of the mines, and tax rate of 15% is utilized for mines satisfying the Western Development policies.
15. Mid-year discounting is utilized with the 7.1% discount rate.
16. Mine level general and administrative costs are included; corporate general and administrative charges are not included.
17. Percentages of VAT for Construction Tax and Education Supplementary Tax are selected based on the local policies of the area where the individual mine is located.
18. Working capital in July 2025 is derived from the balance sheet provided by the subsidiaries of China Energy. If deemed insufficient, additional working capital is considered to support operations throughout the LOM plan. It is assumed that each mine will recover the working capital during the last operation year.
19. Detailed capital expenditure projections for the future years were not provided by China Energy. Based on the information from site discussions with mine technical and management personnel, BOYD developed a capital expenditures (CAPEX) projection for each mine until the year when the remaining LOM reserves are exhaust. The major CAPEX projections include:
    - RMB5-15/t of sustaining capital is assumed for the open-pit mines; RMB15-25/t of sustaining capital is assumed for the underground mines.

- During the last year of the LOM operation, capital for mine decommissioning is assumed at different level based on the mine sizes and locations.

20. Depreciation and amortization are standard pro-forma non-cash charges. Production maintenance fee ("keep simple production"), safety fund fee, and financial expense charges are unique to Chinese coal industry accounting. These charges are generally considered to be non-cash deductions to determine taxable income. Production maintenance fee and safety fund fee projections are selected according to the actual required levels for each mine.
21. Operating costs for the CPPs were included in the overall operating costs.
22. The terminal value of fixed assets and intangible assets of the mine and affiliated facilities at the end of the LOM were estimated by using straight-line depreciation method.

4.4.4 Pricing

Except the mines of Wuhai Energy which produces coking coal, the rest subject mines produce low to medium grade steam coal utilized primarily for fuel power generation and as feedstock to the chemical industry. Many of the subject mines

supply coal to the nearby power plants which are also mainly controlled by China Energy. Typical commercial product coal quality at the subject mines is as follows:

	Typical Product Coal Quality			
	%			kcal/kg
Mine / CPP	Ash (Ad)	Moisture (Mt)	Sulfur (St,d)	CV (Qnet.ar)
China Energy Guoyuan Power Co., Ltd.				
Chaoyang Open-pit	25.2	49.2	0.24	2,110
Dananhu No.2 Open-pit	26.1	25.8	0.62	3,370
Renjiazhuang	33.9	4.5	2.36	4,710
Sandaogou	13.8	13.3	0.20	5,570
Shangyuquan	32.1	10.3	0.86	4,270
China Energy Shaanxi Shenyan Coal Co., Ltd.				
Xiwan Open-pit	8.3	11.4	0.67	6,160
China Energy Wuhai Energy Co., Ltd.				
Hainan CPC Gongwusu Plant	10.5	9.8	2.50	5,860
Hainan CPC Laoshidan Plant	11.0	10.8	1.80	5,880
Limin	11.7	9.4	0.89	6,010
Luotuoshan	12.9	10.0	0.71	5,890
Wuda	9.0	10.5	2.00	6,600
China Energy Xinjiang Energy and Chemical Co., Ltd.				
Heishan Open-pit	9.8	7.3	0.62	6,290
Hongshaquan No.1 Open-pit	7.5	23.6	0.41	4,950
Hongshaquan No.2 Open-pit	9.5	23.0	0.85	4,730
Tunbao	23.5	11.6	0.01	4,940
Wudong	26.5	7.8	0.74	5,160
Zhundong Open-pit	7.2	28.5	0.63	4,270
Guodian Jiantou Inner Mongolia Energy Co., Ltd.				
Chahasu	7.1	15.2	0.39	5,830
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.				
Baiyinhua No.1 Open-pit	25.8	30.4	0.67	3,260
Hesigewula South Open-pit	12.0	39.1	0.51	3,300
Yuanbaoshan Open-pit	30.2	25.6	1.47	3,480
Shanxi Jinshen Energy Co., Ltd.				
Ciyaogou	27.3	9.3	1.41	4,730
Shaping	41.8	9.1	1.05	3,520

China Energy provided historical coal pricing for commercial products for the 12-month period and past five years. VAT is included for each of the products sales

realization in accordance with HKEx 18.33(4). The following shows a summary of the composite historical coal prices for the subject mines:

	Historical Price (RMB/tonne)					
Mine	2020	2021	2022	2023	2024	Jan.-Jul. 2025
China Energy Guoyuan Power Co., Ltd.						
Chaoyang Open-pit	-	-	189	194	183	185
Dananhu No.2 Open-pit	123	139	168	132	134	121
Renjiazhuang	266	541	403	434	457	368
Sandaogou	297	424	515	500	458	456
Shangyuquan	225	316	359	351	335	340
China Energy Shaanxi Shenyan Coal Co., Ltd.						
Xiwan Open-pit	283	488	556	521	517	447
China Energy Wuhai Energy Co., Ltd.						
Gongwusu	372	674	1,120	836	753	307
Huangbaici	384	1,031	994	1,106	637	364
Laoshidan	241	887	1,028	871	473	229
Limin	470	927	1,207	889	750	588
Luotuoshan	-	-	-	-	-	221
Lutian	237	382	537	456	490	292
Suhaitu	376	809	1,054	813	748	441
Wuhushan	718	1,124	1,761	992	709	408
China Energy Xinjiang Energy and Chemical Co., Ltd.						
Heishan Open-pit	228	304	485	414	365	278
Hongshaquan No.1 Open-pit	93	111	150	176	190	120
Hongshaquan No.2 Open-pit	-	-	-	50	98	91
Tunbao	193	252	418	334	295	189
Wudong	227	262	433	419	340	216
Zhundong Open-pit	87	97	136	134	131	107
Guodian Jiantou Inner Mongolia Energy Co., Ltd.						
Chahasu	301	543	642	656	533	603
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.						
Baiyinhua No.1 Open-pit	182	263	297	270	262	246
Hesigewula South Open-pit	176	221	249	252	253	249
Yuanbaoshan Open-pit	220	276	269	251	276	270
Shanxi Jinshen Energy Co., Ltd.						
Ciyaogou	266	527	496	426	425	340
Shaping	282	549	484	398	393	255

The historical coal prices across the subject mines showed significant fluctuations between 2020 and 2025. Overall, prices for most mines increased substantially from 2020 to a peak in 2022, followed by a general declining trend from 2023 onwards into 2025. Some mines, particularly those under Wuhai Energy Co., Ltd., experienced extreme volatility, with prices at mines like Gongwusu and Wuhushan more than doubling from 2020 to 2022 before falling sharply by 2025. The historical prices indicates a notable market correction or price decrease for the year 2025 across nearly all operations.

To adopt reasonable prices for economic analysis, we assume the current market conditions will persist until 2026, followed by a gradual increase. Accordingly, in our economic analysis, the prices for 2026 are based on the average prices of each mine from January to July 2025. The prices for 2027 are based on the average prices of

the preceding two years, for 2028 on the average prices of the preceding three years, and for 2029 and beyond on the average prices of the preceding four years.

4.4.5 Base Case DCF-NPV Analysis

As shown in Table 4-3, following this text, the Base MV of the subject Mining Right operations, as of 31 July 2025, is RMB 76, 337 million.

To provide guidance on the probable range in value and sensitivity to various analysis inputs and discount rates, we completed the following series of DCF-NPV analyses:

Table 4-1 China Energy DCF-NPV Sensitivity Analyses

		NPV in Different Sensitivity Cases (RMB Millions)								
	Sensitivity					Base Case				
Mine	Case	-20%	-15%	-10%	-5%	(7.1% Discount Rate)	5%	10%	15%	20%
					CHN Energy Guoyuan Power Co., Ltd.					
Chaoyang	Coal Price	-2,228	-1,211	-272	662	1,562	2,424	3,283	4,105	4,904
Open-pit	Cash Cost	3,888	3,347	2,772	2,169	1,562	928	263	-405	-1,069
	CAPEX	4,589	3,867	3,136	2,349	1,562	744	-114	-965	-1,838
	WACC	1,979	1,865	1,758	1,657	1,562	1,472	1,388	1,309	1,234
Dananhu	Coal Price	801	1,637	2,435	3,231	3,958	4,682	5,378	6,072	6,762
No.2	Cash Cost	5,567	5,172	4,780	4,379	3,958	3,536	3,088	2,618	2,144
Open-pit	CAPEX	6,133	5,593	5,057	4,524	3,958	3,391	2,793	2,163	1,534
	WACC	4,719	4,511	4,315	4,131	3,958	3,794	3,641	3,496	3,359
Renjiazhuang	Coal Price	147	774	1,383	1,994	2,605	3,171	3,740	4,308	4,868
	Cash Cost	3,916	3,589	3,264	2,935	2,605	2,244	1,879	1,514	1,153
	CAPEX	4,451	3,994	3,533	3,071	2,605	2,102	1,601	1,104	604
	WACC	2,899	2,821	2,746	2,674	2,605	2,539	2,475	2,414	2,356
Sandaogou	Coal Price	-3,775	-1,966	-158	1,650	3,460	5,273	6,988	8,591	10,178
	Cash Cost	8,540	7,364	6,167	4,836	3,460	2,088	713	-659	-2,040
	CAPEX	9,900	8,389	6,855	5,203	3,460	1,718	-15	-1,745	-3,476
	WACC	3,890	3,776	3,666	3,561	3,460	3,363	3,271	3,182	3,096
Shangyuquan	Coal Price	-1,808	-839	134	1,062	1,875	2,698	3,514	4,335	5,158
	Cash Cost	4,080	3,532	2,974	2,424	1,875	1,324	718	52	-620
	CAPEX	5,063	4,266	3,466	2,666	1,875	1,080	221	-702	-1,626
	WACC	2,382	2,243	2,112	1,990	1,875	1,767	1,666	1,571	1,481
					China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan	Coal Price	12,504	15,495	18,271	21,041	23,797	26,560	29,324	32,090	34,846
Open-pit	Cash Cost	29,994	28,446	26,896	25,345	23,797	22,247	20,700	19,138	17,581
	CAPEX	31,500	29,572	27,644	25,720	23,797	21,874	19,950	18,019	16,080
	WACC	27,750	26,666	25,650	24,695	23,797	22,951	22,155	21,404	20,696
					China Energy Wuhai Energy Co., Ltd.					
Gongwusu	Coal Price	-1,984	-1,417	-929	-453	21	493	966	1,433	1,904
	Cash Cost	1,294	972	657	339	21	-298	-623	-943	-1,273
	CAPEX	1,911	1,439	965	496	21	-452	-918	-1,390	-1,922
	WACC	389	289	194	105	21	-58	-133	-204	-271
Huangbaici	Coal Price	-1,488	-1,104	-727	-341	37	383	708	1,033	1,349
	Cash Cost	1,110	852	590	323	37	-275	-591	-902	-1,218
	CAPEX	1,371	1,046	717	392	37	-346	-731	-1,110	-1,494
	WACC	195	153	112	73	37	2	-32	-64	-94
Laoshidan	Coal Price	-621	-465	-302	-140	16	171	308	451	589
	Cash Cost	498	383	263	146	16	-117	-249	-383	-516
	CAPEX	613	470	322	175	16	-150	-315	-477	-642
	WACC	63	51	39	27	16	5	-5	-15	-25
Limin	Coal Price	-1,694	-1,257	-833	-393	40	473	869	1,232	1,595
	Cash Cost	1,417	1,096	781	421	40	-341	-729	-1,115	-1,503
	CAPEX	1,673	1,290	911	499	40	-419	-878	-1,337	-1,786
	WACC	253	195	140	88	40	-6	-49	-89	-127
Luotuoshan	Coal Price	-797	-588	-381	-177	31	236	436	636	833
	Cash Cost	682	522	361	197	31	-138	-305	-469	-635
	CAPEX	861	657	451	240	31	-181	-394	-605	-813
	WACC	117	94	72	51	31	12	-7	-25	-43
Lutian	Coal Price	-16	-11	-7	1	5	10	16	22	27
	Cash Cost	86	66	45	25	5	-15	-36	-56	-76
	CAPEX	91	69	48	27	5	-16	-37	-59	-80
	WACC	5	5	5	5	5	5	5	5	5
Pinggou	Coal Price	-1,142	-851	-546	-247	51	350	648	946	1,242
	Cash Cost	1,044	796	540	300	51	-197	-446	-686	-935
	CAPEX	1,261	959	654	357	51	-253	-557	-851	-1,156
	WACC	180	143	110	79	51	26	3	-18	-37
Wuhushan	Coal Price	-1,695	-1,259	-820	-380	57	488	924	1,363	1,774
	Cash Cost	1,592	1,226	840	448	57	-340	-736	-1,125	-1,519
	CAPEX	1,951	1,521	1,034	542	57	-434	-922	-1,411	-1,899
	WACC	181	148	116	86	57	31	5	-18	-41

Table 4-2 China Energy DCF-NPV Sensitivity Analyses – Continued

		NPV in Different Sensitivity Cases (RMB Millions)								
	Sensitivity					Base Case				
Mine	Case	-20%	-15%	-10%	-5%	(7.1% Discount Rate)	5%	10%	15%	20%
					China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan	Coal Price	-2,769	113	3,007	5,589	7,998	10,382	12,771	15,128	17,486
Open-pit	Cash Cost	14,657	13,003	11,355	9,678	7,998	6,299	4,589	2,506	409
	CAPEX	16,207	14,163	12,123	10,063	7,998	5,912	3,687	1,142	-1,401
	WACC	10,453	9,775	9,142	8,551	7,998	7,481	6,998	6,544	6,119
Hongshaquan	Coal Price	-9,220	-6,906	-4,593	-2,289	13	2,326	4,630	6,943	9,149
No.1	Cash Cost	8,495	6,519	4,347	2,184	13	-2,159	-4,321	-6,483	-8,654
Open-pit	CAPEX	9,718	7,606	5,080	2,541	13	-2,514	-5,038	-7,563	-10,085
	WACC	530	386	252	128	13	-94	-194	-286	-373
Hongshaquan	Coal Price	-8,283	-6,200	-4,119	-2,047	23	2,104	4,174	6,255	8,243
No.2	Cash Cost	7,188	5,528	3,689	1,863	23	-1,816	-3,646	-5,474	-7,314
Open-pit	CAPEX	8,317	6,532	4,365	2,189	23	-2,141	-4,305	-6,468	-8,629
	WACC	602	437	287	149	23	-92	-197	-293	-382
Tunbao	Coal Price	-1,271	-957	-641	-317	8	326	647	964	1,297
	Cash Cost	1,073	798	532	275	8	-257	-523	-790	-1,056
	CAPEX	1,314	985	657	328	8	-320	-646	-974	-1,292
	WACC	235	172	113	58	8	-38	-82	-121	-158
Wudong	Coal Price	-1,842	-1,356	-877	-391	86	564	1,043	1,474	1,878
	Cash Cost	1,446	1,145	802	446	86	-261	-621	-980	-1,330
	CAPEX	1,913	1,501	1,046	573	86	-388	-861	-1,343	-1,815
	WACC	377	296	221	151	86	26	-30	-82	-131
Zhundong	Coal Price	-8,415	-6,311	-4,203	-2,097	19	2,126	4,243	6,348	8,403
Open-pit	Cash Cost	7,366	5,554	3,709	1,863	19	-1,814	-3,658	-5,503	-7,349
	CAPEX	8,577	6,609	4,416	2,212	19	-2,170	-4,360	-6,547	-8,719
	WACC	876	633	410	206	19	-152	-309	-453	-584
					Guodian Jiantou Inner Mongolia Energy Co., Ltd.					
Chahasu	Coal Price	-927	1,162	3,199	5,230	7,259	9,291	11,322	13,352	15,382
	Cash Cost	12,702	11,342	9,983	8,619	7,259	5,900	4,540	3,177	1,819
	CAPEX	14,275	12,522	10,764	9,015	7,259	5,514	3,766	2,021	260
	WACC	8,192	7,942	7,703	7,476	7,259	7,052	6,853	6,663	6,481
					Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Baiyinhua	Coal Price	5,069	5,126	5,185	5,231	5,277	5,324	5,370	5,415	5,462
No.1	Cash Cost	8,545	7,727	6,911	6,093	5,277	4,439	3,527	2,601	1,611
Open-pit	CAPEX	9,373	8,348	7,322	6,304	5,277	4,215	3,090	1,920	615
	WACC	6,529	6,184	5,862	5,560	5,277	5,012	4,762	4,528	4,307
Boligou	Coal Price	1,928	2,290	2,636	2,985	3,340	3,682	4,019	4,359	4,701
	Cash Cost	3,875	3,742	3,609	3,473	3,340	3,196	3,055	2,914	2,776
	CAPEX	4,242	4,017	3,790	3,565	3,340	3,106	2,873	2,641	2,411
	WACC	3,839	3,705	3,577	3,456	3,340	3,230	3,125	3,024	2,928
Hesigewula	Coal Price	6,328	7,764	9,207	10,646	12,077	13,517	14,954	16,396	17,836
South	Cash Cost	14,804	14,121	13,439	12,765	12,077	11,400	10,727	10,038	9,362
Open-pit	CAPEX	15,839	14,898	13,958	13,020	12,077	11,140	10,206	9,272	8,337
	WACC	14,103	13,551	13,031	12,541	12,077	11,640	11,226	10,835	10,464
Yuanbaoshan	Coal Price	-3,859	-2,874	-1,894	-909	75	1,056	2,034	2,978	3,902
Open-pit	Cash Cost	3,511	2,684	1,831	958	75	-809	-1,685	-2,572	-3,451
	CAPEX	4,043	3,113	2,129	1,106	75	-960	-1,986	-3,020	-4,052
	WACC	264	213	164	118	75	34	-5	-41	-76
					Shanxi Jinshen Energy Co., Ltd.					
Ciyaogou	Coal Price	40	655	1,267	1,876	2,459	3,037	3,614	4,188	4,739
	Cash Cost	4,132	3,737	3,308	2,884	2,459	2,033	1,581	1,126	673
	CAPEX	4,703	4,163	3,600	3,030	2,459	1,889	1,291	690	91
	WACC	2,733	2,661	2,591	2,524	2,459	2,397	2,337	2,279	2,223
Shaping	Coal Price	-4,255	-3,141	-2,029	-916	186	1,300	2,409	3,526	4,574
	Cash Cost	3,859	2,980	2,057	1,117	186	-740	-1,678	-2,602	-3,534
	CAPEX	4,782	3,718	2,537	1,363	186	-984	-2,151	-3,323	-4,486
	WACC	341	298	258	221	186	153	122	94	67

The probable range in value using discount factors ranging from 6% to 10% are as follows:

Table 4-3 China Energy DCF-NPV Probable Range

	NPV Under Various Sensitivity Cases (RMB Millions)					
Mine	6.0%	7.0%	Base Case (7.1%)	8.0%	9.0%	10.0%
China Energy Guoyuan Power Co., Ltd.						
Chaoyang Open-pit	1,881	1,593	1,562	1,350	1,144	968
Dananhu No.2 Open-pit	4,540	4,015	3,958	3,571	3,195	2,873
Renjiazhuang	2,832	2,628	2,605	2,446	2,284	2,140
Sandaogou	3,792	3,493	3,460	3,228	2,992	2,781
Shangyuquan	2,263	1,913	1,875	1,620	1,373	1,163
China Energy Shaanxi Shenyan Coal Co., Ltd.						
Xiwan Open-pit	26,820	24,093	23,797	21,795	19,845	18,178
China Energy Wuhai Energy Co., Ltd.						
Gongwusu	303	49	21	(167)	(351)	(508)
Huangbaici	159	49	37	(47)	(131)	(204)
Laoshidan	53	20	16	(10)	(37)	(61)
Limin	203	56	40	(68)	(173)	(261)
Luotuoshan	97	38	31	(16)	(65)	(109)
Lutian	5	5	5	5	5	5
Pinggou	148	61	51	(7)	(59)	(98)
Suhaitu	-	-	-	-	-	-
Wuhushan	152	67	57	(6)	(68)	(120)
China Energy Xinjiang Energy and Chemical Co., Ltd.						
Heishan Open-pit	9,871	8,180	7,998	6,780	5,612	4,632
Hongshaquan No.1 Open-pit	406	51	13	(238)	(475)	(671)
Hongshaquan No.2 Open-pit	460	65	23	(243)	(484)	(671)
Tunbao	180	25	8	(101)	(202)	(284)
Wudong	307	108	86	(55)	(188)	(298)
Zhundong Open-pit	667	80	19	(378)	(737)	(1,019)
Guodian Jiantou Inner Mongolia Energy Co., Ltd.						
Chahasu	7,977	7,331	7,259	6,762	6,258	5,808
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.						
Baiyinhua No.1 Open-pit	6,233	5,371	5,277	4,650	4,043	3,529
Boligou	3,724	3,378	3,340	3,077	2,812	2,579
Hesigewula South Open-pit	13,630	12,231	12,077	11,039	10,017	9,136
Yuanbaoshan Open-pit	220	89	75	(22)	(118)	(199)
Shanxi Jinshen Energy Co., Ltd.						
Ciyaogou	2,671	2,481	2,459	2,309	2,153	2,012
Shaping	304	197	186	109	35	(26)
Total	**89,900**	**77,666**	**76,338**	**68,742**	**61,770**	**55,804**

Although BOYD has used a 7.1% discount factor to arrive at our Base FMV for the subjective operations, the sensitivity of 8% to 10**%** encompasses the typical range of discount rates applied to this type of asset. While we believe the 7.1% discount factor is supportable and reasonable, an alternate factor in the range of 8% to 10**%** would also be appropriate, particularly if the FMV (i.e. any willing buyer) is the objective. As shown in the preceding table, at the higher nominal discount rates, the NPV for numerous mining operations are negative.

4.5 Additional Coal Reserves Valuation - Hybrid Approach

Excluding the identified coal reserves which are valued in the LOM plan cash flow analysis through the year 2054, some mines also control substantial additional coal reserves in the remaining underlying coal seams.

BOYD opines that these additional coal reserves add supplemental Indicative MV to each mine. To reflect the more speculative nature of these coal reserves, we have adopted the Hybrid Approach to value the additional reserves that remain unmined beyond 2054.

4.5.1 Hybrid Approach Procedures

The following procedures are used in the Hybrid Approach to value the additional coal reserves at each mine:

- Derivation of Per-tonne Economic Contribution Indicator

  Using the valuation outcomes of each subject mine estimated in Section 4.4, the net present value (NPV) derived from each mine's DCF model was divided by its corresponding 30-year LOM plan recoverable tonnage to determine the "per-tonne profitability" (RMB per tonne). The result represents the benchmark for the subject operating-mine's profitability per tonne of recoverable coal in 30-year LOM plan.

- Risk Adjustment and Profitability Discounting

  Given that the mine plan for the Additional Reserves has been scheduled for 30 years later (after 2054), the per-tonne profitability indicator is adjusted downward to account for multiple layers of uncertainty. Key adjustment factors include, but are not limited to:

  – Post-2054 Economic and Technological Obsolescence Risk (typically 50%–70%);
  – Price and market volatility risks (20%–30%);
  – Policy and regulation risks (5%–15%);
  – Other risks (1%–10%).

  The adjusted figure, termed "risk-adjusted per-tonne profitability," represents the indicative economic efficiency achievable under normal market conditions after allowance for development risks.

- Computation of Valuation

  The risk-adjusted per-tonne profitability is multiplied by the estimated saleable reserves (converted from the in-situ resource base) to derive the indicative value of the additional reserves. The value, expressed in RMB, represents the

potential additional economic worth of the mining rights under the assumption of future operation after the year 2054:

Indicative Market Value = (Risk-adjusted Profit per tonne) × (Expected Recoverable Tonnage)

This approach establishes a correlation between the economic performance of operating coal mines and the potential value of their additional reserves. It represents an alternative valuation method that is applied when the income method covers a valuation period that is too long (over 30 years), as this may introduce a systematic bias. The methodology aligns with Sections 8.2 and 8.3 of the VALMIN Code (2015 Edition), which permit the use of logical and transparent alternative methods when available information is constrained.

The result constitutes an Indicative Market Value, intended as a quantitative reference to potential economic worth rather than a directly realizable or transaction value. The outcome remains subject to uncertainties relating to future resource conversion, market conditions, regulatory environment, and project execution.

4.5.2 Major Assumptions

The following parameters and assumptions are used to value the Additional Reserves:

Table 4-4 Major Assumptions for Additional Coal Reserves Valuation

Assumption	Deducting Ratio %
Unit Price Parameter	**5.0**
Post-2054 Economic and Technological Obsolescence Risk	60.0
Price, and market volatility risks	20.0
Policy and regulation risks	10.0
Other risks	5.0

As shown in the table above, the unit price factor for the additional reserves 5% is derived by subtracting the following parameters/risk factors from 100%:

- Post-2054 Economic and Technological Obsolescence Risk
- Price and market volatility risks
- Policy and regulation risks
- Other risks

4.5.3 Additional Reserve Value

The additional Indicative MV at each mine was valued by using the discounted cash flow (DCF) profit unit value (RMB/t) of its 30-year LOM reserves, and the above mentioned unit price parameter, as shown bellow:

Table 4-5 Indicative MV for Additional Reserves

Mining Right	Additional Reserves (Mt)	Unit DCF Profit (RMB/t)	Unit Price Parameter (%)	Additional Indicative Market Value (RMB Million) Base Case	Probable Range
China Energy Guoyuan Power Co., Ltd.					
Chaoyang Open-pit	172	4.92	5	42	20 - 50
Dananhu No.2 Open-pit	1,041	10.43	5	543	270 - 650
Shangyuquan	227	9.11	5	103	50 - 120
China Energy Shaanxi Shenyan Coal Co., Ltd.					
Xiwan Open-pit	84	62.29	5	263	130 - 320
China Energy Xinjiang Energy and Chemical Co., Ltd.					
Heishan Open-pit	137	17.02	5	117	60 - 140
Hongshaquan No.1 Open-pit	1,655	0.01	5	1	0 - 1
Hongshaquan No.2 Open-pit	1,553	0.03	5	2	1 - 2
Tunbao	15	0.10	5	0.1	-
Wudong	119	0.88	5	5	3 - 6
Zhundong Open-pit	144	0.02	5	0.1	-
Guodian Jiantou Inner Mongolia Energy Co., Ltd.					
Chahasu	395	30.91	5	610	310 - 730
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.					
Boligou	19	31.51	5	30	15 - 36
Total	**5,562**			**1,716**	**900 - 2,100**

Note: Figures may not add due to rounding

Although BOYD has used a 5% unit price factor to arrive at our base case Indicative MV for the subjective operations, we consider a range of a 50% decrease and a 20% increase from this parameter would also be appropriate.

4.6 Exploration Right Resources Valuation

The valuation of the exploration tenements was conducted using two approaches: the Market Approach for these with available comparable market transactions, and the Hybrid Approach for these without such transaction information.

4.6.1 Valuation Procedures

Market Approach Procedures

The following procedures are used in the Market Approach:

- Collection and Compilation of Comparable Transaction Cases
  We have collected coal mine transaction cases in China since 2023 from public channels and summarized them as follows:

Table 4-6 Comparable Transaction Cases

	Location		Deal		Resource	Price	Unit Price
Exploration Right Area	Area	Province	Year	Area (km^2)	(Mt)	(million RMB)	(RMB/t)
Bayanchaidamu	Wushen, Ordos	Inner Mongolia	2023	115.43	2,131	30,150	14
Guanzigou No.1 North	Zhunge'er, Ordos	Inner Mongolia	2024	3.10	78	722	9
Hadatu	Ordos	Inner Mongolia	2024	59.40	200	13,862	69
Heilonggou Block	Shenmu, Yulin	Shaanxi	2023	N/A	221	12,529	57
Huashuta Block	Baode, Xinzhou	Shanxi	2024	45.69	560	16,000	29
Huolinhe No.1	Huolinguole, Tongliao	Inner Mongolia	2023	N/A	1,041	3,717	4
Huolinhe No.4	Huolinguole, Tongliao	Inner Mongolia	2025	N/A	972	2,855	3
Niudinghao Block	Shenmu, Yulin	Shaanxi	2023	N/A	376	23,382	62
Santanghu No.7	Balikun, Hami	Xinjiang	2024	109.28	209	3,523	17
Shangma Block	Xianghuan, Changzhi	Shanxi	2024	72.42	820	12,126	15
Sitou Block	Yangcheng, Jincheng	Shanxi	2025	15.49	217	6,949	32
Xing Country Block	Xing County, Luliang	Shanxi	2024	52.18	953	24,705	26
Yujiazhuang Block	Shouyang, Jinzhong	Shanxi	2024	73.22	630	6,800	11

- Comparison between the Transaction and the Subject Exploration Rights

  Through comparison with the subject exploration right areas estimated in this report, we found that only two transaction cases (Huolinhe No. 1 and Huolinhe No. 4) are potentially comparable with the Yinminhe East Backup Area, Yinminhe East No.2 Area, and Yinminhe East Peripheral Area. Additionally, the Guanzigou No. 1 North case is potentially comparable with the subject Heidaigou Exploration Right. Thus, we applied the market approach valuation for the Yinminhe East Backup Area, Yinminhe East No.2 Area, Yinminhe East Peripheral Area, and Heidaigou Area using the corresponding comparable cases.

- Risk Adjustment and Profitability Discounting

  Due to the lack of detailed technical information, we can only confirm that the selected transaction cases are potentially comparable to the aforementioned six subject exploration rights in terms of coal type, potential mining method, and geographic location. Other relevant factors affecting the economic viability of coal mine development (such as geological occurrence and structural complexity) are not available for comparation. Given this, we have applied a pricing factor to the transaction unit prices to reflect the aforementioned uncertainties. Key adjustment factors include, but are not limited to:
  - Uncertainty of geological occurrence differences (5%-15%)

- Price and market volatility risks (10%-30%)
- Policy and regulation risks (5%-15%)
- Other risks (1%-10%)

- Computation of Valuation

  The risk-adjusted per-tonne profitability is multiplied by the estimated saleable reserves (converted from the in-situ resource base) to derive the indicative value of the exploration rights. The value, expressed in RMB, represents the potential economic worth of the exploration rights under the assumption of future development:

  Indicative Market Value = (Risk-adjusted Profit per tonne) × (Expected Recoverable Tonnage)

Hybrid Approach Procedures

For the other exploration rights that have no suitable transactions to compare, we used the Hybrid method for their valuation. The following procedures are used in the Hybrid Approach:

- Collection and Compilation of Comparable Operating Data

  In the absence of directly comparable exploration right transactions, data from a representative set of operating coal mines located within or adjacent to the subject exploration right areas are assembled.

- Derivation of Per-tonne Economic Contribution Indicator

  Using the available data on recoverable reserves and valuation outcomes, the net present value (NPV) derived from each mine's DCF model was divided by its corresponding recoverable tonnage to determine the "per-tonne profitability" (RMB per tonne). The resulting weighted mean represents the regional benchmark for operating-mine profitability per tonne of recoverable coal.

- Resource-to-Reserve Conversion Assumption

  Considering the exploration maturity, geological confidence, seam continuity, and analog performance of neighboring producing mines, it is assumed that a certain portion of the in-situ resources within the exploration right area may ultimately convert to economically recoverable reserves at a conversion ratio of approximately 50%.

- Risk Adjustment and Profitability Discounting

  Given that an exploration tenement has yet to enter production, the per-tonne profitability indicator is adjusted downward to account for multiple layers of uncertainty. Key adjustment factors include, but are not limited to:
  - Exploration and development uncertainty (typically 20%–30%);
  - Construction-period and financing delay risks (10%–20%);
  - Policy, price, and market volatility risks (5%–10%).

  The adjusted figure, termed "risk-adjusted per-tonne profitability," represents the indicative economic efficiency achievable under normal market conditions after allowance for exploration and development risks.
- Computation of Valuation

  The risk-adjusted per-tonne profitability is multiplied by the estimated saleable reserves (converted from the in-situ resource base) to derive the indicative value of the exploration rights. The value, expressed in RMB, represents the potential economic worth of the exploration rights under the assumption of future development:

  Indicative Market Value = (Risk-adjusted Profit per tonne) × (Expected Recoverable Tonnage)

4.6.2 Major Assumptions

A unit value expressed in RMB per tonne of in-situ resource has been adopted, adjusted by the pricing factor, which is determined by deducting various risk factors from 100% as shown below:

	Deducting Factors (%)	
Assumption	Market Approach	Hybrid Approach
Uncertainty of geological occurrence differences	10.0	-
Exploration and development uncertainty	-	30.0
Construction-period and financing delay risks	-	20.0
Price and market volatility risks	20.0	20.0
Policy and regulation risks	10.0	10.0
Other risks	5.0	5.0
Pricing Factor	55.0	15.0

Since the unit value used by the Hybrid Method is in Reserve basis, additional recovery assumption was made for the hybrid Method. Considering the exploration maturity, geological confidence, seam continuity, and analog performance of neighboring producing mines, it is assumed that a certain portion of the in-situ resources within the exploration right area may ultimately convert to economically recoverable reserves at a conversion ratio of approximately 50%.

4.6.3 Exploration Rights Resources Value

The Indicative MV of the subject exploration right area are as bellow:

Table 4-7 Indicative MV for Exploration Rights Resources

Exploration Right	Resources (Mt)	Unit Value (RMB/t)	Pricing Factor (%)	Mining Recovery (%)	Indicative Market Value (RMB Million) Base Case	Indicative Market Value (RMB Million) Probable Range	Value Method
China Energy Baotou Mining Co., Ltd.							
Yinminhe East Backup	1,330	3.26	55.00	NA	2,389	1,200 - 2,900	Market
Yinminhe East No.2	2,942	3.26	55.00	NA	5,282	2,600 - 6,300	Market
Yinminhe East Peripheral	428	3.26	55.00	NA	768	400 - 900	Market
Subtotal	4,700				8,439	4,200 - 10,100	-
China Energy Guoyuan Power Co., Ltd.							
Dananhu West F1 South	2,321	0.03	15.00	50	5	2 - 6	Hybrid
Dananhu West No.1 East	721	0.03	15.00	50	1	1 - 2	Hybrid
Dananhu West No.3	1,932	0.03	15.00	50	4	2 - 5	Hybrid
Data	392	10.46	15.00	50	307	150 - 370	Hybrid
Huangbai	1,568	10.46	15.00	50	1,230	610 - 1,480	Hybrid
Subtotal	6,934				1,547	800 - 1,900	-
China Energy Wuhai Energy Co., Ltd.							
Hongliushu West	68	1.20	15.00	50	6	3 - 7	Hybrid
Kabuqi Deep Area	-	-	-	-	-	-	-
Subtotal	68				6	3 - 7	-
China Energy Xinjiang Energy and Chemical Co., Ltd.							
Jiangjunmiao	3,851	0.02	15.00	50	6	3 - 7	Hybrid
Liuhuanggou No.4	732	0.10	15.00	50	5	3 - 6	Hybrid
Wucaiwan No.2	2,177	0.02	15.00	50	3	2 - 4	Hybrid
Wucaiwan No.3	3,047	0.02	15.00	50	5	2 - 6	Hybrid
Wucaiwan No.5	1,684	0.02	15.00	50	3	1 - 3	Hybrid
Subtotal	11,492				22	10 - 30	-
Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.							
Heidaigou	760	9.26	55.00	NA	3,873	1,900 - 4,600	Market
Jinsanjiao East	427	0.03	15.00	50	1	0 - 1	Hybrid
Jirentai Bituminous West	304	0.03	15.00	50	1	0 - 1	Hybrid
Jirentai West	1,571	0.03	15.00	50	3	2 - 4	Hybrid
Subtotal	3,062				3,878	1,900 - 4,600	-
Total	**26,255**				**13,892**	**6,900 - 16,700**	

Note: Figures may not add due to rounding

Although BOYD has used 25% and 15% pricing factors for the Market Approach and Hybrid Approach, respectively, to arrive at our Base Case Indicative MV for the subjective Exploration Rights, we consider a range of a 50% decrease and a 20% increase from this parameter would also be appropriate.

4.7 Conclusion

Based on the fully developed status of the subjective mines and related operations, and rating of the operation as among the best in terms of productivity and operating cost, in China, BOYD concludes the derived Technical Value of the existing operation is the same as Market Value (i.e., no further adjustments are warranted). In addition to the value assigned to the existing operations, we opine it is appropriate to recognize and assign Indicative Market Value to the large tonnage of additional resources and reserves which are not considered in the DCF-NPV analysis

(Technical Value). We have a high degree of confidence that the MV shown in this report is a reasonable representation of the subject assets, as of 31 July 2025.

Following this page are:

Tables:

Discounted Cash Flow

Table 4-8: Discounted Cash Flow of Chaoyang Open-pit
Table 4-9: Discounted Cash Flow of Dananhu No.2 Open-pit
Table 4-10: Discounted Cash Flow of Renjiazhuang
Table 4-11: Discounted Cash Flow of Sandaogou
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Table 4-23: Discounted Cash Flow of Hongshaquan No.1 Open-pit
Table 4-24: Discounted Cash Flow of Hongshaquan No.2 Open-pit
Table 4-25: Discounted Cash Flow of Tunbao
Table 4-26: Discounted Cash Flow of Wudong
Table 4-27: Discounted Cash Flow of Zhundong Open-pit
Table 4-28: Discounted Cash Flow of Chahasu
Table 4-29: Discounted Cash Flow of Baiyinhua No.1 Open-pit
Table 4-30: Discounted Cash Flow of Boligou
Table 4-31: Discounted Cash Flow of Hesigewula South Open-pit
Table 4-32: Discounted Cash Flow of Yuanbaoshan Open-pit
Table 4-33: Discounted Cash Flow of Ciyaogou
Table 4-34: Discounted Cash Flow of Shaping

TABLE 4-8

DISCOUNTED CASH FLOW
CHAOYANG OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.56	7.68	9.12	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56	10.56
Revenue RMB (millions)																														
Revenue (Including VAT)	474	1,413	1,708	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983	1,983
Revenue (Excluding VAT)	420	1,251	1,512	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755	1,755
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	85	100	102	103	103	103	103	122	122	122	122	122	122	122	122	142	142	142	142	142	142	142	142	142	142	142	142	142	142	142
															RMB (millions)															
Mine Operating Costs (including CPP)	217	771	929	1,088	1,087	1,087	1,087	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,283	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503	1,503
Value Added Tax with credit	33	93	113	131	131	131	131	122	122	122	122	122	122	122	122	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112
Total Cash Cost of Sales	250	864	1,042	1,219	1,218	1,218	1,218	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Depreciation (including CPP)	64	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73
Amortization (including CPP)	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Simple Production Maintainance	23	70	83	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96
Safety Production	13	40	48	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55
Total Non-Cash Costs	102	184	205	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226	226
Resource Tax	18	53	64	74	74	74	74	74	74	74	74	74	74	74	74	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Construction & Education Supplementary Tax	3	9	11	13	13	13	13	12	12	12	12	12	12	12	12	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	373	1,110	1,322	1,531	1,531	1,531	1,531	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,717	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927	1,927
Taxable Income	47	140	190	223	223	223	223	37	37	37	37	37	37	37	37	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)	(173)
Income Tax	12	35	47	56	56	56	56	9	9	9	9	9	9	9	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	191	452	544	621	622	622	622	482	482	482	482	482	482	482	482	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281
Working Capital/Parts/Inventory	300	600	600	600	600	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,326)
Capital Expenditures (including CPP)	40	120	143	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	340	720	743	765	765	315	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	165	(1,161)
Net After-Tax Cash Flow	(149)	(268)	(199)	(144)	(143)	307	457	317	317	317	317	317	317	317	317	116	116	116	116	116	116	116	116	116	116	116	116	116	116	1,443
Discounted Cash Flow at 7.1%	(147)	(251)	(174)	(118)	(110)	219	304	197	184	172	160	150	140	130	122	42	39	36	34	32	30	28	26	24	22	21	20	18	17	197
Cumulative Discounted Cash Flow	(147)	(398)	(572)	(690)	(800)	(581)	(277)	(80)	104	275	436	585	725	855	977	1,018	1,057	1,094	1,128	1,159	1,189	1,216	1,242	1,266	1,289	1,309	1,329	1,347	1,364	1,562

TABLE 4-9

DISCOUNTED CASH FLOW
DANANHU NO.2 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	4.34	10.45	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35
Revenue RMB (millions)																														
Revenue (Including VAT)	525	1,332	1,593	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714	1,714
Revenue (Excluding VAT)	465	1,179	1,410	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	61	61	61	61	61	61	61	61	61	72	72	72	72	72	72	72	72	72	83	83	83	83	83	83	83	83	83	83	83	83
																			RMB (millions)											
Mine Operating Costs (including CPP)	267	643	760	760	760	760	760	760	760	890	890	890	890	890	890	890	890	890	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Value Added Tax with credit	37	103	126	123	123	123	123	123	123	117	117	117	117	117	117	117	117	117	111	111	111	111	111	111	111	111	111	111	111	111
Total Cash Cost of Sales	304	746	886	883	883	883	883	883	883	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131	1,131
Depreciation (including CPP)	35	103	104	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105
Amortization (including CPP)	18	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42
Simple Production Maintainance	27	66	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78
Safety Production	23	55	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65
Total Non-Cash Costs	103	266	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290	290
Resource Tax	44	111	132	143	143	143	143	143	143	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144
Construction & Education Supplementary Tax	2	6	8	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	453	1,129	1,315	1,323	1,323	1,323	1,323	1,323	1,323	1,448	1,448	1,448	1,448	1,448	1,448	1,448	1,448	1,448	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571	1,571
Taxable Income	12	50	95	193	193	193	193	193	193	69	69	69	69	69	69	69	69	69	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)	(55)
Income Tax	2	8	14	29	29	29	48	48	48	17	17	17	17	17	17	17	17	17	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	173	462	554	652	652	652	632	632	632	539	539	539	539	539	539	539	539	539	432	432	432	432	432	432	432	432	432	432	432	432
Working Capital/Parts/Inventory	200	400	400	400	400	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,520)
Capital Expenditures (including CPP)	34	25	12	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	234	425	412	530	530	320	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	(1,390)
Net After-Tax Cash Flow	(60)	37	142	122	122	332	502	502	502	409	409	409	409	409	409	409	409	409	302	302	302	302	302	302	302	302	302	302	302	1,822
Discounted Cash Flow at 7.1%	(60)	35	124	100	93	237	334	312	291	221	207	193	180	168	157	147	137	128	88	82	77	72	67	63	58	54	51	47	44	249
Cumulative Discounted Cash Flow	(60)	(25)	100	199	292	529	863	1,175	1,467	1,688	1,895	2,088	2,268	2,436	2,593	2,740	2,876	3,004	3,092	3,175	3,251	3,323	3,390	3,453	3,511	3,566	3,616	3,664	3,708	3,958

TABLE 4-10

DISCOUNTED CASH FLOW
RENJIAZHUANG MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Product Tonnes (millions)	2.83	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.47	3.06
Revenue RMB (millions)																					
Revenue (Including VAT)	1,042	1,433	1,458	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,444	1,273
Revenue (Excluding VAT)	922	1,268	1,290	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,127
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	127	138	138	196	196	196	196	196	196	254	254	254	254	254	254	254	254	311	311	311	311
										RMB (millions)											
Mine Operating Costs (including CPP)	358	481	481	681	681	681	681	681	681	881	881	881	881	881	881	881	881	1,081	1,081	1,081	953
Value Added Tax with credit	77	108	111	100	100	64	100	100	100	91	91	91	91	55	91	91	91	82	82	82	72
Total Cash Cost of Sales	435	589	592	781	781	745	781	781	781	972	972	972	972	936	972	972	972	1,163	1,163	1,163	1,025
Depreciation (including CPP)	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	111
Amortization (including CPP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	30	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	28
Safety Production	53	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	57	50
Total Non-Cash Costs	209	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	190
Resource Tax	63	86	88	87	87	90	87	87	87	88	88	88	88	90	88	88	88	89	89	89	78
Construction & Education Supplementary Tax	8	11	11	10	10	6	10	10	10	9	9	9	9	6	9	9	9	8	8	8	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	715	901	906	1,093	1,093	1,056	1,093	1,093	1,093	1,284	1,284	1,284	1,284	1,247	1,284	1,284	1,284	1,475	1,475	1,475	1,300
Taxable Income	208	368	384	185	185	221	185	185	185	(7)	(7)	(7)	(7)	31	(7)	(7)	(7)	(198)	(198)	(198)	(173)
Income Tax	31	55	58	28	28	33	46	46	46	-	-	-	-	8	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	505	692	710	538	538	569	520	520	520	375	375	375	375	405	375	375	375	184	184	184	163
Working Capital/Parts/Inventory	200	400	400	400	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(966)
Capital Expenditures (including CPP)	98	120	120	120	120	400	120	120	120	120	120	120	120	400	120	120	120	120	120	120	106
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	443
Deductions to Cash Flow	298	520	520	520	260	400	120	120	120	120	120	120	120	400	120	120	120	120	120	120	(418)
Net After-Tax Cash Flow	207	172	190	18	278	169	400	400	400	255	255	255	255	5	255	255	255	64	64	64	580
Discounted Cash Flow at 7.1%	204	162	166	15	212	121	266	248	232	138	129	120	112	2	98	91	85	20	19	17	147
Cumulative Discounted Cash Flow	204	366	532	547	759	880	1,146	1,394	1,626	1,764	1,893	2,013	2,125	2,127	2,225	2,316	2,402	2,421	2,440	2,457	2,605

TABLE 4-11

DISCOUNTED CASH FLOW
SANDAOGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Product Tonnes (millions)	4.86	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64	2.46
Revenue RMB (millions)																						
Revenue (Including VAT)	2,215	3,948	4,072	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	1,187
Revenue (Excluding VAT)	1,960	3,494	3,604	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	3,687	1,051
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	127	187	302	302	302	302	302	302	302	302	302	302	314	325	337	349	360	372	383	395	406	406
													RMB (millions)									
Mine Operating Costs (including CPP)	617	1,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,612	2,712	2,812	2,912	3,012	3,112	3,212	3,312	3,412	3,512	1,001
Value Added Tax with credit	178	294	237	270	270	247	270	270	270	270	270	247	242	261	233	252	248	243	238	234	206	65
Total Cash Cost of Sales	795	1,906	2,849	2,882	2,882	2,859	2,882	2,882	2,882	2,882	2,882	2,859	2,954	3,073	3,145	3,264	3,360	3,455	3,550	3,646	3,718	1,066
Depreciation (including CPP)	83	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	54
Amortization (including CPP)	24	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	15
Simple Production Maintainance	45	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	95	27
Safety Production	128	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	77
Total Non-Cash Costs	279	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	606	173
Resource Tax	204	365	384	390	390	392	390	390	390	390	390	392	392	391	393	391	392	392	393	393	396	112
Construction & Education Supplementary Tax	18	29	24	27	27	25	27	27	27	27	27	25	24	26	23	25	25	24	24	23	21	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,296	2,905	3,862	3,904	3,904	3,881	3,904	3,904	3,904	3,904	3,904	3,881	3,975	4,095	4,166	4,285	4,382	4,476	4,572	4,667	4,740	1,357
Taxable Income	665	589	(258)	(217)	(217)	(193)	(217)	(217)	(217)	(217)	(217)	(193)	(288)	(408)	(479)	(598)	(695)	(789)	(885)	(980)	(1,052)	(306)
Income Tax	100	88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	1,099	1,560	816	868	868	891	868	868	868	868	868	891	797	677	606	487	390	296	200	105	33	3
Working Capital/Parts/Inventory	400	1,000	1,000	920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,220)
Capital Expenditures (including CPP)	152	270	450	270	270	450	270	270	270	270	270	450	450	270	450	270	270	270	270	270	450	77
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,422
Deductions to Cash Flow	552	1,270	1,450	1,190	270	450	270	270	270	270	270	450	450	270	450	270	270	270	270	270	450	(1,721)
Net After-Tax Cash Flow	547	290	(634)	(322)	598	441	598	598	598	598	598	441	347	407	156	217	120	26	(70)	(165)	(417)	1,724
Discounted Cash Flow at 7.1%	539	272	(556)	(263)	457	315	398	372	347	324	302	208	153	167	60	78	40	8	(20)	(45)	(106)	409
Cumulative Discounted Cash Flow	539	812	256	(7)	450	764	1,163	1,534	1,881	2,205	2,508	2,716	2,869	3,036	3,096	3,174	3,214	3,222	3,202	3,157	3,051	3,460

TABLE 4-12

DISCOUNTED CASH FLOW
SHANGYUQUAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.10	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29
Revenue RMB (millions)																														
Revenue (Including VAT)	712	1,784	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807
Revenue (Excluding VAT)	630	1,578	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	209	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223
															RMB (millions)															
Mine Operating Costs (including CPP)	437	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177
Value Added Tax with credit	(12)	71	71	103	103	103	103	103	103	71	103	103	103	103	103	103	103	103	71	103	103	103	103	103	103	103	103	71	71	71
Total Cash Cost of Sales	425	1,248	1,248	1,280	1,280	1,280	1,280	1,280	1,280	1,248	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,248	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,248	1,248	1,248
Depreciation (including CPP)	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	4	4	4	4	4	4	4	4	4	4
Amortization (including CPP)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	28	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	2	2	2	2	2	2	2	2	2	2
Safety Production	42	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	105	4	4	4	4	4	4	4	4	4	4
Total Non-Cash Costs	117	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	223	10	10	10	10	10	10	10	10	10	10
Resource Tax	1	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Construction & Education Supplementary Tax	(1)	7	7	10	10	10	10	10	10	7	10	10	10	10	10	10	10	10	7	10	10	10	10	10	10	10	10	7	7	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	543	1,480	1,480	1,515	1,515	1,515	1,515	1,515	1,515	1,480	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,480	1,515	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,267	1,267	1,267
Taxable Income	88	98	119	84	84	84	84	84	84	119	84	84	84	84	84	84	84	84	119	84	297	297	297	297	297	297	297	333	333	333
Income Tax	13	15	18	13	13	13	21	21	21	30	21	21	21	21	21	21	21	21	30	21	74	74	74	74	74	74	74	83	83	83
Gross After-Tax Cash Flow	274	512	533	503	503	503	494	494	494	521	494	494	494	494	494	494	494	494	521	494	441	441	441	441	441	441	441	467	467	467
Working Capital/Parts/Inventory	150	300	300	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,654)
Capital Expenditures (including CPP)	500	437	458	208	208	210	210	210	210	458	210	210	210	210	210	210	210	210	458	210	210	210	210	210	210	210	210	458	458	458
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	650	737	758	408	208	210	210	210	210	458	210	210	210	210	210	210	210	210	458	210	210	210	210	210	210	210	210	458	458	(1,196)
Net After-Tax Cash Flow	(376)	(225)	(225)	95	295	293	284	284	284	63	284	284	284	284	284	284	284	284	63	284	231	231	231	231	231	231	231	10	10	1,663
Discounted Cash Flow at 7.1%	(371)	(211)	(197)	78	225	209	189	177	165	34	144	134	125	117	109	102	95	89	18	77	59	55	51	48	45	42	39	1	1	228
Cumulative Discounted Cash Flow	(371)	(582)	(780)	(702)	(477)	(268)	(79)	98	263	297	440	575	700	817	926	1,028	1,123	1,212	1,230	1,307	1,366	1,421	1,472	1,520	1,564	1,606	1,645	1,646	1,648	1,875

TABLE 4-13

DISCOUNTED CASH FLOW
XIWAN OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	4.76	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35	12.35
Revenue RMB (millions)																														
Revenue (Including VAT)	2,127	5,953	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113	6,113
Revenue (Excluding VAT)	1,883	5,268	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410	5,410
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	285	245	247	252	262	262	262	262	274	274	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277
															RMB (millions)																
Mine Operating Costs (including CPP)	1,357	3,021	3,048	3,116	3,242	3,242	3,242	3,242	3,388	3,388	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419	3,419
Value Added Tax with credit	144	464	470	464	458	458	458	458	451	451	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450	450
Total Cash Cost of Sales	1,501	3,485	3,518	3,580	3,700	3,700	3,700	3,700	3,839	3,839	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869	3,869
Depreciation (including CPP)	96	245	265	266	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348
Amortization (including CPP)	74	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163
Simple Production Maintainance	41	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104
Safety Production	26	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65
Total Non-Cash Costs	237	578	597	598	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680	680
Resource Tax	2	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Construction & Education Supplementary Tax	14	46	47	46	46	46	46	46	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,754	4,114	4,168	4,230	4,431	4,431	4,431	4,431	4,570	4,570	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Taxable Income	129	1,154	1,242	1,180	979	979	979	979	840	840	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810	810
Income Tax	19	173	186	177	147	147	245	245	210	210	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203	203
Gross After-Tax Cash Flow	591	2,244	2,356	2,304	2,215	2,215	2,117	2,117	2,014	2,014	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991
Working Capital/Parts/Inventory	200	400	400	400	400	260	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,481)
Capital Expenditures (including CPP)	84	34	109	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	284	434	509	530	530	390	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	130	(6,351)
Net After-Tax Cash Flow	307	1,810	1,848	1,774	1,685	1,825	1,987	1,987	1,884	1,884	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	1,861	8,342
Discounted Cash Flow at 7.1%	302	1,699	1,619	1,451	1,287	1,301	1,323	1,235	1,093	1,020	941	878	820	765	715	667	623	581	543	507	473	442	412	385	359	335	313	292	273	1,142
Cumulative Discounted Cash Flow	302	2,002	3,621	5,072	6,360	7,661	8,984	10,219	11,312	12,332	13,272	14,151	14,971	15,736	16,451	17,118	17,740	18,322	18,864	19,371	19,844	20,285	20,698	21,082	21,442	21,777	22,090	22,382	22,655	23,797

TABLE 4-14

DISCOUNTED CASH FLOW
GONGWUSU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Product Tonnes (millions)	0.23	1.17	1.17	1.17	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	1.53
Revenue RMB (millions)																					
Revenue (Including VAT)	72	620	739	882	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,152
Revenue (Excluding VAT)	64	549	654	781	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,020
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	988	451	451	451	402	402	402	402	402	402	402	402	402	402	402	402	402	402	402	402	402
													RMB (millions)								
Mine Operating Costs (including CPP)	231	528	528	528	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	847	615
Value Added Tax with credit	(13)	5	(37)	(54)	61	116	116	116	116	116	116	116	116	116	116	116	116	116	116	116	82
Total Cash Cost of Sales	218	533	491	474	908	963	963	963	963	963	963	963	963	963	963	963	963	963	963	963	697
Depreciation (including CPP)	14	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	44
Amortization (including CPP)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	3	14	14	14	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	19
Safety Production	5	23	23	23	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	29
Total Non-Cash Costs	23	97	97	97	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	92
Resource Tax	8	62	78	94	153	147	147	147	147	147	147	147	147	147	147	147	147	147	147	147	107
Construction & Education Supplementary Tax	(2)	1	(4)	(6)	7	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	10
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	247	693	662	659	1,195	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	1,251	905
Taxable Income	(184)	(144)	(7)	122	210	155	155	155	155	155	155	155	155	155	155	155	155	155	155	155	114
Income Tax	-	-	-	18	32	23	39	39	39	39	39	39	39	39	39	39	39	39	39	39	29
Gross After-Tax Cash Flow	(153)	25	175	302	488	441	425	425	425	425	425	425	425	425	425	425	425	425	425	425	310
Working Capital/Parts/Inventory	100	200	250	250	250	250	250	250	-	-	-	-	-	-	-	-	-	-	-	-	(1,036)
Capital Expenditures (including CPP)	73	265	675	920	481	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	375
Deductions to Cash Flow	173	465	925	1,170	731	304	304	304	54	54	54	54	54	54	54	54	54	54	54	54	(606)
Net After-Tax Cash Flow	(325)	(441)	(750)	(868)	(243)	137	121	121	371	371	371	371	371	371	371	371	371	371	371	371	917
Discounted Cash Flow at 7.1%	(321)	(414)	(658)	(710)	(186)	98	81	75	216	201	188	175	164	153	143	133	124	116	108	101	233
Cumulative Discounted Cash Flow	(321)	(734)	(1,392)	(2,102)	(2,288)	(2,190)	(2,109)	(2,034)	(1,818)	(1,617)	(1,429)	(1,254)	(1,090)	(937)	(795)	(662)	(537)	(421)	(313)	(212)	21

TABLE 4-15

DISCOUNTED CASH FLOW
HUANGBAICI MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Product Tonnes (millions)	0.40	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	1.53	0.22
Revenue RMB (millions)															
Revenue (Including VAT)	145	766	1,075	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	169
Revenue (Excluding VAT)	129	678	951	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	149
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	1,027	474	474	474	474	474	474	474	474	474	474	474	474	474	474
							RMB (millions)								
Mine Operating Costs (including CPP)	410	725	725	725	725	725	725	725	725	725	725	725	725	725	103
Value Added Tax with credit	(12)	40	72	83	83	83	40	83	83	83	83	83	83	83	12
Total Cash Cost of Sales	398	765	797	808	808	808	765	808	808	808	808	808	808	808	115
Depreciation (including CPP)	10	69	69	69	69	69	69	69	69	69	69	69	69	69	10
Amortization (including CPP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	5	17	17	17	17	17	17	17	17	17	17	17	17	17	17
Safety Production	17	54	54	54	54	54	54	54	54	54	54	54	54	54	8
Total Non-Cash Costs	33	141	141	141	141	141	141	141	141	141	141	141	141	141	35
Resource Tax	16	73	100	110	110	110	115	110	110	110	110	110	110	110	16
Construction & Education Supplementary Tax	(1)	5	9	10	10	10	5	10	10	10	10	10	10	10	1
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	446	983	1,046	1,068	1,068	1,068	1,025	1,068	1,068	1,068	1,068	1,068	1,068	1,068	167
Taxable Income	(317)	(305)	(95)	(19)	(19)	(19)	25	(19)	(19)	(19)	(19)	(19)	(19)	(19)	(18)
Income Tax	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(268)	(77)	169	258	258	258	295	258	258	258	258	258	258	258	36
Working Capital/Parts/Inventory	100	150	250	250	250	250	250	250	-	-	-	-	-	-	(1,458)
Capital Expenditures (including CPP)	62	36	36	36	36	36	370	36	36	36	36	36	36	36	5
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	320
Deductions to Cash Flow	162	186	286	286	286	286	620	286	36	36	36	36	36	36	(1,133)
Net After-Tax Cash Flow	(430)	(263)	(117)	(28)	(28)	(28)	(325)	(28)	222	222	222	222	222	222	1,169
Discounted Cash Flow at 7.1%	(424)	(247)	(102)	(23)	(21)	(20)	(216)	(17)	129	120	112	105	98	92	449
Cumulative Discounted Cash Flow	(424)	(670)	(773)	(795)	(816)	(836)	(1,052)	(1,069)	(940)	(819)	(707)	(602)	(504)	(412)	37

TABLE 4-16

DISCOUNTED CASH FLOW
LAOSHIDAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Product Tonnes (millions)	0.19	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.83	0.14
Revenue RMB (millions)										
Revenue (Including VAT)	88.12	556.42	654.67	674.61	674.61	674.61	674.61	674.61	674.61	113.00
Revenue (Excluding VAT)	77.98	492.40	579.36	597.00	597.00	597.00	597.00	597.00	597.00	100.00
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	1,023	545	545	495	495	495	495	495	495	495
	RMB (millions)									
Mine Operating Costs (including CPP)	191	451	451	410	410	410	410	410	410	69
Value Added Tax with credit	(1)	31	45	49	24	47	47	47	47	8
Total Cash Cost of Sales	190	482	496	459	434	457	457	457	457	77
Depreciation (including CPP)	14	37	37	33	33	33	33	33	33	6
Amortization (including CPP)	0	5	5	5	5	5	5	5	5	1
Simple Production Maintainance	3	11	11	11	11	11	11	11	11	2
Safety Production	8	36	36	36	36	36	36	36	36	6
Total Non-Cash Costs	25	89	89	86	86	86	86	86	86	14
Resource Tax	9	53	61	63	65	63	63	63	63	10
Construction & Education Supplementary Tax	(0)	4	5	6	3	6	6	6	6	1
Sales Taxes	-	-	-	-	-	-	-	-	-	-
Total Production Costs	223	628	652	613	587	611	611	611	611	102
Taxable Income	(145)	(136)	(72)	(16)	10	(14)	(14)	(14)	(14)	(2)
Income Tax	-	-	-	-	1	-	-	-	-	-
Gross After-Tax Cash Flow	(110)	18	92	147	171	149	149	149	149	25
Working Capital/Parts/Inventory	60	150	150	150	150	-	-	-	-	(600)
Capital Expenditures (including CPP)	10	37	11	10	200	24	24	24	24	4
Decommissioning	-	-	-	-	-	-	-	-	-	183
Deductions to Cash Flow	70	187	161	160	350	24	24	24	24	(413)
Net After-Tax Cash Flow	(180)	(169)	(69)	(13)	(179)	125	125	125	125	438
Discounted Cash Flow at 7.1%	(177)	(159)	(60)	(11)	(136)	89	83	78	73	237
Cumulative Discounted Cash Flow	(177)	(336)	(396)	(407)	(544)	(454)	(371)	(294)	(221)	16

TABLE 4-17

DISCOUNTED CASH FLOW
LIMIN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Product Tonnes (millions)	0.35	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	0.75
Revenue RMB (millions)																						
Revenue (Including VAT)	205.56	802.80	890.80	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	1,030.20	640.59
Revenue (Excluding VAT)	181.92	710.44	788.32	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	911.68	566.89
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	1,498	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584	584
											RMB (millions)											
Mine Operating Costs (including CPP)	524	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	701	436
Value Added Tax with credit	(4)	48	55	62	52	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	45
Total Cash Cost of Sales	520	749	756	763	753	770	770	770	770	770	770	770	770	770	770	770	770	770	770	770	770	481
Depreciation (including CPP)	21	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	29
Amortization (including CPP)	3	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	5
Simple Production Maintainance	6	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	9
Safety Production	10	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	14
Total Non-Cash Costs	40	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	92	57
Resource Tax	21	75	84	97	98	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	60
Construction & Education Supplementary Tax	(0)	6	7	7	6	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	5
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	581	921	938	959	949	966	966	966	966	966	966	966	966	966	966	966	966	966	966	966	966	603
Taxable Income	(399)	(211)	(150)	(47)	(37)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(36)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(335)	(27)	44	163	173	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	94
Working Capital/Parts/Inventory	100	200	200	250	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,398)
Capital Expenditures (including CPP)	8	16	27	88	160	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	-
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	290
Deductions to Cash Flow	108	216	227	338	410	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	(1,108)
Net After-Tax Cash Flow	(443)	(243)	(182)	(175)	(237)	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	126	1,203
Discounted Cash Flow at 7.1%	(436)	(228)	(160)	(143)	(181)	90	84	78	73	68	64	59	56	52	48	45	42	39	37	34	32	285
Cumulative Discounted Cash Flow	(436)	(664)	(824)	(967)	(1,148)	(1,058)	(974)	(896)	(823)	(755)	(691)	(631)	(576)	(524)	(476)	(430)	(388)	(349)	(312)	(278)	(246)	40

TABLE 4-18

DISCOUNTED CASH FLOW
LUOTUOSHAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Product Tonnes (millions)	0.68	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	0.94
Revenue RMB (millions)												
Revenue (Including VAT)	140.15	379.08	566.28	702.27	753.41	753.41	753.41	753.41	753.41	753.41	753.41	587.08
Revenue (Excluding VAT)	124.02	335.47	501.13	621.48	666.73	666.73	666.73	666.73	666.73	666.73	666.73	519.54
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	337	337	337	337	337	337	337	337	420	420	420	420
						RMB (millions)						
Mine Operating Costs (including CPP)	229	404	404	404	404	404	404	404	504	504	504	393
Value Added Tax with credit	1	14	33	47	52	52	26	52	48	48	48	37
Total Cash Cost of Sales	230	418	437	451	456	456	430	456	552	552	552	430
Depreciation (including CPP)	42	74	74	74	74	74	74	74	74	74	74	74
Amortization (including CPP)	17	30	30	30	30	30	30	30	30	30	30	30
Simple Production Maintainance	8	14	14	14	14	14	14	14	14	14	14	14
Safety Production	43	75	75	75	75	75	75	75	75	75	75	75
Total Non-Cash Costs	109	193	193	193	193	193	193	193	193	193	193	193
Resource Tax	13	33	48	59	63	63	65	63	63	63	63	50
Construction & Education Supplementary Tax	0	2	4	6	6	6	3	6	6	6	6	4
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	352	646	682	709	718	718	691	718	814	814	814	677
Taxable Income	(228)	(310)	(181)	(87)	(51)	(51)	(24)	(51)	(147)	(147)	(147)	(158)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(103)	(74)	77	186	228	228	255	228	132	132	132	103
Working Capital/Parts/Inventory	160	300	300	-	-	-	-	-	-	-	-	(809)
Capital Expenditures (including CPP)	26	45	45	45	45	45	250	45	45	45	45	35
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	244
Deductions to Cash Flow	186	345	345	45	45	45	250	45	45	45	45	(530)
Net After-Tax Cash Flow	(289)	(419)	(268)	141	183	183	5	183	87	87	87	632
Discounted Cash Flow at 7.1%	(284)	(393)	(235)	116	140	130	3	114	51	47	44	299
Cumulative Discounted Cash Flow	(284)	(678)	(913)	(797)	(657)	(527)	(523)	(410)	(359)	(312)	(267)	31

TABLE 4-19

DISCOUNTED CASH FLOW
LUTIAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025
Product Tonnes (millions)	0.51
Revenue RMB (millions)	
Revenue (Including VAT)	149.80
Revenue (Excluding VAT)	132.56
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	649
	RMB (millions)
Mine Operating Costs (including CPP)	333
Value Added Tax with credit	-
Total Cash Cost of Sales	333
Depreciation (including CPP)	10
Amortization (including CPP)	0
Simple Production Maintainance	8
Safety Production	21
Total Non-Cash Costs	40
Resource Tax	15
Construction & Education Supplementary Tax	-
Sales Taxes	-
Total Production Costs	388
Taxable Income	(255)
Income Tax	-
Gross After-Tax Cash Flow	(198)
Working Capital/Parts/Inventory	(320)
Capital Expenditures (including CPP)	-
Decommissioning	116
Deductions to Cash Flow	(204)
Net After-Tax Cash Flow	5
Discounted Cash Flow at 7.1%	5
Cumulative Discounted Cash Flow	5

TABLE 4-20

DISCOUNTED CASH FLOW
PINGGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants

December

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Product Tonnes (millions)	-	-	-	-	1.17	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	0.05
Revenue RMB (millions)																													
Revenue (Including VAT)	-	-	-	-	685	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	31
Revenue (Excluding VAT)	-	-	-	-	606	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	727	28
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	-	-	-	-	364	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404	404
																		RMB (millions)											
Mine Operating Costs (including CPP)	-	-	-	-	425	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	567	21
Value Added Tax with credit	-	-	-	-	35	42	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	53	2
Total Cash Cost of Sales	-	-	-	-	460	609	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	620	23
Depreciation (including CPP)	-	-	-	-	30	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	2
Amortization (including CPP)	-	-	-	-	26	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	1
Simple Production Maintainance	-	-	-	-	14	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	1
Safety Production	-	-	-	-	68	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	3
Total Non-Cash Costs	-	-	-	-	138	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	7
Resource Tax	-	-	-	-	65	78	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	77	3
Construction & Education Supplementary Tax	-	-	-	-	4	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	0
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	-	-	-	-	667	876	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	887	34
Taxable Income	-	-	-	-	(61)	(148)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(160)	(6)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	-	-	-	-	155	129	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	118	4
Working Capital/Parts/Inventory	-	-	-	-	200	200	200	200	200	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,150)
Capital Expenditures (including CPP)	1	10	651	534	120	124	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	1
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	266
Deductions to Cash Flow	1	10	651	534	320	324	236	236	236	186	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	(883)
Net After-Tax Cash Flow	(1)	(10)	(651)	(534)	(165)	(195)	(118)	(118)	(118)	(68)	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	887
Discounted Cash Flow at 7.1%	(1)	(10)	(571)	(437)	(126)	(139)	(78)	(73)	(68)	(37)	42	39	36	34	32	29	27	26	24	22	21	19	18	17	16	15	14	13	130
Cumulative Discounted Cash Flow	(1)	-	-	-	(126)	(265)	(344)	(417)	(485)	(522)	(481)	(442)	(406)	(372)	(340)	(311)	(283)	(258)	(234)	(211)	(191)	(171)	(153)	(136)	(120)	(105)	(91)	(79)	51

TABLE 4-21

DISCOUNTED CASH FLOW
WUHUSHAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants

December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Product Tonnes (millions)	0.43	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	0.56
Revenue RMB (millions)																			
Revenue (Including VAT)	176	894	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	393
Revenue (Excluding VAT)	156	791	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	995	348
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	712	498	498	498	498	498	501	501	501	501	501	501	501	501	501	501	501	501	501
									RMB (millions)										
Mine Operating Costs (including CPP)	308	796	796	796	796	796	802	802	802	802	802	802	802	802	802	802	802	802	280
Value Added Tax with credit	(4)	44	72	67	77	20	70	70	70	70	70	70	70	70	30	70	70	70	19
Total Cash Cost of Sales	304	840	868	863	873	816	872	872	872	872	872	872	872	872	832	872	872	872	299
Depreciation (including CPP)	18	72	72	72	72	72	72	72	72	72	72	72	72	72	72	72	72	72	25
Amortization (including CPP)	0	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1
Simple Production Maintainance	7	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	7
Safety Production	21	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	21
Total Non-Cash Costs	46	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	153	53
Resource Tax	18	85	105	106	105	110	105	105	105	105	105	105	105	105	109	105	105	105	37
Construction & Education Supplementary Tax	(0)	5	9	8	9	2	8	8	8	8	8	8	8	8	4	8	8	8	2
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	367	1,083	1,134	1,130	1,140	1,081	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,097	1,138	1,138	1,138	392
Taxable Income	(211)	(292)	(139)	(134)	(145)	(86)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(102)	(143)	(143)	(143)	(44)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(145)	(37)	143	147	137	196	139	139	139	139	139	139	139	139	180	139	139	139	54
Working Capital/Parts/Inventory	50	100	100	100	50	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,495)
Capital Expenditures (including CPP)	65	79	50	83	13	450	60	60	60	60	60	60	60	60	370	60	60	60	60
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	341
Deductions to Cash Flow	115	179	150	183	63	450	60	60	60	60	60	60	60	60	370	60	60	60	(1,094)
Net After-Tax Cash Flow	(260)	(216)	(7)	(36)	74	(254)	79	79	79	79	79	79	79	79	(190)	79	79	79	1,148
Discounted Cash Flow at 7.1%	(256)	(203)	(6)	(29)	57	(181)	53	49	46	43	40	37	35	33	(73)	28	26	25	335
Cumulative Discounted Cash Flow	(256)	(459)	(465)	(495)	(438)	(619)	(567)	(517)	(472)	(429)	(389)	(351)	(317)	(284)	(357)	(329)	(302)	(278)	57

TABLE 4-22

DISCOUNTED CASH FLOW
HEISHAN MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	5.75	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20	15.20
Revenue RMB (millions)																														
Revenue (Including VAT)	1,598	4,887	5,355	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860	5,860
Revenue (Excluding VAT)	1,414	4,325	4,739	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185	5,185
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	214	229	229	229	229	230	230	230	230	230	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231
	RMB (millions)																													
Mine Operating Costs (including CPP)	1,233	3,483	3,488	3,488	3,488	3,500	3,500	3,500	3,500	3,500	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504	3,504
Value Added Tax with credit	86	318	366	417	417	417	417	417	379	417	416	416	416	416	416	416	416	379	416	416	416	416	416	416	416	416	379	416	416	416
Total Cash Cost of Sales	1,319	3,801	3,854	3,905	3,905	3,917	3,917	3,917	3,879	3,917	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,883	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,883	3,920	3,920	3,920
Depreciation (including CPP)	101	175	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180
Amortization (including CPP)	4	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Simple Production Maintainance	84	142	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136	136
Safety Production	50	84	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80	80
Total Non-Cash Costs	239	407	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403	403
Resource Tax	136	411	449	490	490	490	490	490	493	490	490	490	490	490	490	490	490	493	490	490	490	490	490	490	490	490	493	490	490	490
Construction & Education Supplementary Tax	10	38	44	50	50	50	50	50	45	50	50	50	50	50	50	50	50	45	50	50	50	50	50	50	50	50	45	50	50	50
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,703	4,658	4,750	4,848	4,848	4,860	4,860	4,860	4,820	4,860	4,863	4,863	4,863	4,863	4,863	4,863	4,863	4,824	4,863	4,863	4,863	4,863	4,863	4,863	4,863	4,863	4,824	4,863	4,863	4,863
Taxable Income	(290)	(333)	(10)	338	338	326	326	326	365	326	323	323	323	323	323	323	323	361	323	323	323	323	323	323	323	323	361	323	323	323
Income Tax	-	-	-	51	51	49	81	81	91	81	81	81	81	81	81	81	81	90	81	81	81	81	81	81	81	81	90	81	81	81
Gross After-Tax Cash Flow	133	636	1,009	1,364	1,364	1,354	1,321	1,321	1,351	1,321	1,319	1,319	1,319	1,319	1,319	1,319	1,319	1,348	1,319	1,319	1,319	1,319	1,319	1,319	1,319	1,319	1,348	1,319	1,319	1,319
Working Capital/Parts/Inventory	900	2,000	2,000	1,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,996)
Capital Expenditures (including CPP)	160	160	160	160	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	160
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	1,060	2,160	2,160	1,960	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	160	160	160	160	160	160	450	160	160	(6,836)
Net After-Tax Cash Flow	(927)	(1,524)	(1,151)	(596)	1,204	1,194	1,161	1,161	901	1,161	1,159	1,159	1,159	1,159	1,159	1,159	1,159	898	1,159	1,159	1,159	1,159	1,159	1,159	1,159	1,159	898	1,159	1,159	8,155
Discounted Cash Flow at 7.1%	(914)	(1,431)	(1,009)	(488)	920	851	773	722	523	629	586	547	511	477	445	416	388	281	338	316	295	275	257	240	224	209	151	182	170	1,116
Cumulative Discounted Cash Flow	(914)	(2,344)	(3,353)	(3,841)	(2,921)	(2,070)	(1,297)	(575)	(52)	577	1,163	1,710	2,221	2,698	3,143	3,558	3,946	4,227	4,565	4,880	5,175	5,450	5,707	5,947	6,170	6,379	6,530	6,712	6,882	7,998

TABLE 4-23

DISCOUNTED CASH FLOW
HONGSHAQUAN NO.1 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	11.31	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50
Revenue RMB (millions)																														
Revenue (Including VAT)	1,358	4,418	4,617	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532
Revenue (Excluding VAT)	1,202	3,909	4,086	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	222	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124
																			RMB (millions)											
Mine Operating Costs (including CPP)	2,517	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523
Value Added Tax with credit	16	270	290	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282
Total Cash Cost of Sales	2,533	3,793	3,813	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
Depreciation (including CPP)	20	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29
Amortization (including CPP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	101	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255
Safety Production	60	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Total Non-Cash Costs	181	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434
Resource Tax	107	332	346	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340
Construction & Education Supplementary Tax	2	27	29	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	2,822	4,586	4,622	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607
Taxable Income	(1,621)	(676)	(536)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(1,283)	265	429	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358
Working Capital/Parts/Inventory	200	500	500	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,462)
Capital Expenditures (including CPP)	60	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	260	650	650	650	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	(2,312)
Net After-Tax Cash Flow	(1,543)	(385)	(221)	(292)	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	2,670
Discounted Cash Flow at 7.1%	(1,521)	(361)	(194)	(239)	159	148	139	129	121	113	105	98	92	86	80	75	70	65	61	57	53	49	46	43	40	37	35	33	31	365
Cumulative Discounted Cash Flow	(1,521)	(1,882)	(2,076)	(2,315)	(2,156)	(2,008)	(1,869)	(1,740)	(1,619)	(1,507)	(1,401)	(1,303)	(1,211)	(1,126)	(1,046)	(971)	(902)	(837)	(776)	(719)	(667)	(617)	(571)	(528)	(488)	(450)	(415)	(383)	(352)	13

TABLE 4-24

DISCOUNTED CASH FLOW
HONGSHAQUAN NO.2 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.50	9.50	19.00	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50	28.50
Revenue RMB (millions)																														
Revenue (Including VAT)	300	1,473	3,078	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532	4,532
Revenue (Excluding VAT)	265	1,303	2,724	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010	4,010
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	79	79	79	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124	124
																				RMB (millions)									
Mine Operating Costs (including CPP)	196	747	1,495	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523	3,523
Value Added Tax with credit	14	96	226	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282
Total Cash Cost of Sales	210	843	1,721	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805	3,805
Depreciation (including CPP)	-	-	-	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29
Amortization (including CPP)	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	22	85	170	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255	255
Safety Production	13	50	100	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Total Non-Cash Costs	35	135	270	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434	434
Resource Tax	23	110	228	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340	340
Construction & Education Supplementary Tax	1	10	23	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	270	1,098	2,241	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607	4,607
Taxable Income	(5)	205	483	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)	(597)
Income Tax	-	31	72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	65	479	1,034	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358
Working Capital/Parts/Inventory	400	800	800	800	800	800	300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,790)
Capital Expenditures (including CPP)	60	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	460	950	950	950	950	950	450	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	150	(4,640)
Net After-Tax Cash Flow	(395)	(471)	84	(592)	(592)	(592)	(92)	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	4,998
Discounted Cash Flow at 7.1%	(389)	(442)	74	(484)	(452)	(422)	(61)	129	121	113	105	98	92	86	80	75	70	65	61	57	53	49	46	43	40	37	35	33	31	684
Cumulative Discounted Cash Flow	(389)	(832)	(758)	(1,242)	(1,694)	(2,116)	(2,178)	(2,048)	(1,928)	(1,815)	(1,710)	(1,611)	(1,520)	(1,434)	(1,354)	(1,280)	(1,210)	(1,145)	(1,084)	(1,028)	(975)	(926)	(879)	(836)	(796)	(759)	(724)	(691)	(661)	23

TABLE 4-25

DISCOUNTED CASH FLOW
TUNBAO MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	0.60	1.12	1.15	1.28	1.95	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38	2.38
Revenue RMB (millions)																														
Revenue (Including VAT)	113.10	270.46	314.33	394.28	603.66	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18	734.18
Revenue (Excluding VAT)	100.09	239.34	278.17	348.92	534.21	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72	649.72
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	559	299	308	259	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195
															RMB (millions)																
Mine Operating Costs (including CPP)	334	335	355	331	381	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463	463
Value Added Tax with credit	(6)	7	11	20	39	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48
Total Cash Cost of Sales	328	342	366	351	420	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511	511
Depreciation (including CPP)	25	26	26	26	26	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32	32
Amortization (including CPP)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	6	11	11	12	19	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23
Safety Production	34	64	66	73	111	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135	135
Total Non-Cash Costs	65	100	103	111	156	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190	190
Resource Tax	10	21	24	30	45	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55	55
Construction & Education Supplementary Tax	(1)	1	1	2	5	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	403	464	494	494	625	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762
Taxable Income	(303)	(225)	(215)	(145)	(91)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)	(112)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(225)	(93)	(77)	11	134	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162
Working Capital/Parts/Inventory	50	100	100	100	100	130	150	150	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(857)
Capital Expenditures (including CPP)	20	40	40	40	40	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	70	140	140	140	140	171	191	191	191	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	(816)
Net After-Tax Cash Flow	(295)	(233)	(217)	(129)	(6)	(8)	(28)	(28)	(28)	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	979
Discounted Cash Flow at 7.1%	(290)	(219)	(190)	(106)	(4)	(6)	(19)	(18)	(16)	66	62	57	54	50	47	44	41	38	36	33	31	29	27	25	24	22	20	19	18	134
Cumulative Discounted Cash Flow	(290)	(509)	(699)	(805)	(809)	(815)	(834)	(851)	(868)	(802)	(740)	(683)	(629)	(579)	(532)	(488)	(448)	(409)	(374)	(341)	(310)	(281)	(254)	(229)	(205)	(183)	(163)	(144)	(126)	8

TABLE 4-26

DISCOUNTED CASH FLOW
WUDONG MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	1.25	2.80	2.40	2.40	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Revenue RMB (millions)																														
Revenue (Including VAT)	269.57	778.40	780.00	844.80	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60	985.60
Revenue (Excluding VAT)	238.56	688.85	690.27	747.61	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21	872.21
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	401	205	239	239	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205
															RMB (millions)																
Mine Operating Costs (including CPP)	501	574	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573	573
Value Added Tax with credit	(1)	39	42	48	61	61	61	61	16	61	61	61	61	61	61	61	61	16	61	61	61	61	61	61	61	61	16	61	61	61
Total Cash Cost of Sales	500	613	615	621	634	634	634	634	589	634	634	634	634	634	634	634	634	589	634	634	634	634	634	634	634	634	589	634	634	634
Depreciation (including CPP)	16	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
Amortization (including CPP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Simple Production Maintainance	12	30	26	26	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Safety Production	73	175	150	150	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Total Non-Cash Costs	101	244	214	214	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244	244
Resource Tax	22	59	59	64	74	74	74	74	78	74	74	74	74	74	74	74	74	78	74	74	74	74	74	74	74	74	78	74	74	74
Construction & Education Supplementary Tax	(0)	4	4	5	6	6	6	6	2	6	6	6	6	6	6	6	6	2	6	6	6	6	6	6	6	6	2	6	6	6
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	623	919	893	904	958	958	958	958	912	958	958	958	958	958	958	958	958	912	958	958	958	958	958	958	958	958	912	958	958	958
Taxable Income	(385)	(230)	(202)	(157)	(86)	(86)	(86)	(86)	(40)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(40)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	(40)	(86)	(86)	(86)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(252)	103	102	155	271	271	271	271	317	271	271	271	271	271	271	271	271	317	271	271	271	271	271	271	271	271	317	271	271	271
Working Capital/Parts/Inventory	150	350	350	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,146)
Capital Expenditures (including CPP)	47	105	90	90	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	105
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	197	455	440	490	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	105	105	105	105	105	105	450	105	105	(1,041)
Net After-Tax Cash Flow	(449)	(352)	(338)	(335)	166	166	166	166	(133)	166	166	166	166	166	166	166	166	(133)	166	166	166	166	166	166	166	166	(133)	166	166	1,313
Discounted Cash Flow at 7.1%	(443)	(331)	(297)	(274)	127	119	111	103	(77)	90	84	78	73	68	64	60	56	(42)	48	45	42	39	37	34	32	30	(22)	26	24	180
Cumulative Discounted Cash Flow	(443)	(773)	(1,070)	(1,344)	(1,217)	(1,099)	(988)	(885)	(962)	(872)	(788)	(709)	(636)	(568)	(504)	(444)	(388)	(430)	(382)	(336)	(294)	(255)	(218)	(183)	(151)	(121)	(144)	(118)	(93)	86

TABLE 4-27

DISCOUNTED CASH FLOW
ZHUNDONG OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	10.47	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25	33.25
Revenue RMB (millions)																														
Revenue (Including VAT)	1,120	3,957	4,123	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223
Revenue (Excluding VAT)	991	3,502	3,649	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737	3,737
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	204	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
	RMB (millions)																													
Mine Operating Costs (including CPP)	2,137	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992	2,992
Value Added Tax with credit	10	244	261	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271
Total Cash Cost of Sales	2,147	3,236	3,253	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263	3,263
Depreciation (including CPP)	46	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64	64
Amortization (including CPP)	80	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112
Simple Production Maintainance	94	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298	298
Safety Production	55	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Total Non-Cash Costs	275	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649	649
Resource Tax	100	334	348	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356
Construction & Education Supplementary Tax	1	24	26	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	2,523	4,244	4,276	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295	4,295
Taxable Income	(1,532)	(742)	(628)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)	(558)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	(1,128)	362	496	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576	576
Working Capital/Parts/Inventory	230	500	500	600	600	600	600	600	600	600	600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,980)
Capital Expenditures (including CPP)	55	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	285	675	675	775	775	775	775	775	775	775	775	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	175	(5,805)
Net After-Tax Cash Flow	(1,413)	(313)	(179)	(199)	(199)	(199)	(199)	(199)	(199)	(199)	(199)	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	401	6,382
Discounted Cash Flow at 7.1%	(1,393)	(294)	(157)	(162)	(152)	(142)	(132)	(123)	(115)	(108)	(100)	189	177	165	154	144	134	125	117	109	102	95	89	83	77	72	68	63	59	873
Cumulative Discounted Cash Flow	(1,393)	(1,687)	(1,844)	(2,006)	(2,158)	(2,300)	(2,432)	(2,555)	(2,670)	(2,778)	(2,878)	(2,689)	(2,512)	(2,347)	(2,193)	(2,049)	(1,914)	(1,789)	(1,672)	(1,563)	(1,461)	(1,365)	(1,276)	(1,193)	(1,116)	(1,044)	(976)	(913)	(854)	19

TABLE 4-28

DISCOUNTED CASH FLOW
CHAHASU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	2.58	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Revenue RMB (millions)																														
Revenue (Including VAT)	1,556	4,090	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301	4,301
Revenue (Excluding VAT)	1,377	3,619	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806	3,806
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	397	245	245	245	245	269	269	269	269	269	296	296	296	463	463	470	470	470	470	470	470	470	470	470	470	470	470	470	470	470
																			RMB (millions)											
Mine Operating Costs (including CPP)	1,026	1,761	1,761	1,761	1,761	1,937	1,937	1,937	1,937	1,937	2,131	2,131	2,131	3,331	3,331	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381	3,381
Value Added Tax with credit	101	305	327	299	327	319	319	319	319	319	310	282	282	228	255	253	253	253	253	253	253	226	226	253	253	253	253	253	253	253
Total Cash Cost of Sales	1,127	2,066	2,088	2,060	2,088	2,256	2,256	2,256	2,256	2,256	2,441	2,413	2,413	3,559	3,586	3,634	3,634	3,634	3,634	3,634	3,634	3,607	3,607	3,634	3,634	3,634	3,634	3,634	3,634	3,634
Depreciation (including CPP)	118	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277	277
Amortization (including CPP)	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Simple Production Maintainance	20	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	56
Safety Production	85	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240	240
Total Non-Cash Costs	223	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574	574
Resource Tax	131	341	358	360	358	358	358	358	358	358	359	362	362	367	364	364	364	364	364	364	364	367	367	364	364	364	364	364	364	364
Construction & Education Supplementary Tax	10	31	33	30	33	32	32	32	32	32	31	28	28	23	26	25	25	25	25	25	25	23	23	25	25	25	25	25	25	25
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,491	3,011	3,053	3,024	3,053	3,220	3,220	3,220	3,220	3,220	3,405	3,377	3,377	4,523	4,549	4,597	4,597	4,597	4,597	4,597	4,597	4,570	4,570	4,597	4,597	4,597	4,597	4,597	4,597	4,597
Taxable Income	(114)	608	754	782	754	586	586	586	586	586	401	429	429	(717)	(743)	(791)	(791)	(791)	(791)	(791)	(791)	(764)	(764)	(791)	(791)	(791)	(791)	(791)	(791)	(791)
Income Tax	-	-	-	-	-	-	147	147	147	147	100	107	107	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	288	1,652	1,822	1,851	1,822	1,655	1,508	1,508	1,508	1,508	1,369	1,390	1,390	352	325	277	277	277	277	277	277	304	304	277	277	277	277	277	277	277
Working Capital/Parts/Inventory	700	1,500	1,500	740	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,527)
Capital Expenditures (including CPP)	86	240	240	450	240	240	240	240	240	240	240	450	450	450	240	240	240	240	240	240	240	450	450	240	240	240	240	240	240	240
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	786	1,740	1,740	1,190	240	240	240	240	240	240	240	450	450	450	240	240	240	240	240	240	240	450	450	240	240	240	240	240	240	(3,287)
Net After-Tax Cash Flow	(498)	(88)	82	661	1,582	1,415	1,268	1,268	1,268	1,268	1,129	940	940	(98)	85	37	37	37	37	37	37	(146)	(146)	37	37	37	37	37	37	3,564
Discounted Cash Flow at 7.1%	(491)	(83)	72	541	1,208	1,009	844	788	736	687	571	444	414	(40)	33	13	12	12	11	10	9	(35)	(32)	8	7	7	6	6	5	488
Cumulative Discounted Cash Flow	(491)	(574)	(502)	39	1,247	2,256	3,100	3,888	4,623	5,310	5,881	6,325	6,739	6,699	6,731	6,745	6,757	6,769	6,779	6,790	6,799	6,764	6,732	6,740	6,747	6,754	6,760	6,766	6,771	7,259

TABLE 4-29

DISCOUNTED CASH FLOW
BAIYINHUA NO.1 OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Product Tonnes (millions)	5.97	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	10.31
Revenue RMB (millions)																															
Revenue (Including VAT)	1,468.92	2,926.08	2,987.52	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	3,096.00	2,770.92
Revenue (Excluding VAT)	1,299.92	2,589.45	2,643.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,739.82	2,452.14
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	143	146	145	146	148	148	148	148	148	148	148	148	148	148	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169	169
															RMB (millions)																	
Mine Operating Costs (including CPP)	856	1,688	1,672	1,687	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,702	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,946	1,742
Value Added Tax with credit	96	214	221	213	231	230	230	230	179	230	230	230	230	230	219	219	219	168	219	219	219	219	219	219	219	219	168	219	219	219	195
Total Cash Cost of Sales	952	1,902	1,893	1,900	1,933	1,932	1,932	1,932	1,881	1,932	1,932	1,932	1,932	1,932	2,165	2,165	2,165	2,114	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,114	2,165	2,165	2,165	1,937
Depreciation (including CPP)	18	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
Amortization (including CPP)	7	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Simple Production Maintainance	59	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114	114
Safety Production	31	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Total Non-Cash Costs	115	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233	233
Resource Tax	124	244	249	259	258	258	258	258	263	258	258	258	258	258	259	259	259	264	259	259	259	259	259	259	259	259	264	259	259	259	232
Construction & Education Supplementary Tax	10	21	22	21	23	23	23	23	18	23	23	23	23	23	22	22	22	17	22	22	22	22	22	22	22	22	17	22	22	22	20
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,200	2,400	2,397	2,413	2,447	2,446	2,446	2,446	2,395	2,446	2,446	2,446	2,446	2,446	2,679	2,679	2,679	2,628	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,679	2,628	2,679	2,679	2,679	2,421
Taxable Income	100	189	247	327	293	294	294	294	345	294	294	294	294	294	61	61	61	112	61	61	61	61	61	61	61	61	112	61	61	61	31
Income Tax	25	47	62	82	73	73	73	73	86	73	73	73	73	73	15	15	15	28	15	15	15	15	15	15	15	15	28	15	15	15	8
Gross After-Tax Cash Flow	359	712	762	834	808	809	809	809	848	809	809	809	809	809	635	635	635	673	635	635	635	635	635	635	635	635	673	635	635	635	575
Working Capital/Parts/Inventory	450	1,000	1,000	1,000	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,404)
Capital Expenditures (including CPP)	111	55	55	195	55	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	60
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	804
Deductions to Cash Flow	561	1,055	1,055	1,195	285	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	60	60	60	60	60	450	60	60	60	(2,540)
Net After-Tax Cash Flow	(202)	(343)	(293)	(361)	523	749	749	749	398	749	749	749	749	749	575	575	575	223	575	575	575	575	575	575	575	575	223	575	575	575	3,115
Discounted Cash Flow at 7.1%	(199)	(322)	(257)	(295)	400	534	499	466	231	406	379	354	330	308	221	206	192	70	168	157	146	136	127	119	111	104	38	90	84	79	398
Cumulative Discounted Cash Flow	(199)	(522)	(779)	(1,074)	(674)	(140)	359	825	1,055	1,461	1,840	2,194	2,524	2,832	3,053	3,259	3,451	3,521	3,689	3,845	3,991	4,128	4,255	4,374	4,485	4,589	4,626	4,716	4,801	4,879	5,277

TABLE 4-30

DISCOUNTED CASH FLOW
BOLIGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Product Tonnes (millions)	-	-	-	1.58	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
Revenue RMB (millions)																														
Revenue (Including VAT)	-	-	-	518	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036
Revenue (Excluding VAT)	-	-	-	459	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917	917
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	-	-	-	74	74	74	74	74	74	74	74	102	102	102	102	137	137	137	137	137	179	179	179	179	179	228	228	228	228	228
																			RMB (millions)											
Mine Operating Costs (including CPP)	-	-	-	116	233	233	233	233	233	233	233	324	324	324	324	433	433	433	433	433	564	564	564	564	564	721	721	721	721	721
Value Added Tax with credit	-	-	-	43	87	87	87	87	87	87	36	75	75	75	75	70	70	70	27	70	64	64	64	64	64	57	14	57	57	57
Total Cash Cost of Sales	-	-	-	159	320	320	320	320	320	320	269	399	399	399	399	503	503	503	460	503	628	628	628	628	628	778	735	778	778	778
Depreciation (including CPP)	-	-	-	64	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127
Amortization (including CPP)	-	-	-	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Simple Production Maintainance	-	-	-	17	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34
Safety Production	-	-	-	30	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Total Non-Cash Costs	-	-	-	111	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222
Resource Tax	-	-	-	36	71	71	71	71	71	71	75	72	72	72	72	72	72	72	76	72	73	73	73	73	73	73	77	73	73	73
Construction & Education Supplementary Tax	-	-	-	5	10	10	10	10	10	10	4	9	9	9	9	8	8	8	3	8	8	8	8	8	8	7	2	7	7	7
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	-	-	-	312	623	623	623	623	623	623	570	702	702	702	702	806	806	806	761	806	931	931	931	931	931	1,080	1,036	1,080	1,080	1,080
Taxable Income	-	-	-	147	294	294	294	294	294	294	347	215	215	215	215	112	112	112	156	112	(14)	(14)	(14)	(14)	(14)	(163)	(119)	(163)	(163)	(163)
Income Tax	-	-	-	37	73	73	73	73	73	73	87	54	54	54	54	28	28	28	39	28	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	-	-	-	281	562	562	562	562	562	562	602	503	503	503	503	425	425	425	458	425	328	328	328	328	328	178	222	178	178	178
Working Capital/Parts/Inventory	55	55	55	100	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(465)
Capital Expenditures (including CPP)	602	1,041	3,397	31	60	60	60	60	60	60	450	120	120	120	120	120	120	120	450	120	120	120	120	120	120	120	450	120	120	120
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions to Cash Flow	657	1,096	3,452	131	160	160	60	60	60	60	450	120	120	120	120	120	120	120	450	120	120	120	120	120	120	120	450	120	120	(345)
Net After-Tax Cash Flow	(657)	(1,096)	(3,452)	150	402	402	502	502	502	502	152	383	383	383	383	305	305	305	8	305	208	208	208	208	208	58	(228)	58	58	523
Discounted Cash Flow at 7.1%	(647)	(1,029)	(3,026)	123	307	286	334	312	291	272	77	181	169	157	147	109	102	95	2	83	53	49	46	43	40	10	(38)	9	9	72
Cumulative Discounted Cash Flow	(647)	-	-	123	430	716	1,050	1,362	1,653	1,925	2,002	2,182	2,351	2,508	2,655	2,765	2,867	2,962	2,964	3,048	3,100	3,150	3,196	3,238	3,279	3,289	3,251	3,260	3,268	3,340

TABLE 4-31

DISCOUNTED CASH FLOW
HESIGEWULA SOUTH OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Product Tonnes (millions)	6.04	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	14.40	2.42
Revenue RMB (millions)																															
Revenue (Including VAT)	1,503.56	3,614.40	3,619.20	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	3,610.80	606.61
Revenue (Excluding VAT)	1,330.59	3,198.58	3,202.83	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	3,195.40	536.83
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	83	102	85	87	84	84	84	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	112	808
															RMB (millions)																	
Mine Operating Costs (including CPP)	503	1,466	1,230	1,255	1,211	1,211	1,211	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,611	1,954
Value Added Tax with credit	116	294	305	285	305	293	293	236	275	275	275	275	275	275	275	275	236	275	275	275	275	275	275	275	275	236	275	275	275	275	(30)
Total Cash Cost of Sales	619	1,760	1,535	1,540	1,516	1,504	1,504	1,847	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,847	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,886	1,847	1,886	1,886	1,886	1,886	1,924
Depreciation (including CPP)	44	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119	119
Amortization (including CPP)	31	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76
Simple Production Maintainance	60	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143
Safety Production	31	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Total Non-Cash Costs	167	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412	412
Resource Tax	139	332	331	333	331	332	332	337	334	334	334	334	334	334	334	334	337	334	334	334	334	334	334	334	334	337	334	334	334	334	64
Construction & Education Supplementary Tax	7	18	18	17	18	18	18	14	17	17	17	17	17	17	17	17	14	17	17	17	17	17	17	17	17	14	17	17	17	17	(2)
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	932	2,522	2,296	2,303	2,278	2,266	2,266	2,611	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,611	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,649	2,611	2,649	2,649	2,649	2,649	2,399
Taxable Income	398	677	907	893	917	929	929	585	546	546	546	546	546	546	546	546	585	546	546	546	546	546	546	546	546	585	546	546	546	546	(1,862)
Income Tax	100	169	227	223	229	232	232	146	137	137	137	137	137	137	137	137	146	137	137	137	137	137	137	137	137	146	137	137	137	137	-
Gross After-Tax Cash Flow	639	1,335	1,509	1,497	1,516	1,524	1,524	1,266	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,266	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,266	1,237	1,237	1,237	1,237	(1,380)
Working Capital/Parts/Inventory	450	1,000	1,000	650	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,419)
Capital Expenditures (including CPP)	111	55	55	195	55	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	25
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	795
Deductions to Cash Flow	561	1,055	1,055	845	55	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	150	150	150	150	450	150	150	150	150	(1,599)
Net After-Tax Cash Flow	78	280	454	652	1,461	1,374	1,374	816	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	816	1,087	1,087	1,087	1,087	1,087	1,087	1,087	1,087	816	1,087	1,087	1,087	1,087	219
Discounted Cash Flow at 7.1%	76	263	398	534	1,116	980	915	507	631	589	550	513	479	447	417	390	273	340	317	296	276	258	241	225	210	147	183	171	159	149	28
Cumulative Discounted Cash Flow	76	340	737	1,271	2,387	3,367	4,282	4,789	5,420	6,009	6,558	7,071	7,551	7,998	8,415	8,805	9,078	9,418	9,735	10,031	10,307	10,565	10,806	11,031	11,241	11,388	11,571	11,741	11,901	12,049	12,077

TABLE 4-32

DISCOUNTED CASH FLOW
YUANBAOSHAN OPEN-PIT MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Product Tonnes (millions)	4.15	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	11.52	5.20
Revenue RMB (millions)													
Revenue (Including VAT)	1,120	3,145	3,060	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	3,070	1,387
Revenue (Excluding VAT)	991	2,783	2,708	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	2,717	1,227
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	169	183	185	195	202	202	202	202	202	202	202	202	202
						RMB (millions)							
Mine Operating Costs (including CPP)	701	2,106	2,134	2,250	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	1,053
Value Added Tax with credit	79	215	205	201	197	197	197	197	197	197	197	197	89
Total Cash Cost of Sales	780	2,321	2,339	2,451	2,529	2,529	2,529	2,529	2,529	2,529	2,529	2,529	1,142
Depreciation (including CPP)	37	123	123	123	123	123	123	123	123	123	123	123	55
Amortization (including CPP)	39	93	93	93	93	93	93	93	93	93	93	93	42
Simple Production Maintainance	45	95	95	95	95	95	95	95	95	95	95	95	43
Safety Production	24	50	50	50	50	50	50	50	50	50	50	50	23
Total Non-Cash Costs	145	361	361	361	361	361	361	361	361	361	361	361	163
Resource Tax	104	293	286	287	287	287	287	287	287	287	287	287	130
Construction & Education Supplementary Tax	9	26	25	24	24	24	24	24	24	24	24	24	11
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	1,038	3,001	3,011	3,123	3,201	3,201	3,201	3,201	3,201	3,201	3,201	3,201	1,446
Taxable Income	(47)	(218)	(303)	(406)	(484)	(484)	(484)	(484)	(484)	(484)	(484)	(484)	(219)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	226	505	410	308	231	231	231	231	231	231	231	231	104
Working Capital/Parts/Inventory	250	500	500	500	500	500	500	500	500	400	-	-	(4,662)
Capital Expenditures (including CPP)	26	72	72	72	72	72	72	72	72	72	72	72	33
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	960
Deductions to Cash Flow	276	572	572	572	572	572	572	572	572	472	72	72	(3,669)
Net After-Tax Cash Flow	(50)	(67)	(162)	(264)	(341)	(341)	(341)	(341)	(341)	(241)	159	159	3,773
Discounted Cash Flow at 7.1%	(49)	(63)	(142)	(216)	(261)	(244)	(227)	(212)	(198)	(131)	80	75	1,662
Cumulative Discounted Cash Flow	(49)	(112)	(253)	(469)	(730)	(974)	(1,201)	(1,413)	(1,611)	(1,742)	(1,662)	(1,587)	75

TABLE 4-33

DISCOUNTED CASH FLOW
CIYAOGOU MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Product Tonnes (millions)	1.87	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.63
Revenue RMB (millions)														
Revenue (Including VAT)	542	1,626	1,687	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,792	1,659
Revenue (Excluding VAT)	479	1,439	1,493	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,586	1,468
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	313	179	182	182	182	215	215	215	215	215	265	265	265	262
							RMB (millions)							
Mine Operating Costs (including CPP)	587	897	908	908	908	1,073	1,073	1,073	1,073	1,073	1,325	1,325	1,325	1,213
Value Added Tax with credit	20	56	102	122	122	114	114	114	114	75	103	103	103	96
Total Cash Cost of Sales	607	953	1,010	1,030	1,030	1,187	1,187	1,187	1,187	1,148	1,428	1,428	1,428	1,309
Depreciation (including CPP)	20	54	54	54	54	54	54	54	54	54	54	54	54	54
Amortization (including CPP)	14	18	18	18	18	18	18	18	18	18	18	18	18	18
Simple Production Maintainance	16	43	43	43	43	43	43	43	43	43	43	43	43	43
Safety Production	28	75	75	75	75	75	75	75	75	75	75	75	75	75
Total Non-Cash Costs	77	189	189	189	189	189	189	189	189	189	189	189	189	189
Resource Tax	47	141	143	150	150	151	151	151	151	155	152	152	152	141
Construction & Education Supplementary Tax	1	3	6	7	7	7	7	7	7	5	6	6	6	6
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	733	1,287	1,349	1,377	1,377	1,534	1,534	1,534	1,534	1,497	1,776	1,776	1,776	1,645
Taxable Income	(254)	152	144	209	209	52	52	52	52	89	(190)	(190)	(190)	(177)
Income Tax	-	-	-	-	-	-	13	13	13	22	-	-	-	-
Gross After-Tax Cash Flow	(114)	528	528	605	605	448	435	435	435	463	206	206	206	204
Working Capital/Parts/Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,455)
Capital Expenditures (including CPP)	65	529	220	150	150	150	150	150	150	450	150	150	150	139
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	533
Deductions to Cash Flow	65	529	220	150	150	150	150	150	150	450	150	150	150	(1,784)
Net After-Tax Cash Flow	(179)	(1)	307	455	455	298	285	285	285	13	56	56	56	1,988
Discounted Cash Flow at 7.1%	(176)	(1)	269	372	347	212	190	177	165	7	28	26	25	818
Cumulative Discounted Cash Flow	(176)	(177)	92	464	812	1,024	1,214	1,390	1,556	1,563	1,591	1,617	1,642	2,459

TABLE 4-34

DISCOUNTED CASH FLOW
SHAPING MINE
Prepared For
CHINA SHENHUA ENERGY COMPANY LIMITED
By
John T. Boyd Company
Mining and Geological Consultants
December 2025

	Aug. - Dec. 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Product Tonnes (millions)	4.08	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	3.90
Revenue RMB (millions)																					
Revenue (Including VAT)	884.34	2,203.20	2,370.93	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	2,601.00	1,266.80
Revenue (Excluding VAT)	782.60	1,949.73	2,098.17	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	2,301.77	1,121.06
Total Cash Operating Cost (Mine + CPP RMB/ Product Tonne)	168	152	152	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239	239
													RMB (millions)								
Mine Operating Costs (including CPP)	684	1,212	1,212	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	932
Value Added Tax with credit	(8)	162	177	177	147	147	147	147	106	147	147	147	147	147	147	147	106	147	147	147	71
Total Cash Cost of Sales	676	1,374	1,389	2,090	2,060	2,060	2,060	2,060	2,019	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,019	2,060	2,060	2,060	1,003
Depreciation (including CPP)	54	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	144	70
Amortization (including CPP)	8	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	7
Simple Production Maintainance	35	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	68	33
Safety Production	61	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	120	58
Total Non-Cash Costs	157	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	347	169
Resource Tax	80	184	197	218	221	221	221	221	225	221	221	221	221	221	221	221	225	221	221	221	108
Construction & Education Supplementary Tax	(0)	10	11	11	9	9	9	9	6	9	9	9	9	9	9	9	6	9	9	9	4
Sales Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Production Costs	913	1,914	1,943	2,666	2,637	2,637	2,637	2,637	2,598	2,637	2,637	2,637	2,637	2,637	2,637	2,637	2,598	2,637	2,637	2,637	1,284
Taxable Income	(131)	35	155	(364)	(335)	(335)	(335)	(335)	(296)	(335)	(335)	(335)	(335)	(335)	(335)	(335)	(296)	(335)	(335)	(335)	(163)
Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross After-Tax Cash Flow	129	635	774	282	311	311	311	311	350	311	311	311	311	311	311	311	350	311	311	311	152
Working Capital/Parts/Inventory	180	400	400	400	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,416)
Capital Expenditures (including CPP)	512	58	69	9	240	240	240	240	550	240	240	240	240	240	240	240	550	240	240	240	117
Decommissioning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	791
Deductions to Cash Flow	692	458	469	409	640	240	240	240	550	240	240	240	240	240	240	240	550	240	240	240	(1,508)
Net After-Tax Cash Flow	(563)	177	305	(127)	(329)	71	71	71	(200)	71	71	71	71	71	71	71	(200)	71	71	71	1,660
Discounted Cash Flow at 7.1%	(555)	166	268	(104)	(252)	50	47	44	(116)	38	36	33	31	29	27	25	(67)	22	21	19	422
Cumulative Discounted Cash Flow	(555)	(389)	(121)	(225)	(477)	(426)	(379)	(335)	(451)	(413)	(377)	(344)	(313)	(284)	(257)	(231)	(298)	(276)	(255)	(236)	186

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS

Directors, Chief Executives of the Company in the Shares of the Company

As at the Latest Practicable Date, none of the directors or chief executive of the Company held any shares of the Company, nor did they have any interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be recorded in the register referred therein, or to be notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Hong Kong Listing Rules.

Substantial Shareholders' Interests and Short Positions in the Shares of the Company

As at the Latest Practicable Date, persons set out in the table below had an interest and/or short position in the shares or underlying shares of the Company which is required to be recorded in the register of equity interests and/or short positions pursuant to section 336 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong):

Name of Shareholder	Capacity	H Shares/A Shares	Nature of Interest	Number of H shares/ A Share held *(share)*	Percentage of H shares/ A shares held over the issued H shares/ A shares of the Company, respectively *(%)*	Percentage of total issued shares of the Company *(%)*
China Energy	Beneficial owner	A Shares	Long position	13,812,709,196	83.76	69.52
	Interest of corporation controlled by the substantial shareholder	A Shares	Long position	11,593,528	0.07	0.06

Name of Shareholder	Capacity	H Shares/A Shares	Nature of Interest	Number of H shares/ A Share held *(share)*	Percentage of H shares/ A shares held over the issued H shares/ A shares of the Company, respectively *(%)*	Percentage of total issued shares of the Company *(%)*
BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	H Shares	Long position	179,400,364	5.31	0.90
	Interest of corporation controlled by the substantial shareholder	H Shares	Short position	85,000	0.00	0.00
Rui Life Insurance Co., Ltd. (瑞眾人壽保險有限責任公司)	Beneficial owner	H Shares	Long position	168,874,500	5.00	0.85

Director's Employment with Substantial Shareholders

As at the Latest Practicable Date, the following Director is also an employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of Substantial Shareholder of the Company	Position in the Substantial Shareholder of the Company
Kang Fengwei	China Energy	Assistant to the chief executive officer and chief engineer
Li Xinhua	China Energy	Director of the coal and transportation industry management department

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up.

CONSENTS AND QUALIFICATIONS OF EXPERTS

The following is the qualification of the expert who has been named in this circular or has provided its opinion, letter or advice, which are contained in this circular:

Name	Qualification
Beijing China Enterprise Appraisals Co. Ltd.	certified independent assets valuer in the PRC
China United Assets Appraisal Group Co., Ltd.	certified independent assets valuer in the PRC
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor
John T. Boyd Company	Competent Person
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter and/or report or the references to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, each of the experts mentioned above did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, each of the experts mentioned above did not have, nor had, any direct or indirect interest in any assets which had been since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

FURTHER INFORMATION CONCERNING DIRECTORS

1. Service Contracts

As at the Latest Practicable Date, none of the Directors of the Company had any existing or proposed service contract that the Group can terminate without compensation within one year (other than statutory compensation).

2. Interest in Competing Business

As at the Latest Practicable Date, Mr. Kang Fengwei, non-executive Director of the Company, is assistant to the chief executive officer and chief engineer of China Energy. Mr. Li Xinhua, non-executive Director of the Company is the director of the coal and transportation industry management department of China Energy.

Although these roles sit within China Energy, the Company believes that such positions do not involve the relevant Directors any management responsibility over the operations of the Group. The Board further notes that their positions at China Energy may, in certain circumstances, give rise to an indirect influence in transactions between the Company and China Energy and its subsidiaries (excluding the Group). However, the Company believes that both Mr. Kang Fengwei nor Mr. Li Xinhua will, at all times, act in the best interests of the Group and exercise independent judgment in making decisions at the Board meetings. The Company will, in accordance with applicable laws, regulations and the listing rules of its place of listing, ensure that the relevant Directors abstain from voting on any resolutions relating to such transactions where a conflict of interest may arise.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates (as defined under the Hong Kong Listing Rules) had any interests in the businesses, other than being a Director, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Hong Kong Listing Rules if they were controlling shareholders of the Company).

3. Interest in the Group's assets or contracts or arrangements significant to the Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors of the Company had materially interest in any existing contract or arrangement at the Latest Practicable Date which is significant in relation to the business of the Group.

LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened against any member of the Enlarged Group.

MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular which are or may be material:

(i) Asset Purchase Agreement;

(ii) Supplemental Asset Purchase Agreement;

(iii) Performance Compensation Agreement;

(iv) On 24 January 2025, the Company and China Energy entered into the equity transfer agreement in relation to the acquisition of 100% equity interest of China Energy Hangjin Energy Co., Ltd. (國家能源集團杭錦能源有限責任公司) held by China Energy at a consideration of RMB852.6495 million.

Save as disclosed above, no material contract (not a contract entered into in the ordinary course of business) has been entered into by any member of the Enlarged Group within two years immediately preceding the issue of this circular.

MISCELLANEOUS

1. The registered address of the Company is 22 Andingmen Xibinhe Road, Dongcheng District, Beijing, the PRC.

2. The joint company secretaries of the Company are Mr. Song Jinggang (a Fellow of The Hong Kong Chartered Governance Institute) and Mr. Zhuang Yuan (an Associate of The Hong Kong Chartered Governance Institute).

3. The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited, which is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

4. In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS ON DISPLAY

The following documents will be posted on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.csec.com) for at least 14 days from the date of this circular:

(i) a copy of the Asset Purchase Agreement;

(ii) a copy of the Supplemental Asset Purchase Agreement;

(iii) Performance Compensation Agreement;

(iv) Impairment Compensation Undertaking Letter;

(v) letter from the Independent Board Committee, the full text of which is set out in this circular;

(vi) letter from the Independent Financial Adviser, the full text of which is set out in this circular;

(vii) the accountants' reports on financial information of the Target Companies and Target Assets, the text of which is set out in Appendix II to this circular;

(viii) the report on unaudited pro forma financial information of the Enlarged Group, full text of which is set out in Appendix III to this circular;

(ix) summary of the asset valuation report on each of the Target Companies and Target Assets, full text of which is set out in Appendix V;

(x) the Competent Person's Report and Competent Person's valuation report, full text of which are set out in Part A and Part B of Appendix VI, respectively; and

(xi) the letters of consent set out in the section "Consents and Qualifications of Experts" of this Appendix.

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中国神华
CHINA SHENHUA

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

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

(Stock Code: 01088)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting for 2026 (the "**Extraordinary General Meeting**") of China Shenhua Energy Company Limited (the "**Company**") will be held at He Meeting Room, 2F, Gehua New Century Hotel Beijing, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People's Republic of China at 2:30 p.m. on Friday, 23 January 2026 for the purpose of considering and, if thought fit, passing the following resolutions:

AS SPECIAL RESOLUTIONS:

1. To consider and, if thought fit, approve the resolution on the Transaction and the Proposed Issuance of A Shares complying with the relevant laws and regulations

2. To consider and, if thought fit, approve the resolution on the proposal in respect of the Transaction and the Proposed Issuance of A Shares

   2.1 the overall proposal of the Transaction and the Proposed Issuance of A Shares

   2.2 the Transaction – Target Assets

   2.3 the Transaction – Counterparties

   2.4 the Transaction – transaction price and payment method

2.5 the Transaction – type, par value and listing venue of shares to be issued

2.6 the Transaction – issue method

2.7 the Transaction – target subscriber and subscription method

2.8 the Transaction – issuance price and pricing basis

2.9 the Transaction – number of shares to be issued

2.10 the Transaction – lock-up period

2.11 the Transaction – attribution of profits and losses for the transition period

2.12 the Transaction – arrangements for accumulated undistributed profits

2.13 the Proposed Issuance of A Shares – type, par value and listing venue of shares to be issued

2.14 the Proposed Issuance of A Shares – issue method, target subscribers and subscription method

2.15 the Proposed Issuance of A Shares – pricing basis, Pricing Benchmark Date and issuance price for shares to be issued

2.16 the Proposed Issuance of A Shares – number of shares to be issued

2.17 the Proposed Issuance of A Shares – lock-up period

2.18 the Proposed Issuance of A Shares – use of proceeds to be raised

2.19 the Proposed Issuance of A Shares – arrangements for accumulated undistributed profits

2.20 performance commitment and compensation arrangements

2.21 validity period of the resolutions

3. To consider and, if thought fit, approve the resolution on the "Report (Draft) of China Shenhua on the Purchase of Assets through the Issuance of Shares and Cash Payment, the Raising of Supporting Funds, and the Related Transaction" and its summary

4. To consider and, if thought fit, approve the resolution on the adjustments to the proposal in respect of the Transaction and the Proposed Issuance of A Shares not constituting material adjustments

5. To consider and, if thought fit, approve the resolution on the Transaction and the Proposed Issuance of A Shares constituting related transaction

6. To consider and, if thought fit, approve the resolution on the Transaction and the Proposed Issuance of A Shares not constituting major asset restructuring

7. To consider and, if thought fit, approve the resolution on the Transaction and the Proposed Issuance of A Shares not constituting reorganisation and listing

8. To consider and, if thought fit, approve the resolution on the execution of conditional agreements with the Counterparties to the Transaction

9. To consider and, if thought fit, approve the resolution on the independence of the valuation institutions, the reasonableness of the valuation assumptions, the relevance of the valuation methodologies to the valuation purposes, and the fairness of the valuation pricing

10. To consider and, if thought fit, approve the resolution on the review reports, audit reports and asset valuation reports relating to the Transaction and the Proposed Issuance of A Shares

11. To consider and, if thought fit, approve the resolution on the circumstances regarding the dilution of immediate return arising from the Transaction and the remedial measures

12. To consider and, if thought fit, approve the resolution on the Transaction and the Proposed Issuance of A Shares complying with Articles 11, 43 and 44 of the Administrative Measures for the Major Asset Restructuring of Listed Companies

13. To consider and, if thought fit, approve the resolution on the Transaction and the Proposed Issuance of A Shares complying with Article 4 of the Regulatory Guidelines for Listed Companies No. 9 – Regulatory Requirements for the Planning and Implementation of Major Assets Restructurings by Listed Companies

14. To consider and, if thought fit, approve the resolution on the confirmation that none of the relevant parties to the Transaction and the Proposed Issuance of A Shares falls within the circumstances under Article 12 of the Regulatory Guidelines for Listed Companies No. 7 that would prohibit participation in major asset restructuring of a listed company

15. To consider and, if thought fit, approve the resolution on the confirmation that the Company does not fall within the circumstance under Article 11 of the Administrative Measures for the Registration of Securities Offerings of Listed Companies that would prohibit the issuance of shares to specific targets

16. To consider and, if thought fit, approve the resolution on the price movement of the Company's Shares prior to the information disclosure in relation to the Transaction and the Proposed Issuance of A Shares

17. To consider and, if thought fit, approve the resolution on the confidentiality measures and confidentiality procedures adopted in connection with the Transaction and the Proposed Issuance of A Shares

18. To consider and, if thought fit, approve the resolution on the circumstances of the Company's purchase and sale of assets within 12 months prior to the Transaction and the Proposed Issuance of A Shares

19. To consider and, if thought fit, approve the resolution on the explanation regarding the completeness and compliance of the statutory procedures performed for the Transaction and the Proposed Issuance of A Shares and the validity of the legal documents submitted

20. To consider and, if thought fit, approve the resolution on proposing to the general meeting of the Company to authorise the Board and its authorised persons to handle, with full discretion, all matters relating to the Transaction and the Proposed Issuance of A Shares

By order of the Board
China Shenhua Energy Company Limited
Chief Financial Officer and Secretary to the Board of Directors
Song Jinggang

Beijing, 24 December 2025

Notes:

1. Reference is made to the circular of the Extraordinary General Meeting of the Company dated 24 December 2025 (the "**Circular**"). Unless the context otherwise requires, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.

2. ELIGIBILITY FOR ATTENDING THE EXTRAORDINARY GENERAL MEETING

Holders of H shares of the Company whose names appear on the register of members of the Company kept by the share registrar of the Company, Computershare Hong Kong Investor Services Limited on 23 January 2026 (Friday) are entitled to attend the Extraordinary General Meeting.

The register of members will be closed from 20 January 2026 (Tuesday) to 23 January 2026 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to attend and vote at the Extraordinary General Meeting. In order to be eligible for attending and voting at the Extraordinary General Meeting, transferees of H shares must lodge their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 19 January 2026 (Monday) to effect the transfer of shares.

3. PROXY

(1) Each shareholder entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies in writing to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company.

(2) The proxies shall be appointed in writing by shareholders. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other documents of authorisation must be notarised.

(3) To be valid, the notarially certified power of attorney or other documents of authorisation, and the form of proxy must be delivered to the Office of the Board of Directors of the Company (at Room 1003, Block A, Shenhua Tower, 22 Andingmen Xibinhe Road, Dongcheng District, Beijing, the People's Republic of China, Postal Code: 100011) for holders of domestic shares and to the H share registrar of the Company for holders of H shares not less than 24 hours before the time fixed for convening the Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he/she so wishes. The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(4) A proxy may exercise the right to vote by showing his/her hand or by poll. However, if a shareholder appoints more than one proxy, such proxies shall only exercise the right to vote by poll.

4. REGISTRATION PROCEDURES FOR ATTENDING THE EXTRAORDINARY GENERAL MEETING

(1) A shareholder or his/her proxy should produce proof of identity when attending the Extraordinary General Meeting. If a corporate shareholder appoints its legal representative or other person authorized by the board of directors or other governing body to attend the meeting, such legal representative or the authorized person shall produce a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

(2) Shareholders who intend to attend the Extraordinary General Meeting should return the reply slip of such meeting to the Company on or before 20 January 2026 (Tuesday).

(3) Shareholders of the Company may return the reply slip personally or by post, email or facsimile to the Company.

(4) Non-registered H shareholders who hold shares of the Company through Hong Kong Securities Clearing Company Limited, banks, brokers or other custodians are advised to consult them directly for assistance in appointment of proxy.

5. CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 20 January 2026 (Tuesday) to 23 January 2026 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to attend and vote at the Extraordinary General Meeting. In order to be eligible for attending and voting at the Extraordinary General Meeting, transferees of H shares must lodge their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 19 January 2026 (Monday) to effect the transfer of shares.

6. PROCEDURES ON DEMANDING A POLL

Subject to the listing rules of the stock exchanges on which the shares of the Company have been listed, a poll may be demanded in respect of any resolution by the following persons before or after a vote is carried out by a show of hands:

(1) the chairman of the meeting; and

(2) at least two shareholders or their proxies entitled to vote thereat; or

(3) one or more shareholders (including their authorised proxies) separately or jointly representing 10% or more of all shares carrying the right to vote at the meeting.

Unless a poll is demanded, the chairman of the meeting shall declare the result of a proposal put to vote on a show of hands. A demand for a poll may be withdrawn by the person who made the demand.

7. In accordance with the Company Law of the People's Republic of China and the articles of association of the Company, shareholder(s) individually or jointly holding 1% or more of the shares of the Company may put forward provisional proposals at a general meeting. The contents of the provisional proposals shall meet the requirements of the articles of association of the Company and regulatory rules in the place where the shares are listed (including review on qualifications of serving as independent non-executive directors, etc.).

8. MISCELLANEOUS

(1) The Extraordinary General Meeting is expected to be held for less than half a day. Shareholders who attend the meeting, personally or by proxy, shall bear their own travelling and accommodation expenses.

(2) The share registrar of the Company for H shares is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(3) The registered address of the Company:

22 Andingmen Xibinhe Road, Dongcheng District, Beijing, the PRC
Postal Code: 100011
Telephone: (+86)10 5813 3355/(+86)10 5813 3399
Facsimile: (+86)10 5813 1814

(4) Contact methods for the meeting of the Company:

Department: Office of the Board of Directors
Room 1003, Block A
Shenhua Tower, 22 Andingmen Xibinhe Road
Dongcheng District, Beijing, the PRC
Postal Code: 100011
Contact Person: Ms. Cheng
Telephone: (+86)10 5813 1088
Facsimile: (+86)10 5813 1814
Email: ir@csec.com

(5) In this notice, the following expressions shall have the following meanings unless the context otherwise requires:

"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC

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