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兗礦能源集團股份有限公司
YANKUANG ENERGY GROUP COMPANY LIMITED*

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

(Stock Code: 01171)

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITION OF EQUITY INTEREST IN XIBEI MINING AND CAPITAL INCREASE
IN XIBEI MINING; AND
CONTINUING CONNECTED TRANSACTIONS**

THE TRANSACTIONS

The Board is pleased to announce that on 8 April 2025, the Company entered into the Agreement with the Vendors and Xibei Mining, pursuant to which (i) the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, an aggregate of 26% equity interests (held by Vendor A, Vendor B, Vendor C and Vendor D as to 15.62%, 5.58%, 2.56% and 2.24%, respectively) in Xibei Mining, at a consideration of RMB4,748,251,438.63; and (ii) the Company has agreed that it will inject capital of RMB9,317,604,863.88 into Xibei Mining in cash.

Upon closing of the Transactions, the Company shall hold 51% equity interests in Xibei Mining, and Xibei Mining will become a subsidiary of the Company and its financial results will be consolidated into those of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratios of the Transactions are more than 5% but all applicable percentage ratios are less than 25%, the Transactions constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company holding directly and indirectly approximately 52.83% of the issued share capital of the Company and Shandong Energy directly wholly owns the Vendors, and indirectly wholly owns Xibei Mining. In accordance with the Listing Rules, each of the Vendors and Xibei Mining is a connected person of the Company. Hence, the Transactions also constitute a connected transaction of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

As (i) the Target Company will become a connected subsidiary of the Company and an associate of Shandong Energy (which is a connected person of the Company) by virtue of Shandong Energy's indirect 49% shareholding in the Target Company upon the completion of the Transactions, the Board envisages that the scope of transactions and annual caps under certain Existing Continuing Connected Transactions Agreements will need to be adjusted; and (ii) the Existing Continuing Connected Transactions Agreements will expire on 31 December 2025 and the parties thereto expect that the continuing connected transactions contemplated thereunder will continue on an ongoing basis, on 8 April 2025, the parties to the Existing Continuing Connected Transactions Agreements entered into the Proposed Continuing Connected Transaction Agreements to renew and supersede the Existing Continuing Connected Transaction Agreements. The Proposed Continuing Connected Transaction Agreements are subject to the Independent Shareholders' approval at the General Meeting.

GENERAL

As Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang and Mr. Zhang Haijun are regarded as having material interests in the Transactions and the Proposed Continuing Connected Transactions, they have abstained from voting on the relevant resolutions of the Board for approving (i) the Transaction Documents and the Transactions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the respective proposed annual caps. Save as disclosed above, none of the other Directors has a material interest in the Acquisitions and the Proposed Continuing Connected Transactions.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of (i) the Transaction Documents and the Transactions; and (ii) (a) the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and their respective proposed annual caps, (b) the Proposed Mutual Provision of Labour and Services Agreement, the provision by the Shandong Energy Members of labour and services to the Group thereunder and the proposed annual caps, (c) the Proposed Shandong Energy Financial Services Agreement, the comprehensive credit facility services thereunder and the proposed annual caps, and (d) the Proposed Yankuang Energy Financial Services Agreement, the deposit services thereunder and the proposed annual caps.

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Transaction Documents and the Transactions; and (ii) (a) the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and their respective proposed annual caps, (b) the Proposed Mutual Provision of Labour and Services Agreement, the provision by the Shandong Energy Members of labour and services to the Group thereunder and the proposed annual caps, (c) the Proposed Shandong Energy Financial Services Agreement, the comprehensive credit facility services thereunder and the proposed annual caps, and (d) the Proposed Yankuang Energy Financial Services Agreement, deposit services thereunder and the proposed annual caps.

According to the applicable PRC regulations, the resolutions relating to the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and their respective proposed annual caps are subject to the Independent Shareholders' approval at the General Meeting.

The General Meeting will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, (i) the Transaction Documents and the Transactions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and their respective proposed annual caps. Shandong Energy and its associates will abstain from voting on the resolutions in relation to the Transactions and the Proposed Continuing Connected Transactions. To the best of the Directors' knowledge, information and belief, save as disclosed above, no other Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

A circular containing, among other things, (i) particulars of the Transaction Documents and the Transactions; (ii) particulars of the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and their respective proposed annual caps; (iii) the Asset Valuation Report(s) on the Target Company; (iv) a letter from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (vi) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 15 May 2025, as additional time is required to prepare certain information to be contained in the circular to be issued by the Company.

I. THE TRANSACTIONS

The Board is pleased to announce that on 8 April 2025, the Company entered into the Agreement with the Vendors and Xibei Mining, pursuant to which (i) the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, an aggregate of 26% equity interests (held by Vendor A, Vendor B, Vendor C and Vendor D as to 15.62%, 5.58%, 2.56% and 2.24%, respectively) in Xibei Mining, at a consideration of RMB4,748,251,438.63; and (ii) the Company has agreed that it will inject capital of RMB9,317,604,863.88 into Xibei Mining in cash.

A. TRANSACTION DOCUMENTS

The principal terms of each of the Transaction Documents are summarised as follows:

1. THE AGREEMENT

Date

8 April 2025

Parties

Purchaser: the Company

Vendors: (1) Vendor A;
(2) Vendor B;
(3) Vendor C; and
(4) Vendor D;

Target Company: Xibei Mining

Summary of the Transactions

Pursuant to the Agreement, (i) the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, an aggregate of 26% equity interests in Xibei Mining at a consideration of RMB4,748,251,438.63 (the “**Acquisitions**”); and (ii) the Company will inject capital of RMB9,317,604,863.88 into Xibei Mining in cash (the “**Capital Increase**”, together with the Acquisitions, the “**Transactions**”).

The Acquisitions

The appraised value of the entire shareholders’ interests of Xibei Mining as at the Valuation Benchmark Date as set out in the Asset Valuation Report(s) filed by the authorized state-owned assets regulatory agencies or their authorized units was RMB25,262,505,533.20. The Target Company held a general meeting on 27 March 2025 and agreed to distribute an aggregate profit of RMB7,000 million to the Vendors (the “**Profit Distribution**”).

The consideration for the Acquisitions is RMB4,748,251,438.63, which was determined by multiplying 26% (being the percentage of Target Equity Interests) by the appraised value of the entire shareholders’ interests of Xibei Mining as at the Valuation Benchmark Date of RMB25,262,505,533.20 less the amount of RMB7,000 million declared to the Vendors under the Profit Distribution. The percentage of equity interests to be transferred by each of the Vendors, the corresponding capital contribution to be subscribed and the consideration payable by the Company to each of the Vendors are set out below:

Vendors	Equity interest to be transferred (%)	Corresponding capital contribution	Consideration payable (RMB)
		to be subscribed (RMB)	
Vendor A	15.62	781,000,000.00	2,852,603,364.29
Vendor B	5.58	279,000,000.00	1,019,047,808.75
Vendor C	2.56	128,000,000.00	467,520,141.65
Vendor D	2.24	112,000,000.00	409,080,123.94
Total	26	1,300,000,000.00	4,748,251,438.63

The parties confirmed that the appraised value of the 55% equity interests in Wangtian Coal Industry as set out in the asset valuation report is RMB166,098,079.59. The value of Wangtian Coal Industry to which the Company will be indirectly entitled upon closing of the Transactions = appraised value of the 55% equity interests in Wangtian Coal Industry x 51% (i.e. RMB84,710,020.59).

Payment method for the Acquisitions

The consideration for the Acquisitions of RMB4,748,251,438.63 will be paid by the Company to each of the Vendors in the following manners.

- (1) The Company shall pay 40% of the consideration for the Acquisitions (i.e. RMB1,141,041,345.71, RMB407,619,123.50, RMB187,008,056.66 and RMB163,632,049.58 shall be paid to Vendor A, Vendor B, Vendor C and Vendor D, respectively, RMB1,899,300,575.45 in aggregate) to the Vendors in one lump sum within 5 Working Days from the effective date of the Agreement (the **“First Tranche Consideration for the Acquisitions”**);
- (2) The Company shall pay the remaining balance of the consideration for the Acquisitions after deducting the value of the equity interests in Wangtian Coal Industry (i.e. RMB1,660,670,844.67, RMB593,248,611.60, RMB272,171,406.04 and RMB238,149,980.28 shall be paid to Vendor A, Vendor B, Vendor C and Vendor D, respectively, amounting to RMB2,764,240,842.59 in aggregate) (the **“Second Tranche Consideration for the Acquisitions”**) and the corresponding interest to the Vendors in one lump sum within five Working Days from the Closing Date;
- (3) The Company shall pay the corresponding amount for the value of the equity interests in Wangtian Coal Industry (i.e. RMB50,891,173.91, RMB18,180,073.65, RMB8,340,678.95 and RMB7,298,094.08 shall be paid to Vendor A, Vendor B, Vendor C and Vendor D, respectively, amounting to RMB84,710,020.59 in aggregate) to the Vendors within five Working Days from the date on which the following conditions are fulfilled:

The Internal Cooperative Operation Agreement will expire on 31 December 2026 and will not be renewed in accordance with the valuation assumptions in the asset valuation report. In the event that each of the signatories to the Internal Cooperative Operation Agreement cancels and terminates the Internal Cooperative Operation Agreement earlier than the expiry date in writing, the effective date of the relevant cancellation document shall be deemed to be the date on which the aforesaid condition is fulfilled;

- (4) The corresponding interest mentioned in the clause (2) above is calculated based on the LPR One-year Interest Rate of the month immediately preceding the actual payment date of each subsequent consideration. The calculation is from the payment date of the First Tranche Consideration for the Acquisitions (exclusive) to the actual payment date of the Second Tranche Consideration for the Acquisitions. The calculation period is based on 365 days a year; and

- (5) Unless agreed by the parties in writing, the Company shall be entitled not to pay the corresponding interest on the Second Tranche Consideration for the Acquisitions arising during the period commencing from and including the first day upon the expiry of 6 months from the effective date of the Agreement to and including the date of completing the registration of the changes of the Transactions, provided that the registration of the industrial and commercial changes has not been completed in accordance with the provisions of the Agreement due to reasons attributable to either Vendor.

Capital increase

The parties agreed that, based on the appraised value of the entire shareholders' interests of Xibei Mining as at the Valuation Benchmark Date of RMB25,262,505,533.20, and taking into account the aforesaid Profit Distribution of the Target Company and as determined through the negotiation between the parties, the Company will increase its capital to Xibei Mining in the amount of RMB9,317,604,863.88 in cash, of which RMB2,551,020,408.00 is credited to the registered capital of Xibei Mining and RMB6,766,584,455.88 is credited to the capital reserve of Xibei Mining.

Upon completion of the Acquisitions and the Capital Increase, the shareholding structure of Xibei Mining will be as follows:

Name of shareholders	Percentage of shareholding (%)	Capital contribution (RMB)
The Company	51	3,851,020,408.08
Vendor A	49	3,699,999,999.92
Total	100	7,551,020,408.00

Payment method for the Capital Increase

The Company shall complete the payment of the additional registered capital of Xibei Mining within 6 months from the date of completing the registration of industrial and commercial changes in respect of the Capital Increase and pay the full amount of the capital increase of RMB9,317,604,863.88 into the designated account of Xibei Mining.

Conditions precedent to the Agreement becoming effective

The Agreement shall take effect on the day when all the following conditions are fulfilled, and the day when the last consent or approval set out in this provision is obtained shall be the effective date:

1. The Agreement is executed by the legal representatives or authorised representatives of each party and stamped with its respective company seals; and
2. All necessary consents or approvals have been obtained for the Transactions, including but not limited to:

- (a) the filing of the valuation results of the entire shareholders' interests of Xibei Mining with the authorized state-owned assets regulatory agencies or their authorized units;
- (b) the authorized state-owned assets regulatory agencies or their authorized units consider and approve the Transactions;
- (c) each of the Vendors, Xibei Mining completes its internal procedures to approve the Transactions; and
- (d) the Company obtains approval for the Transactions from its competent decision-making authorities such as the board meeting and the General Meeting.

As at the date of this announcement, save for the condition (d), all the other conditions precedent set forth above are fulfilled.

Behavior before closing

According to the Agreement, the following matters should be completed before the Closing Date, which mainly involve:

Unless otherwise agreed in writing, the subsidiaries within the scope of Xibei Mining's consolidated statements in relation to the Transactions shall be subject to the Audit Report. For 100% equity interests of Zibo Mining Group Design Institute Co., Ltd. (淄博礦業集團設計院有限責任公司), which have not been included in the simulated consolidation scope of the Audit Report but have signed relevant gratuitous transfer agreements, the Vendors shall complete the registration of changes in such equity interests before the Closing Date of the Transactions.

The closing of the Transactions

Unless otherwise agreed in writing, Xibei Mining shall complete the business change registration procedures in relation to the Transactions within 6 months from the effective date of the Agreement.

Unless otherwise agreed in writing, the business change registration procedures in relation to the Acquisitions shall be completed before or at the same time when the business change registration procedures in relation to the Capital Increase are handled. The Closing Date of the Transactions shall be the date on which the business change registration procedures in relation to the Acquisitions and Capital Increase are completed (whichever is later). The rights and obligations corresponding to 51% equity interests in Xibei Mining will be transferred to the Company with effect from the Closing Date.

Unless otherwise agreed in writing between Vendor A and the Company, after the Closing Date of the Transactions, Xibei Mining shall set up a board of directors consisting of 7 directors. Except for an employee representative director who shall be democratically elected, Vendor A has the right to nominate 2 director candidates, and the Company has the right to nominate 4 director candidates, who shall be elected by shareholders at the general meeting. The chairman of the board of directors shall be a director nominated by the Company and elected by the board of directors. The board of directors shall establish the audit committee consisting of three members of directors, who shall be elected by the board of directors, of which one shall be an employee representative director, and the remaining two shall be the directors nominated by the Company and Vendor A. The general manager and chief financial officer of Xibei Mining shall be recommended by the Company and appointed by the board of directors.

From the following year after the Closing Date, unless otherwise agreed in writing between Vendor A and the Company, under the premises of complying with relevant regulations such as the Company Law, Xibei Mining shall distribute no less than 30% of the distributable profit of the parent company of Xibei Mining determined by audit in the previous year to the shareholders of Xibei Mining.

Profit and loss during the Transition Period

- (1) Unless otherwise agreed, the Vendors shall be entitled to the profit and loss attributable to Xibei Mining during the Transition Period (based on the net profit attributable to shareholders of the parent company of Xibei Mining) in the following proportion. Among which,

If Xibei Mining generates profits during the Transition Period, the Company shall pay the same to the Vendors:

The amount payable to Vendor A = the profits of Xibei Mining during the Transition Period $\times$ 51% $\times$ (the consideration for the Acquisitions attributable to Vendor A + capital increase price)/total price of the Transactions).

The amount payable to Vendor B, Vendor C or Vendor D = the profits of Xibei Mining during the Transition Period $\times$ 51% $\times$ (the consideration for the Acquisitions attributable to each of them/total price of the Transactions).

- (2) If Xibei Mining generates loss during the Transition Period, the Vendors shall pay the same to the Company:

The amount payable by Vendor A = the loss of Xibei Mining during the Transition Period $\times$ 51% $\times$ (the consideration for the Acquisitions attributable to Vendor A + capital increase price)/total price of the Transactions.

The amount payable by Vendor B, Vendor C or Vendor D = the loss of Xibei Mining during the Transition Period $\times$ 51% $\times$ (the consideration for the Acquisitions attributable to each of them/total price of the Transactions).

The profit and loss of Xibei Mining during the Transition Period shall be audited specifically by an audit institution recognized by the parties, and the audit report for the profit and loss during the Transition Period shall be issued within 30 Working Days after the benchmark date of the audit report for the profit and loss during the Transition Period. The benchmark date of the audit report for the profit and loss during the Transition Period shall be determined as follows:

- (1) If the Closing Date is before the 15th (inclusive) of the current month, the last day of the previous month will be the audit benchmark date; or
- (2) If the Closing Date is after the 15th of the current month, the last day of the current month will be the audit benchmark date.

The parties shall conduct a one-off settlement in cash within 20 Working Days after the audit institution issues the audit report for the profit and loss of Xibei Mining during the Transition Period.

Unless otherwise agreed by the parties, each of the Vendors and the Company are entitled to the accumulated undistributed profit of Xibei Mining as at the Valuation Benchmark Date after deducting decreased accumulated undistributed profit due to profit distribution, in proportion to their equity interests in Xibei Mining upon closing of the Transactions.

For the avoidance of doubt, in this announcement, the consideration for the Acquisitions attributable to each of Vendor A, Vendor B, Vendor C and Vendor D refers to the consideration payable by the Company to Vendor A, Vendor B, Vendor C and Vendor D respectively for the acquisition of equity interests in Xibei Mining in the Acquisitions, which are RMB2,852,603,364.29, RMB1,019,047,808.75, RMB467,520,141.65 and RMB409,080,123.94, respectively. The increase in price refers to the Company's increase of capital contribution of RMB9,317,604,863.88 to Xibei Mining in the Capital Increase. The total price of the Transactions refers to the sum of the consideration payable by the Company for the Acquisitions and the consideration payable by the Company for the Capital Increase, which is RMB14,065,856,302.51.

Statements and Warranties

The Vendors make the following representations and warranties to the Company:

- (1) The Vendors are limited liability companies legally established and validly subsisting under the laws of the PRC with independent legal person qualification in accordance with the laws of the PRC;
- (2) The Vendors have the power and licence to execute and perform the Agreement;

- (3) The signing and performance of the Agreement will not (a) violate any organisational documents of the Vendors or Xibei Mining currently in force, or (b) violate any laws of the PRC, or (c) violate any legally binding contract or agreement to which the Vendor or Xibei Mining is a party, or (d) result in the release of the Vendors or Xibei Mining from its obligations or other claims of the other party to the contract under the Agreement or arrangement already signed by the Vendors or Xibei Mining;
- (4) From the date of signing of the Agreement to the Closing Date, the Vendors are lawful shareholders of Xibei Mining, legally and validly hold the equity interests in Xibei Mining without any encumbrance, the ownership of the transferred equity interests is clear, and there is no encumbrance of any rights such as pledges, other guarantees, judicial seizure, freezing, auction or other encumbrances on the transferred equity interests, and there will not be any third party asserting any rights in respect of the Vendors' equity interests in Xibei Mining in any manner whatsoever;
- (5) The Purchaser has fulfilled all of its capital contribution obligations to Xibei Mining in full in accordance with the law, and the capital contribution assets are all legally owned by the Vendors, and there has not been any false capital contribution, deferred capital contribution, evasion of capital contribution and other breaches of obligations and liabilities borne by the Purchaser as a shareholder, and all the capital contribution has been subject to the necessary internal and external procedures for review and approval;
- (6) Xibei Mining and its controlling subsidiaries legally own properties and interests that have significant influence on their production and operation, and their ownership is clear and not subject to any mortgage, pledge, lien, right of first refusal or third party's right;
- (7) Unless otherwise agreed in the Agreement or otherwise undertaken in writing by the Vendors, the liabilities, losses and obligations of Xibei Mining and its controlling subsidiaries arising from the acts or events of Xibei Mining and its controlling subsidiaries prior to the Closing Date of the Transactions and incurred after the Closing Date shall include: (a) penalties and resulting liabilities, losses and obligations arising from the violation of laws and regulations and relevant regulations in respect of production and operation, project construction, etc. prior to the Closing Date; (b) expenses or compensation arising from litigation disputes arising from acts prior to the Closing Date; (c) defaults and liabilities of Xibei Mining and its controlling subsidiaries arising from the violation of contractual agreements with third parties prior to the Closing Date; (d) losses or compensation liabilities arising from the existence of defects in title to, or disputes in relation to, assets as at the Closing Date, including land use rights, real estate, mining properties, etc.; the Vendors will bear the amount of the aforesaid losses and compensate the Company in a timely manner, unless the aforesaid liabilities, losses and liabilities have been fully accrued in the Audit Reports of Xibei Mining or its controlling subsidiaries.

The Company makes the following representations and warranties to the Vendors:

- (1) The Company is a joint stock limited company legally established and validly subsisting under the laws of the PRC with independent legal person qualification in accordance with the laws of the PRC;
- (2) The Company shall have the power and licence to execute and perform the Agreement;
- (3) The signing and performance of the Agreement will not (a) violate any organisational document of the Company currently in force, or (b) violate any law of the PRC, or (c) violate any legally binding contract or agreement to which the Company is a party, or (d) result in the release of the other party from its obligations or other claims of the other party to the contract under the Agreement or arrangement already signed by the Company.

The parties have agreed that, unless otherwise agreed in the agreement or otherwise undertaken in writing by the Vendors, if any situation as set out in the statements and warranties made by the Vendors to the Company under the Agreement causes Xibei Mining to bear any responsibilities and any payments incurred therefrom or cause the Target Company to actually and directly suffer any reasonable losses (“**Loss Compensation Triggering Event**”), after taking into full consideration of the tax losses of Xibei Mining incurred therefrom, the specific calculation formulas for the amount that the Vendors shall compensate the Company are:

- (1) The compensation amount payable by Vendor A = (all payments made and actual losses suffered by Xibei Mining due to Loss Compensation Triggering Event $\times$ 51%) $\times$ (consideration for the Acquisitions attributable to Vendor A + capital increase price) $\div$ total price of the Transactions $\div$ (1 – applicable tax rate); and
- (2) The compensation amount payable by Vendor B, Vendor C or Vendor D = (all payments made and actual losses suffered by Xibei Mining due to Loss Compensation Triggering Event $\times$ 51%) $\times$ (consideration for the Acquisitions attributable to each of them $\div$ total price of the Transactions) $\div$ (1 – applicable tax rate).

The parties have agreed that, unless otherwise agreed in the Agreement or otherwise undertaken in writing by the Vendors, if the Loss Compensation Triggering Event causes the controlling subsidiaries of Xibei Mining to bear any responsibilities and any payments incurred therefrom or cause the controlling subsidiaries of Xibei Mining to actually and directly suffer any reasonable losses, after taking into full consideration of the tax losses of the Target Company incurred therefrom and Xibei Mining’s shareholding ratio in its controlling subsidiaries, the specific calculation formulas for the amount that the Vendors shall compensate the Company are:

- (1) The compensation amount payable by Vendor A = (all payments made and actual losses suffered by the Target Company due to Loss Compensation Triggering Event $\times$ 51%) $\times$ (consideration for the Acquisitions attributable to Vendor A + capital increase price) $\div$ total price of the Transactions) $\div$ (1 – applicable tax rate) $\times$ Xibei Mining’s shareholding ratio in its controlling subsidiaries.
- (2) The compensation amount payable by Vendor B, Vendor C or Vendor D = (all payments made and actual losses suffered by the Target Company due to Loss Compensation Triggering Event $\times$ 51%) $\times$ (consideration for the Acquisitions attributable to each of them/total price of the Transactions) $\div$ (1 – applicable tax rate) $\times$ Xibei Mining’s shareholding ratio in its controlling subsidiaries.

The parties have agreed that if, in the course of the historical circulation of the coal mines of the Target Company, a third party is liable for compensation or indemnity in respect of the Transfer Fee or other fees relating to mineral rights and the implementation of the coal resource conversion project, the Vendors have the right to replace Xibei Mining or its subsidiaries after the Closing Date of the Transactions to seek compensation from the third party, and the Company shall assist accordingly. If Xibei Mining or its subsidiaries have obtained relevant compensation or indemnity from the third party, a sum equivalent to the compensation or indemnity shall be deducted from the aforementioned compensation required from the Vendors or notify and pay in a timely manner to the Vendors. The deduction or return payment shall be calculated with reference to the Letter of Mineral Right Commitment.

The parties have agreed that as of the date of signing the Agreement, the following coal resource overlaid situation has been fully considered in the mineral rights valuation reports quoted in the Asset Valuation Report(s), and the estimated overlaid resource reserve has been deducted from the mineral rights valuation. However, the relevant companies have not yet signed compensation agreements with the construction units or relevant government departments or received compensation: (1) the mining right of Changwu County Tingnan Coal Mine of Shaanxi Changwu Tingnan Coal Industry Co., Ltd.: the Tingkou Reservoir Project and its anti-regulation water storage project with a total overlaid resource reserve of 106.8447 million tons; (2) the exploration right for exploration of Mafuchuan Minefield in Shajingzi Mining Area, Huan County, Gansu Province (reserved): G341 Ring Road Section 2 with a overlaid resource reserve of 48.0073 million tons (new classification); (3) the mining right of Changwu County Gaojiabao Coal Mine of Shaanxi Zhengtong Coal Industry Co., Ltd.: newly built “methanol to glycine, ethylenediamine 100,000 tons/year project” with a overlaid resource reserve of 6.257 million tons. If Shaanxi Changwu Tingnan Coal Industry Co., Ltd., Gansu Huaneng Tianjun Energy Co., Ltd. and Shaanxi Zhengtong Coal Industry Co., Ltd. receive the compensation in respect of such overlaid situation from the third parties such as construction units or relevant government departments after the Closing Date of the Transactions, and such compensation is not reflected in the Audit Reports related to the Transactions, the Company shall return the compensation to the Vendors within 30 days from the date of receipt of the compensation by such companies. The deduction or return payment shall be calculated with reference to the Letter of Mineral Right Commitment.

Staff settlement

After the Closing Date, there will be no change in the labour contractual relationship of the employees of Xibei Mining as a result of the Transactions. The Transactions has actuarially calculated and accrued in accordance with the relevant accounting standards the extra costs to be borne by Xibei Mining and its controlling subsidiaries in relation to the co-ordination of the relevant retirees, survivors and other categories of employees.

Disposal of debts and liabilities

After the Closing Date, the debts, liabilities and other contingent liabilities of Xibei Mining shall continue to be enjoyed or borne by Xibei Mining. Xibei Mining shall fulfill its obligations to notify or obtain the consent of its creditors in respect of the Transactions in accordance with the terms of the contract signed by Xibei Mining, and the parties shall provide Xibei Mining with the necessary assistance or co-operation.

Responsibility on default

After the Agreement becomes effective, the failure of any party to fulfil its obligations under the Agreement, or any declaration, warranty or undertaking made by any party being false, is considered a breach of contract. The party in default shall compensate the non-defaulting parties for all losses incurred by its breach of contract.

Without precluding the termination of the Agreement by the relevant parties according to the Agreement, unless the Agreement expressly stipulates otherwise, if one party suffers any reasonable costs, expenses, liabilities or losses due to the other party's breach of contract, the defaulting party shall compensate any such costs, expenses, liabilities or losses and shall indemnify the non-defaulting party from such claims. For losses caused by the non-defaulting party's own fault, negligence or omission, as well as losses or any extended losses arising due to its failure to take measures, the defaulting party shall not be liable for such losses.

Modification and Termination of the Agreement

- (1) If the registration of industrial and commercial changes in respect of the Capital Increase is not completed within 12 months after the effective date of the Agreement due to the fault of the Vendors and Xibei Mining, the Company shall have the right to terminate the Agreement, and the Agreement shall be terminated on the date on which the written notice of termination is issued by the Company to each Vendors.
- (2) When the Agreement is terminated under the above circumstances, each Vendors shall return the payment of consideration for the Acquisitions and the interest (if any) received by them to the Company within 3 months from the date of termination of the Agreement. If the equity transferred has been registered in the name of the Company, the Company shall change the registration of the equity transferred to the name of each Vendors within 1 month from the date on which the Company receives the aforesaid funds returned by each Vendors.

2. Letter of Mineral Right Commitment

On the same date of the entering into of the Agreement, the Company and the Vendors entered into the Letter of Mineral Right Commitment, the key terms of which are set out as below:

As of the date of the Letter of Mineral Right Commitment, the subsidiaries of Xibei Mining held a total of 14 mineral rights, including 12 mining rights and 2 exploration rights (the “**Coal Mines of Xibei Mining**”), the basic information of which is as follows:

No.	Entity	Name of mine/ name of exploration project	No. of Mining License/Mineral Resource Exploration License	Validity
1	Shaanxi Zhengtong Coal Industry Co., Ltd. (陝西正通煤業有限責任公司)	Changwu County Gaojiabao Coal Mine of Shaanxi Zhengtong Coal Industry Co., Ltd.	C6100002013101110133086	28 September 2018 to 28 September 2026
2	Gansu Lingtai Shaozhai Coal Industry Co., Ltd. (甘肅靈台邵寨煤業有限公司)	Shaozhai Coal Mine of Gansu Lingtai Shaozhai Coal Industry Co., Ltd.	C6200002021011110151277	24 June 2024 to 15 January 2051
3	Pingliang Wuju Coal Industry Co., Ltd. (平涼五舉煤業有限公司)	Wuju Coal Mine of Pingliang Wuju Coal Industry Co., Ltd.	C6200002022031120153241	9 March 2022 to 9 March 2052
4	Pingmei Chang'an Energy Development Co., Ltd. (平煤長安能源開發有限公司)	Changwu County Yangjiaping Coal Mine of Pingmei Chang'an Energy Development Co., Ltd.	C6100002024041110156653	12 April 2024 to 12 April 2032
5	Shaanxi Changwu Tingnan Coal Industry Co., Ltd. (陝西長武亭南煤業有限責任公司)	Changwu County Tingnan Coal Mine of Shaanxi Changwu Tingnan Coal Industry Co., Ltd.	C6100002011011120106797	30 December 2022 to 30 December 2030
6	Inner Mongolia Shuangxin Mining Co., Ltd. (內蒙古雙欣礦業有限公司) (“ Shuangxin Mining ”)	Yangjiacun Coal Mine of Inner Mongolia Shuangxin Mining Co., Ltd. (the “ Mining Right of Yangjiacun Coal Mine ”)	C1000002011051110111946	4 May 2011 to 4 May 2041
7	Shaanxi Yongming Coal Mine Co., Ltd. (陝西永明煤礦有限公司)	Zichang County Yongming Coal Mine of Shaanxi Yongming Coal Mine Co., Ltd.	C6100002010061120067710	22 May 2023 to 22 May 2026
8	Shanxi Shuozhou Pinglu District Longkuang Daheng Coal Industry Co., Ltd. (山西朔州平魯區龍礦大恒煤業有限公司)	Shanxi Shuozhou Pinglu District Longkuang Daheng Coal Industry Co., Ltd.	C1400002009101220038687	25 August 2014 to 25 August 2044
9	Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd. (山西忻州神達望田煤業有限公司)	Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd.	C1400002009111220045315	20 November 2012 to 20 November 2041

No.	Entity	Name of mine/ name of exploration project	No. of Mining License/Mineral Resource Exploration License	Validity
10	Hangjinqi Juneng Energy Co., Ltd. (杭錦旗聚能能源有限公司)	Youfanghao Coal Mine of Hangjinqi Juneng Energy Co., Ltd. (the “Mining Right of Youfanghao Coal Mine”)	C1500002023091110155590	5 September 2023 to 5 September 2053
11	Inner Mongolia Huangtaolegai Coal Co., Ltd. (內蒙古黃陶勒蓋煤炭有限責任公司)	Bayan Gaole Coal Mine of Inner Mongolia Huangtaolegai Coal Co., Ltd. (the “Mining Right of Bayan Gaole Coal Mine”)	C1000002017051110145299	4 May 2017 to 4 May 2047
12		Liuyuanzi Coal Mine of Gansu Huaneng Tianjun Energy Co., Ltd.	C1000002010091110075170	19 October 2018 to 13 September 2030
13	Gansu Huaneng Tianjun Energy Co., Ltd. (甘肅華能天峻能源有限公司) (“Tianjun Energy”)	Gansu Province Huan County Shajingzi Mining Area Maojiachuan Jingtian Exploration (Retention) (the “Exploration Right of Maojiachuan Jingtian”)	T6200002010041030040290	17 September 2021 to 17 September 2026
14		Gansu Province Huan County Shajingzi Mining Area Mafuchuan Jingtian Exploration (Retention) (the “Exploration Right of Mafuchuan Jingtian”)	T6200002010101030042485	20 November 2020 to 19 November 2025

The main particulars of undertakings regarding the mineral rights of the Coal Mines of Xibei Mining are as follows:

1. After the Agreement becomes effective, the Vendors undertake to actively urge and assist Tianjun Energy to complete the procedures for converting the exploration rights to mining rights or retaining the exploration rights within the existing validity period of the corresponding mineral resource exploration licenses of the exploration right of Maojiachuan Jingtian and the exploration right of Mafuchuan Jingtian:
 - (i) If, after the expiration of the exploration licenses of the exploration right of Mafuchuan Jingtian and the exploration right of Maojiachuan Jingtian, the conditions for converting exploration to mining or retaining the exploration rights are not met, and the exploration area is reduced after completing the procedures for renewing the exploration rights, the decrease in the resource reserves caused by the reduction in exploration area as compared to the resource reserves set forth in the Asset Valuation Report(s) (in respect of the Letter of Mineral Right Commitment, include the relevant mineral right valuation reports of the subordinate coal mines of Xibei Mining cited in the Asset Valuation Report(s), the same below) shall be compensated by the Vendors to the Company. The specific compensation amount = the reduced value of the exploration rights determined based on the parameters used in the Asset Valuation Report of the Transactions $\times 55\% \times 51\%$;

- (ii) If, after the expiration of the exploration licenses of the exploration right of Mafuchuan Jingtian and the exploration right of Maojiachuan Jingtian, the conditions for converting exploration to mining, and completing the procedures for retaining or renewing the exploration rights are not met, and the relevant competent authorities will not renew or revoke the exploration rights in accordance with the laws, resulting in the extinguishment of the exploration rights, the Vendors shall compensate the Company. The specific compensation amount is the appraised value of the corresponding exploration rights in the Transactions $\times 55\% \times 51\%$ (if the relevant competent authorities provide compensation for the revocation of the exploration rights, such compensation amount should be deducted from the aforementioned compensation amount);
 - (iii) If, due to its own reasons, the Company fails to convert mining or handle the procedures for retaining or renewing the exploration rights, and reduces the exploration area, the Vendors shall not assume compensation liability.
2. Other than the resource reserves for which the proceeds from the transfer of mineral right have been deducted in the Asset Valuation Report, after the Closing Date of the Transactions, if the relevant authorities, based on the relevant provisions of the “Measures for the Collection of Proceeds from the Assignment of Mineral Rights” (the “**Circular 10**”) and other relevant regulations in force as at the date of the Letter of Mineral Right Commitment in respect of the mining rights, determine that there are other unpaid proceeds from the transfer of the mining rights (the “**Levied Transfer Fee**”) that are due and unpaid in respect of resource reserves utilised by a coal mine of Xibei Mining prior to the Valuation Benchmark Date of the Transactions and the resource reserves corresponding to the Transactions (i.e. the resource reserves within the valuation scope of the relevant mining rights in the Transactions, subject to the maximum amount of resource reserves not yet disposed of with compensation as set out in Circular 10, the same below), and the Levied Transfer Fee has not been taken into account in the Asset Valuation Report or in the Audit Reports in relation to the Transactions, then:
- (i) each of the Vendors shall pay cash compensation to the Company (the amount of compensation shall be the amount of the proposed actual payment of the levied transfer proceeds $\times 51\% \times$ proportionate shareholding held by Xibei Mining in the subsidiaries) no later than five Working Days prior to the date on which such subordinate subsidiaries intend to pay the actual levied transfer proceeds amount after the relevant competent authority has clarified the payment obligation; and
 - (ii) in addition to the aforesaid Levied Transfer Fee in (i), the remaining amount required to be paid in respect of the remaining resource reserves corresponding to the Transactions that have not been levied at the rate of mineral right transfer fee during the sale of mineral products (if involved), which shall be calculated based on the calculation methods and related parameters as specified in the Asset Valuation Report(s)/as used for calculation of the deduction of transfer income and discounted to the date on which payment obligation is specified in accordance with the Circular 10 and ancillary policies, shall be compensated by the Vendors to the Company in cash in one lump sum. Compensation amount = the amount of discounted transfer proceeds to be paid $\times 51\% \times$ proportionate shareholding held by Xibei Mining in these subsidiaries.

3. Regarding the Mining Right of Yangjiacun Coal Mine, the Mining Right of Youfanghao Coal Mine, and the Mining Right of Bayan Gaole Coal Mine, which historically involved the allocation of coal resources for implementation of the conversion project and deduction of the transfer fee corresponding to the allocated resource reserves for the conversion projects when disposing of with compensation, if after the Closing Date of the Transactions, the relevant government authorities don't only levy transfer fee on Xibei Mining or its subsidiaries for the allocated resource reserves for the conversion projects due to reasons such as failure to implement or fully implement such conversion projects:
 - (i) If the allocated resource reserves are reclaimed, the Vendors shall compensate the Company, the specific compensation amount = the reclaimed allocated resource reserve $\div$ the corresponding resource reserve of the mining right in the Transactions x the appraised value of the corresponding mineral right in the Transactions x 51% x Xibei Mining's shareholding ratio in such subsidiaries; and
 - (ii) If Xibei Mining or the company holding the mining right suffers losses due to being pursued other liabilities, the Vendors shall compensate the Company accordingly, and the specific compensation amount shall be determined in writing through friendly negotiation among all parties.
4. In case of negotiating the relevant matters in Letter of Mineral Right Commitment with the government authorities or relevant parties, each party shall actively assist Xibei Mining or its subsidiaries in communicating and negotiating, in order to fully protect the rights and interests of the Target Company and the parties.
5. The Vendors shall bear/receive the following amounts for compensation/return payment under the Letter of Mineral Right Commitment:
 - (i) The amount borne/received by Vendor A = (consideration for Acquisitions attributable to Vendor A + capital increase price) $\div$ total price of the Transactions x total compensation/return payment.
 - (ii) The amount borne/received by Vendor B, Vendor C and Vendor D = consideration for Acquisitions attributable to each of them $\div$ total price of the Transactions x total compensation/return payment.
 - (iii) If there are both compensation and return payment at the same time, they may be calculated separately and offset against each other to determine the final amount that each of the Vendors shall bear/receive.

6. Under the Letter of Mineral Right Commitment, the total compensation amount paid by the Vendors to the Company for matters related to a coal mine of Xibei Mining shall be limited to the appraised value of the corresponding mineral right in the Transactions $\times 51\% \times$ Xibei Mining's shareholding ratio in the subsidiary which owns the mineral right. The aggregate compensation amounts borne by Vendor A under the Letter of Mineral Right Commitment and the Letter of Performance Commitment shall not exceed the sum of the Consideration for Acquisitions attributable to Vendor A and the capital increase price. The aggregate compensation amounts borne by Vendor B, Vendor C and Vendor D under the Letter of Mineral Right Commitment and the Letter of Performance Commitment shall not exceed the Consideration for Acquisitions attributable to each of them respectively.
7. In the event of force majeure ("**force majeure**" refers to the objective circumstances that cannot be foreseen, avoided and cannot be overcome or the objective reasons beyond control at the time of entering into the Agreement, including but not limited to: (1) natural disasters such as earthquakes, tsunamis, typhoons, volcanic eruptions, landslides, avalanches and mudslides, etc.; (2) social abnormal events such as wars, armed conflicts, strikes, disturbances and riots, etc.; and (3) changes in laws, regulations or policies, government control orders or decisions) resulting in the occurrence of the situations stipulated in the Letter of Mineral Right Commitment of the coal mines of Xibei Mining, the Vendors shall not bear any compensation obligations to the Company; if Xibei Mining or its subsidiaries within the scope of the consolidated financial statements are no longer under the actual control of the Company after the Closing Date of the Transactions, the Vendors shall no longer bear any compensation obligations under the Letter of Mineral Right Commitment with respect to those mineral rights held by Xibei Mining or its subsidiaries within the scope of the consolidated financial statements as of the date of the occurrence of the aforesaid circumstances.

The Letter of Mineral Right Commitment shall take effect when all the following conditions are fulfilled: (1) the official seals of each of the Vendors and the Company are affixed; and (2) the Agreement is signed and becomes effective.

3. Letter of Performance Commitment

On the same date of the entering into of the Agreement, the Company and the Vendors entered into the Letter of Performance Commitment, pursuant to which the Vendors agreed to make the following commitments regarding the operating performance of Xibei Mining in the three years from 2025 to 2027:

1. Xibei Mining's audited net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (the "**Net Profit**"), calculated in accordance with the Chinese accounting standards, shall be not less than approximately RMB7,121,934,100 (the "**Accumulated Committed Net Profit during the Commitment Period**") in the years 2025, 2026 and 2027 (the "**Commitment Period**"). The Accumulated Committed Net Profit during the Commitment Period is determined with reference to the Asset Valuation Report(s) filed with the competent state-owned regulatory authorities.

In the above-mentioned Asset Valuation Report(s), the income approach was adopted to evaluate some subsidiaries of Xibei Mining and project their net profit, details of which are as follows:

Name of subsidiary	Shareholding proportion of Xibei Mining	Projected net profit (unit: RMB0'000)		
		2025	2026	2027
Tingnan Coal Industry	100%	54,917.61	54,592.29	54,420.39
Zhengtong Coal Industry	100%	35,054.72	38,548.54	39,957.16
Shaozhai Coal Industry	100%	20,345.88	20,532.06	20,564.07
Shuangxin Mining	55%	35,883.48	26,126.44	41,996.58
Wuju Coal Industry	60%	498.22	14,709.06	17,336.26
Yongming Coal Mine	51%	4,237.74	4,086.04	4,016.78
Daheng Coal Industry	80%	29,495.77	29,562.28	17,531.38
Wangtian Coal Industry	55%	-2,427.34	-2,480.47	10,990.85
Huangtaolegai	60%	110,675.41	112,770.55	116,175.98
Tianjun Energy	55%	341.29	14,064.76	13,553.51
Boxuan Technology	100%	646.73	946.65	960.59
Aike Industrial and Mining	100%	1,299.94	1,670.67	2,037.81
Mayicheng	100%	66.84	156.81	226.41
Shandong Kanggige Energy Technology Co., Ltd.* (山東康格能源科技有限公司)	49%	73.24	472.73	811.62
Total	–	222,325.94	238,524.81	251,342.66

Note 1: The projected net profit amounts of each of the above subsidiaries are derived from the projected net profit amounts for 2025-2027 as set out in the “Summary of Income Approach Measurements” in the Asset Appraisal Schedule corresponding to the Asset Valuation Report.

Note 2: Given the valuation assumption in the Asset Valuation Report that the Internal Cooperative Operation Agreement of Wangtian Coal Industry will expire on 31 December 2026 and will not be renewed, the total projected net profit amounts for 2025 and 2026 in the above table are the projected net profit amounts of each subsidiary (except Wangtian Coal Industry) x the sum of the shareholding proportion of Xibei Mining in it + the projected net profit of Wangtian Coal Industry, and the total projected net profit amounts for 2027 are the projected net profit amounts of each subsidiary x the sum of the shareholding proportion of Xibei Mining in it.

Note 3: The above table is only used to illustrate the process of calculating the amount of the Accumulated Committed Net Profit during the Commitment Period, and the Vendors has not committed to the profit realisation of each year, nor to the profit realisation of each of the aforesaid subsidiaries.

2. Upon expiry of the Commitment Period, the Company will engage an accounting firm recognised by the Vendors and the Company and other parties as meeting the requirements of the Securities Law of the People's Republic of China to issue a special audit report for the Commitment Period, and will recognise the cumulative net profit realised during the Commitment Period with the aforesaid audit report.

Upon expiry of the Commitment Period, the Company will engage a valuation institution as meeting the requirements of the Securities Law of the People's Republic of China to conduct a re-assessment of Xibei Mining on the basis of 31 December 2027 and issue a valuation report confirming the appraised value of the entire shareholders' interests of the Target Company as at the end of the Commitment Period (the "**Appraised Value at the End of the Commitment Period**"). Unless mandatorily required by applicable laws and regulations, the valuation methodology adopted in the aforesaid valuation report shall be consistent with the asset valuation report of the Transactions, and the Appraised Value at the End of the Commitment Period shall be the appraised value of a comparable calibre, net of the effect of capital increase, capital reduction, acceptance of gifts and the Profit Distribution by shareholders of Xibei Mining during the Commitment Period on the Appraised Value at the End of the Commitment Period.

The compensation for the performance pledge involved in the Transactions shall be made by the Vendors to the Company in cash, and the specific compensation amount shall be the higher of the following two methods of calculating the compensation amount:

- (1) The compensation amount during the Commitment Period = (the Accumulated Committed Net Profit during the Commitment Period – accumulated net profit realized during the Commitment Period) $\times$ 51% (if the compensation amount during the Commitment Period is less than zero, it shall be taken as zero); or
 - (2) The compensation amount during the Commitment Period = (the Appraised Value of the Transactions – the Appraised Value at the End of the Commitment Period) $\times$ 51% (if the compensation amount during the Commitment Period is less than zero, it shall be taken as zero).
3. The amounts to be borne by each of the Vendors in respect of the compensation amount during the Commitment Period recognised in the manner described above are as follows:

The compensation amount to be borne by Vendor A = (the consideration for the Acquisitions attributable to Vendor A + Capital Increase Price) $\div$ total consideration for the Transactions $\times$ the compensation amount during the Commitment Period.

The compensation amount to be borne by Vendor B, Vendor C and Purchaser D = their respective share of the consideration for the Acquisitions $\div$ the total consideration for the Transactions $\times$ the compensation amount during the Commitment Period.

4. If the Agreement is cancelled during the Commitment Period, the Vendors shall not be required to continue to honor the letter of performance commitment. If the Agreement is cancelled after the expiry of the Commitment Period, the Company shall return to the Vendors the amount of the performance compensation for the Commitment Period that has already been paid within 30 days from the date of cancellation of the Agreement.
5. The Vendors undertake to perform all the compensation obligations within 30 days after the special audit report and valuation report of Xibei Mining are issued and after receiving the notice from the Company specifying the specific amount to be compensated for the Commitment Period.
6. If the scope of subsidiaries in the consolidated statements of Xibei Mining as set out in the Audit Reports changes or if Xibei Mining ceases to hold equity interests in Shandong Kanggge Energy Technology Co., Ltd. (山東康格能源科技有限公司) during the Commitment Period as a result of equity transfer, capital increase or any other reason, the amount of the committed net profit and the amount of the realized net profit may be adjusted from (and including) that year onwards after the Vendors and the Company have agreed on the adjustments.
7. In the case which during the Commitment Period, due to force majeure, the normal production and operation of Xibei Mining and its consolidated subsidiaries is materially and adversely affected or Xibei Mining and its consolidated subsidiaries are no longer actually controlled by the Company, the Vendors and the Company may negotiate to adjust the amount of the committed net profit and other content under the Letter of Performance Commitment according to the degree of impact of the abovementioned circumstances starting from the year (inclusive) in which the abovementioned circumstances occurred.
8. The amount of performance compensation to be borne by the Vendors in respect of the Letter of Performance Commitment and the amount of compensation to be borne by the Vendors on the basis of the Letter of Mineral Right Commitment shall not exceed the total consideration for the Transactions under the Agreement.

The Letter of Performance Commitment shall take effect when all the following conditions are fulfilled: (1) the official seals of each of the Vendors and the Company are affixed; and (2) the Agreement is signed and becomes effective.

The Company will comply with the disclosure requirements under Rule 14A.63 of the Listing Rules in respect of the fulfillment of the Letter of Performance Commitment.

B. BASIC INFORMATION ON XIBEI MINING AND THE TARGET GROUP

The basic information of Xibei Mining and the Target Group, including the details of subsidiaries controlled directly and indirectly by Xibei Mining as of the date of this announcement, the equity structure of Xibei Mining before and after the completion of the Transactions, the mineral rights information of the Xibei Mining Group, and the financial data of the Target Company, are set forth in Appendix I to this announcement.

C. INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in the business of mining, high-end chemical new materials, new energy, and high-end equipment manufacturing and smart logistics. The Company's main products are steam coal for use in large-scale power plants, coking coal for metallurgical production, prime quality low sulphur coal for use in pulverized coal injection, and chemical products such as methanol and acetic acid, etc.

Shandong Energy

Shandong Energy is a state-controlled limited liability company, 90% equity interests of which is held directly and indirectly by Shandong Provincial People's Government State-owned Assets Supervision and Administration Commission, and the remaining 10% equity interests of which is indirectly held by the Shandong Province Finance Bureau. Shandong Energy is principally engaged in mining, high-end chemicals, electricity, high-end equipment manufacturing, new energy and materials, and modern trade and logistics.

As at the date of this announcement, Shandong Energy is the controlling Shareholder of the Company, holding directly and indirectly approximately 52.83% of the issued share capital of the Company, and is hence a connected person of the Company.

Vendors

Each of Vendor A, Vendor B, Vendor C and Vendor D is a company established in the PRC and a direct wholly-owned subsidiary of Shandong Energy as at the date of this announcement.

Each of Vendor A, Vendor B, Vendor C and Vendor D is principally engaged in mining and sales of coal.

D. FINANCIAL AND BUSINESS IMPACT OF THE TRANSACTIONS

Upon the completion of the Transactions, the Company will acquire a 51% equity interests in Xibei Mining, and the performance of Xibei Mining will be consolidated into the Company's consolidated financial statements, which is expected to significantly enhance the Company's profitability. The principal consolidated financial data in respect of the Target Company are set out in Appendix I to this announcement.

Upon the completion of the Transactions, the Company's coal resources, coal reserves, and production volume of saleable coal will all be significantly increased, and its operating capacity will continue to strengthen. According to the relevant mineral rights valuation report issued by the Independent Valuer, upon the completion of the Transactions, the Company's resources used in the valuation will increase by approximately 6.352 billion tonnes, the recoverable reserves will increase by approximately 3.652 billion tonnes, and the production volume of saleable coal will increase by approximately 30.0000 million tonnes.

E. BENEFITS OF AND REASONS FOR THE TRANSACTIONS

(1) Reducing competition in the peers and promoting standardised operations

Xibei Mining is the regional headquarters of Shandong Energy in the west, which is responsible for the operation of the coal business in Shaanxi, Gansu, Shanxi and part of Inner Mongolia. Xibei Mining has clear ownership of its shareholdings and mining rights and assets, with regular operations. The injection of coal assets through the Transactions will be conducive to the reduction of peer competition between the Company and Shandong Energy and the promotion of standardised operations.

(2) Increasing profitability and shareholders' return

The assets to be injected into the Transactions are high-quality assets under Shandong Energy. Upon closing of the Transactions, the profitability of the Company will be significantly enhanced, which will be conducive to the further increase of shareholders' return in the long term.

(3) Enhancing resource reserves and implementing development strategy

The Transactions are an important step in the implementation of the Company's development strategy. Through the integration of high-quality coal resources of Shandong Energy, it will be conducive to further increasing the Company's coal resources reserves in Shaanxi, Gansu, Shanxi, Inner Mongolia and other northwestern regions, enlarging and strengthening the mining sector, and enhancing its core competitiveness. The scope of business to be acquired under the Transactions also includes certain coal-related businesses such as coal chemical industry, mine specialisation and coal processing plant operation, facilitating the development of the Company's principal business.

Furthermore, the combination of equity acquisition and cash capital increase to obtain control of Xibei Mining in the Transactions is conducive to the overall co-ordination and optimization of the use of funds by the Company: (1) the Transactions are beneficial to the lowering of the cash consideration payable for the equity acquisition; (2) the cash capital increase will help to optimize the shareholding structure of Xibei Mining, and the capital increase will be co-ordinated and controlled by the Company within the listed company's system, supporting the construction and development of the mines under construction and planning by Xibei Mining, optimizing and enhancing the financial position of Xibei Mining, thus further strengthening the core competitiveness and profitability of Xibei Mining, and reducing the risk of investment; (3) the impact of the Transactions on the changes in the balance sheet ratio of the Company will be less significant than that of the acquisition through single equity.

The Directors (excluding the independent non-executive Directors, whose opinion on the matter will be given in the circular after taking into account the advice of the Independent Financial Adviser in this regard) are of the view that the Transaction Documents are on normal commercial terms which have been negotiated at an arm's length basis and are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

F. IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratios of the Transactions are more than 5% but all applicable percentage ratios are less than 25%, the Transactions constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company holding directly and indirectly approximately 52.83% of the issued share capital of the Company and Shandong Energy directly wholly owns the Vendors, and indirectly wholly owns Xibei Mining. In accordance with the Listing Rules, each of the Vendors and Xibei Mining is a connected person of the Company. Hence, the Transactions also constitute a connected transaction of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the valuation of certain assets was prepared based on income approach in the Asset Valuation Report(s), such valuation constitutes a profit forecast (the **"Profit Forecast"**) under Rule 14.61 of the Listing Rules.

Pursuant to Rule 14.60A of the Listing Rules, the details of the principal assumptions, including commercial assumptions, on which the Asset Valuation Report(s) prepared by the Independent Valuer were based are set out in Appendix II to this announcement.

G. CONFIRMATIONS

Baker Tilly Hong Kong Limited, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations of the Profit Forecast on which certain valuations using income approach as contained in the Asset Valuation Report(s) are based, which does not involve the adoption of accounting policies. The Board has confirmed that the Profit Forecasts for the Target Group as set out in the Asset Valuation Report(s) have been made after due and careful enquiry by the Board.

The letter of the reporting accountant (the **"Reporting Accountant Letter"**) from Baker Tilly Hong Kong Limited and the letter issued by the Board, both dated 8 April 2025, are set out in Appendix III and Appendix IV to this announcement, respectively.

The qualifications of the experts who have given their conclusion or advices included in this announcement are set out as below:

Name	Qualification
Baker Tilly Hong Kong Limited	Certified Public Accountants
Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司)	Independent valuer in the PRC

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of the Independent Valuer and Baker Tilly Hong Kong Limited is a third party independent of the Group and its connected person(s).

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, none of the Independent Valuer or Baker Tilly Hong Kong Limited has any shareholding, directly or indirectly, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

Each of the Independent Valuer and Baker Tilly Hong Kong Limited had given and has not withdrawn its respective written consent to the publication of this announcement with the inclusion of its respective name, letter, statements and all references to its name (including its qualification) in the form and context in which it respectively appears.

II. CONTINUING CONNECTED TRANSACTIONS

References are made to (1) the announcement of the Company dated 28 April 2023 and the circular of the Company dated 9 June 2023 in relation to, among others, the Existing Provision of Materials Supply Agreement and the Existing Provision of Products, Materials and Asset Leasing Agreement; (2) the announcement of the Company dated 25 August 2023 and the circular of the Company dated 28 September 2023 in relation to, among others, the Existing Finance Lease Agreement, the Existing Entrusted Management Service Framework Agreement and the Existing Bulk Commodities Sale and Purchase Agreement; and (3) the announcement of the Company dated 30 August 2024 and the circular of the Company dated 30 September 2024 in relation to, among others, the Existing Mutual Provision of Labour and Services Agreement, the Existing Provision of Insurance Fund Administrative Services Agreement and the amendments to the annual caps under the Existing Bulk Commodities Sale and Purchase Agreement for the two financial years ended/ending 31 December 2024 and 2025.

References are made to the announcement of the Company dated 26 August 2022 and the circular of the Company dated 12 October 2022 in relation to, (i) the Existing Shandong Energy Financial Services Agreement entered into between Shandong Energy Finance Company and Shandong Energy in respect of provision by Shandong Energy Finance Company of deposit services, comprehensive credit facility services and miscellaneous financial services to the Shandong Energy Members; and (ii) the Existing Yankuang Energy Financial Services Agreement entered into between Shandong Energy Finance Company and the Company in respect of provision by Shandong Energy Finance Company of deposit services, comprehensive credit facility services and miscellaneous financial services to the Group.

As (i) the Target Company will become a connected subsidiary of the Company and an associate of Shandong Energy (which is a connected person of the Company) by virtue of Shandong Energy's indirect 49% shareholding in the Target Company upon the completion of the Transactions, the Board envisages that the scope of transactions and annual caps under certain Existing Continuing Connected Transactions Agreements will need to be adjusted; and (ii) the Existing Continuing Connected Transactions Agreements will expire on 31 December 2025 and the parties thereto expect that the continuing connected transactions contemplated thereunder will continue on an ongoing basis, on 8 April 2025, the parties to the Existing Continuing Connected Transactions Agreements entered into the Proposed Continuing Connected Transaction Agreements to renew and supersede the Existing Continuing Connected Transaction Agreements. The Proposed Continuing Connected Transaction Agreements are subject to the Independent Shareholders' approval at the General Meeting.

Shandong Energy is a controlling shareholder of the Company directly and indirectly holding 52.83% of the issued share capital of the Company as at the date of this announcement, and thus a connected person of the Company under the Listing Rules. Shandong Energy Finance Company is directly owned as to approximately 53.92% equity interests by the Company, and directly and indirectly owned as to approximately 46.08% equity interests by Shandong Energy. Shandong Energy Finance Company is a connected subsidiary of the Company under the Listing Rules. Accordingly, the Proposed Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. Proposed Provision of Materials Supply Agreement

On 28 April 2023, the Company entered into the Existing Provision of Materials Supply Agreement with Shandong Energy for a term of three years commencing from 1 January 2023 and expiring on 31 December 2025. Please refer to the announcement of the Company dated 28 April 2023, and the circular of the Company dated 9 June 2023 for the details of the Existing Provision of Materials Supply Agreement.

The Proposed Provision of Materials Supply Agreement

On 8 April 2025, the Company entered into the Proposed Provision of Materials Supply Agreement with Shandong Energy to renew and supersede the Existing Provision of Materials Supply Agreement on substantially the same terms.

Unless otherwise agreed by the parties in writing, the Proposed Provision of Materials Supply Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Provision of Materials Supply Agreement becomes effective, (i) the Existing Provision of Materials Supply Agreement would be superseded with effect from 1 January 2025; and (ii) all transactions performed under the Existing Provision of Materials Supply Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Provision of Materials Supply Agreement.

Set out below are the major terms of the Proposed Provision of Materials Supply Agreement:

Date

8 April 2025

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2025 and expiring on 31 December 2027

Major terms

The Shandong Energy Members would provide the following materials to the Group: chemical raw materials (methanol, pure benzene, etc.), coal, electricity, underground supporting and protection materials, equipment accessories for coalmine operation, safety protection materials, informationization facilities, grease and oil materials and other general materials.

On or before 30 November each year, the Company may provide to Shandong Energy an annual assessment of the supplies or services that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Provision of Materials Supply Agreement.

Payment

- (1) The payment of consideration of the Proposed Provision of Materials Supply Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Materials Supply Agreement in its accounts on or before the last Working Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

All materials would be supplied at the Market Price and such price shall in so far as possible be calculated and estimated before the commencement of each financial year, and shall be determined according to normal commercial terms based on the following:

- (1) the price offered by Independent Third Parties for provision of the same or similar type of materials in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such Independent Third Parties; or
- (2) or if the foregoing (1) is not applicable, the price offered by Independent Third Parties in the PRC for provision of the same or similar type of materials under normal commercial terms in the ordinary course of business of such Independent Third Parties.

To determine the Market Price, the purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

The price of electricity shall be determined with reference to the electricity trading price in the electricity spot market of Shandong Province and would be settled according to the actual usage of electricity by the Company.

If at any time the nationwide pricing is in force and applicable to a material, the price of such material shall be determined in accordance with the nationwide pricing. Such nationwide pricing means the price stipulated for such materials in accordance with the laws, regulations, decisions, orders or pricing policies formulated by the relevant governmental authorities in the PRC (as the case may be).

The Shandong Energy Members have undertaken that the price of such supplies would not be higher than the price offered by Shandong Energy to any independent third parties for the same type of materials under any circumstances.

In the event that the terms of provision of any materials by any third party are better than the terms offered by the Shandong Energy Members or if the provision of such materials by the Shandong Energy Members cannot meet the demand of the Company, the Group would be entitled to purchase any such materials from third parties.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Provision of Materials Supply Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the annual caps and the historical transaction amounts for the financial years ended 31 December 2023 and 2024 as well as the existing annual cap for the year ending 31 December 2025 in respect of the transactions under the Existing Provision of Materials Supply Agreement:

For the year ended 31 December 2023		For the year ended 31 December 2024		For the year ending 31 December 2025
Annual cap	Actual amount	Annual cap	Actual amount	Existing annual cap
(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
5,370,000	4,210,581	5,370,000	3,192,930	5,370,000

As of the date of this announcement, the transaction amounts of the continuing connected transactions under the Existing Provision of Materials Supply Agreement did not exceed the existing annual cap for the financial year ending 31 December 31 2025.

Having considered the reasons set out below, the Board proposed that the annual amount payable by the Group to the Shandong Energy Members under the Proposed Provision of Materials Supply Agreement shall not exceed RMB5,840,000,000, RMB5,480,000,000 and RMB5,670,000,000 for the three financial years ending 31 December 2025, 2026 and 2027, respectively.

- (1) The Group purchases materials and supplies from the Shandong Energy Members: (i) the Company's material supply centre purchased materials and supplies from Jining Fuxing Machinery Manufacturing Co., Ltd., Shandong Yanxin Mining Material Processing Co., Ltd., etc.; (ii) Yankuang Lunan Chemicals Co., Ltd. purchases methanol from Yankuang Guohong Chemical Co., Ltd.* (兗礦國宏化工有限責任公司) and Shandong Yankuang International Coking Co., Ltd.; (iii) Yankuang Coal Chemical Supply and Marketing Co., Ltd. purchases pure benzene from Shandong Energy Shengyuan Hongda Chemical Co., Ltd.; (iv) upon completion of the Transactions, Xibei Mining will become a subsidiary of the Company and an associate of Shandong Energy, and Xibei Mining will continue to procure materials from Shandong Energy Members in 2025; and (v) save as the above transactions, certain units of the Company purchase supplies and materials from Shandong Energy Group Yijia Supply Chain Management Co., Ltd.. The Company estimates that for each of the three financial years ending 31 December 2025, 2026 and 2027, the amounts payable by the Group to the Shandong Energy Members in respect of material supplies will be RMB3,980 million, RMB3,465 million and RMB3,661 million, respectively;
- (2) The Group purchases chemical raw material coal from the Shandong Energy Members: (i) Inner Mongolia Rongxin Chemicals Co., Ltd. purchases coal from Shandong Energy Group Coal Marketing (Shaanxi) Co., Ltd.; (ii) Yankuang Coal Chemical Supply and Marketing Co., Ltd. purchases coal from the Binhu Coal Mine of Zaozhuang Mining (Group) Co., Ltd. (棗莊礦業(集團)有限責任公司); and (iii) Yankuang Xinjiang Energy & Chemical Co., Ltd. purchases coal from Xinkuang International Trading Co., Ltd.. The Company estimates that for each of the three financial years ending December 31, 2025, 2026, and 2027, the amounts payable by the Group to the Shandong Energy Members for chemical raw material coal supplies will be RMB1,650 million, RMB1,768 million and RMB1,755 million respectively;

- (3) The Group purchases electricity from the Shandong Energy Members: (i) the Company purchases electricity from Shandong Energy New Energy (Zoucheng) Co., Ltd.; and (ii) Yankuang Donghua Heavy Industry Company Limited purchases electricity from Shandong Energy New Energy (Zoucheng) Co., Ltd.. The Company estimates that for each of the three financial years ending December 31, 2025, 2026, and 2027, the amounts payable by the Group to the Shandong Energy Members for electricity supplies will be RMB30 million, RMB30 million, and RMB31 million, respectively; and
- (4) The Group purchases machinery and equipment from the Shandong Energy Members: (i) the Company's Material Supply Center purchases machinery and equipment from Shandong Energy Group Yijia Supply Chain Management Co., Ltd. and Yunding Technology Co., Ltd.; (ii) Yankuang Financial Leasing Company Limited purchases machinery and equipment from Shandong Energy Xinfengguang Electronic Technology Co., Ltd., Yankuang Boyang Foreign Economic and Trading Co., Ltd., Yunding Technology Co., Ltd. and Shandong Taian Coal Mine Machinery Co., Ltd.. The Company estimates that for each of the three financial years ending December 31, 2025, 2026, and 2027, the amounts payable by the Group to the Shandong Energy Members for machinery and equipment supplies will be RMB180 million, RMB217 million, and RMB223 million, respectively.

Reasons for and benefits of entering into the Proposed Provision of Materials Supply Agreement

Since the Shandong Energy Members will continue to provide materials to the Target Company (which will become a subsidiary of the Company upon the completion of the Transactions) after the completion of the Transactions, the Board proposed to enter into the Proposed Provision of Materials Supply Agreement to renew and supersede the Existing Provision of Materials Supply Agreement.

The Group requires stable suppliers of mining production materials for steady business expansion. Certain materials provided by the Shandong Energy Members are better in quality than those provided by external suppliers and it is rather difficult for the Group to source materials with comparable quality, specifications and value from other external suppliers. Furthermore, since the Shandong Energy Members' production sites are close to the Group's coal mines and factories, the transportation of such materials is convenient and at a relatively lower cost.

At the same time, the Target Company was a subsidiary of Shandong Energy prior to the Transactions and have been procuring materials from the Shandong Energy Members every year. Such transactions will continue after the completion of the Transactions in order to maintain the stable operations of the Target Company, which is in line with the Company's production and operation and further business integration needs.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Provision of Materials Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As stated above, Shandong Energy is a controlling Shareholder and thus constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Provision of Materials Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios for the transactions under the Proposed Provision of Materials Supply Agreement exceeds 5% on an annual basis, the Proposed Provision of Materials Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Proposed Mutual Provision of Labour and Services Agreement

On 30 August 2024, the Company entered into the Existing Mutual Provision of Labour and Services Agreement with Shandong Energy for a term of two years commencing from 1 January 2024 and expiring on 31 December 2025. Please refer to the announcement of the Company dated 30 August 2024 and the circular of the Company dated 30 September 2024 for the details of the Existing Mutual Provision of Labour and Services Agreement.

Proposed Mutual Provision of Labour and Services Agreement

On 8 April 2025, the Company entered into the Proposed Mutual Provision of Labour and Services Agreement with Shandong Energy to renew and supersede the Existing Mutual Provision of Labour and Services Agreement on substantially the same terms. In order to better regulate the provision of labour and services between the Group and the Shandong Energy Members, the Company and Shandong Energy decided to make adjustments to the service scope under the Existing Mutual Supply of Labour and Services Agreement to include the addition of the Group's receipt of the provision of transportation services from Shandong Energy and the provision of port services by the Group to the Shandong Energy Members.

Unless otherwise agreed by the parties in writing, the Proposed Mutual Provision of Labour and Services Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the Shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Mutual Provision of Labour and Services Agreement becomes effective, (i) the Existing Mutual Provision of Labour and Services Agreement would be superseded with effect from 1 January 2025, and (ii) all transactions performed under the Existing Mutual Provision of Labour and Services Agreement since 1 January 2025 would be classified as the transactions performed under the Proposed Mutual Provision of Labour and Services Agreement.

Set out below are the major terms of the Proposed Mutual Provision of Labour and Services Agreement:

Date

8 April 2025

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2025 and expiring on 31 December 2027

Major terms

Provision of labour and services by the Shandong Energy Members to the Group:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, the Shandong Energy Members have agreed to provide the Group with labour and services including repair services (building and equipment repair), construction engineering and management services, individual employee benefits (including but not limited to health check-ups, rehabilitation and therapy, social, arts, sports and entertainment services, financial difficulties subsidies, and other welfare expenses as stipulated by the PRC government), asset leasing and services, guarantee services, training services, security services (including security guard services and coal train convoy services), labour export, backup services (including canteen operation, property cleaning and catering and accommodation, etc.), informationization and technology services, mine rescue services, maintenance services of the ERP and relevant systems, and medical services (including wellhead emergency services, staff medical check-ups, occupational health record management, epidemic prevention and control, prevention and control of infectious diseases, management of sick and injury leave for staff, public health services, emergency maintenance for major public health incidents, etc.), and transportation services.

Provision of labour and services by the Group to the Shandong Energy Members:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, the Group has agreed to provide the Shandong Energy Members with labour and services including transportation services, engineering construction and management services, maintenance services, training services, labour export, informationization and technology services, mine rescue services, chemical product sales agency services and port services.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the labour or services that it may require in the coming year and the parties shall agree on an annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Mutual Provision of Labour and Services Agreement.

Payment

- (1) The payment of consideration of the Proposed Mutual Provision of Labour and Services Agreement can be settled on a one-off basis or by instalment in accordance with paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Mutual Provision of Labour and Services Agreement in its accounts on or before the last Working Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

Provision of maintenance services (building and equipment repair services), construction engineering and management services, asset leasing and services, guarantee services, training services, transportation services, security guard services in security services, backup services, informationization and technology services by the Shandong Energy Members to the Group:

The consideration shall be determined according to the Market Price (as defined below).

Provision of transportation services, engineering construction and management services, port services, maintenance services, training services, informationization and technology services by the Group to the Shandong Energy Members:

The consideration shall be determined according to the Market Price.

The Market Price shall in so far as possible be calculated and estimated before the commencement of each financial year.

“**Market Price**” shall be determined according to normal commercial terms based on the following:

- (i) the price offered by Independent Third Parties for provision of the same or similar type of services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such Independent Third Parties; or
- (ii) if paragraph (i) above is not applicable, the price offered by Independent Third Parties in the PRC for provision of the same or similar type of services under normal commercial terms in the ordinary course of business of such Independent Third Parties.

To determine the Market Price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other Independent Third Parties generally through obtaining quotations from at least two Independent Third Parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

With respect to the labour and services provided or received by the Group to or from the Shandong Energy Members according to the Market Price, the Company or the subsidiaries of the Company that provide or receive such labour and services would collect market data and conduct research on the market prices of similar labour and services when entering into the relevant transactions so as to ensure the price of which is fair and reasonable.

Provision of individual employee benefits services, labour export and mine rescue services by the Shandong Energy Members to the Group:

The consideration shall be determined according to the Cost Price (as defined below).

“Cost Price” is the transaction price determined based on the actual cost. The actual cost is the cost incurred from providing the subject matter of the transaction by the providing party. For the purpose of computing the actual cost, Shandong Energy shall provide the Company with full account books and records in respect of the costs of such services.

The individual employee benefits and mine rescue service fees to be paid shall be equal to the actual cost incurred from the provision of such services by the Shandong Energy Members.

The coal train convoy services in security services involve costs such as salaries, consumption of materials and equipment, and depreciation incurred by the Shandong Energy Members.

The price of labour export services is determined based on the remuneration and social insurance expenses for employees providing the services.

The Shandong Energy Members provide the Group with coal train convoy services under security guard services;

Coal train convoy services under security guard services are the cost of salary, material and equipment consumption and depreciation incurred by the Shandong Energy Members plus reasonable profit. Reasonable profit is normally 5% of the cost price, which is determined through commercial negotiation between the parties with reference to the general profit margin of the service industry.

Provision of maintenance services of the ERP and relevant systems by the Shandong Energy Members to the Group:

The consideration shall be determined based on the general pricing rules of the ERP and relevant systems maintenance market, using the per person per day rate as the pricing basis.

Provision of medical services by the Shandong Energy Members to the Group	The fees for medical check-ups shall be formulated with strict reference to the fee standards of the Shandong Provincial Price Bureau and the medical fee directory of the Healthcare Security Administration of Shandong Province, and the fees for other medical services shall be measured with reference to the actual workload, the number of staff members engaged in the services, and their wages and the costs of consumables incurred in the three years from 2022 to 2024.
Provision of labour export by the Group to the Shandong Energy Members:	The consideration shall be determined based on the Cost Price (as defined above).
Provision of sales agency service of chemical products, mine rescue services provided by the Group to the Shandong Energy Members	The consideration shall be determined based on the cost-plus method. Reasonable profit is normally 5% of the cost price, which is determined through commercial negotiation between the parties with reference to the general profit margin of the service industry.

If at any time the nationwide pricing is in force and applicable to the provision of labor and services under the Proposed Mutual Provision of Labor and Services Agreement, the price of such labor and services shall be determined in accordance with the nationwide pricing. Such nationwide pricing means the price stipulated for such agreed provision in accordance with the laws, regulations, decisions, orders or pricing policies formulated by the relevant governmental authorities in the PRC (as the case may be).

Shandong Energy has undertaken that the price of such labour and services provided to the Group would not be higher than the price offered by Shandong Energy to any Independent Third Parties for the same type of labour and services under any circumstances. The Group is not required to obtain such labour and services solely from the Shandong Energy Members. The Company has also undertaken to provide such labour and services to the Shandong Energy Members on normal commercial terms.

In order to ensure that the prices of the relevant labour and services will not be less favourable than those offered to the Group by Independent Third Parties, sales department or purchase department the of the Company and its designated staff will, from time to time, collect and review the prices of other Independent Third Parties providing the same types of labour and services in the same or neighbouring areas for comparison. Quotations are generally obtained through obtaining quotations from at least two Independent Third Parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Mutual Provision of Labour and Services Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the annual cap and the historical transaction amount for the financial year ended 31 December 2024 as well as the existing annual cap for the year ending 31 December 2025 in respect of the transactions under the Existing Mutual Provision of Labour and Services Agreement:

	For the year ended 31 December 2024	Transaction amount	For the year ending 31 December 2025
	Annual cap (RMB'000)	(RMB'000)	Annual cap (RMB'000)
Provision of labour and services by the Shandong Energy Members to the Group	5,662,000	3,868,450	4,809,000
Provision of labour and services by the Group to the Shandong Energy Members	1,360,000	988,610	920,000

As of the date of this announcement, the transaction amount of continuing connected transactions under the Existing Mutual Provision of Labour and Services Agreement did not exceed the existing annual cap for the financial year ending 31 December 2025.

Having considered the historical figures and the reasons set out below, the Board proposed that the total amounts of the service fees payable by the Group to the Shandong Energy Members under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB7,571,000,000, RMB7,203,000,000 and RMB7,016,000,000 for the three financial years ending 31 December 2025, 2026 and 2027, respectively, and the total amounts of the service fees payable by the Shandong Energy Members to the Group under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB1,810,000,000, RMB1,865,000,000 and RMB1,981,000,000 for the three financial years ending 31 December 2025, 2026 and 2027, respectively.

The proposed annual caps for the transactions under the Proposed Mutual Provision of Labour and Services Agreement are determined mainly based on the following reasons:

Basis of the proposed caps for labour and services provided by the Shandong Energy Members to the Group

- (1) The Shandong Energy Members provide maintenance services to the Group: (i) Shandong Energy Group Yijia Supply Chain Management Co., Ltd. (山東能源集團易佳供應鏈管理有限公司), Shandong Energy Equipment Group Benniu Remanufacturing Co., Ltd. (山東能源裝備集團奔牛再製造有限公司) and Shandong Energy Equipment Group Tiandi Mining Equipment Remanufacturing Co., Ltd. (山東能源裝備集團天地採掘設備再製造有限公司) provide maintenance services to the Company; (ii) Shandong Energy Group Construction Group Co., Ltd. (山東能源集團建工集團有限公司) provides maintenance services to Shaanxi Future Energy Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd.; (iii) Shandong Fangda Engineering Co., Ltd. (山東方大工程有限責任公司), Shandong Energy Group Construction Group Co., Ltd. (山東能源集團建工集團有限公司) and Shandong Energy Group Equipment Manufacturing (Group) Co., Ltd provide maintenance services to Shandong Energy Group Luxi Mining Co., Ltd.; and (iv) Shandong Fangda Engineering Co., Ltd. (山東方大工程有限責任公司) provides maintenance services to Xibei Mining. Our Company expects that the amount payable by the Group to the Shandong Energy Members for such maintenance services in each of the three financial years ended 31 December 2025, 2026, and 2027 will be RMB665 million, RMB785 million, and RMB679 million respectively;
- (2) The Shandong Energy Members provide construction services to the Group: (i) Jining Fuxing Machinery Manufacturing Co., Ltd. (濟寧福興機械製造有限責任公司), Shandong Yankuang Yijia Construction and Installation Engineering Co., Ltd. (山東兗礦易佳建築安裝工程有限公司) and Shandong Energy Group Construction Group Co., Ltd. (山東能源集團建工集團有限公司) provide construction services to the Company; (ii) Shandong Energy Group Construction Group Co., Ltd. (山東能源集團建工集團有限公司) provides construction services to Yankuang Energy (Ordos) Company Limited, Shaanxi Future Energy Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd.; (iii) companies such as Shandong Fangda Engineering Co., Ltd. (山東方大工程有限責任公司), Zibo Aike Industrial and Mining Machinery Co., Ltd. (淄博愛科工礦機械有限公司), Shandong Huaxin Construction Engineering Group Co., Ltd. (山東華新建築工程集團有限責任公司), the production services branch of Xinwen Mining Group Co., Ltd. (新汶礦業集團有限責任公司生產服務分公司) and Shandong Energy Group Construction Group Co., Ltd. (山東能源集團建工集團有限公司) provide construction services to Shandong Energy Group Luxi Mining Co., Ltd.; and (iv) Shandong Fangda Engineering Co., Ltd. (山東方大工程有限責任公司) provides construction services to Xibei Mining. Our Company expects that the amount payable by the Group to the Shandong Energy Members will be RMB5,222 million, RMB4,758 million, and RMB4,660 million respectively for the three financial years ended 31 December 2025, 2026, and 2027 for such construction services;

- (3) The Shandong Energy Members provide employee personal benefits to the Group: (i) the development guarantee branch of Shandong Energy Group Development Service Group Co., Ltd. (山東能源集團發展服務集團有限公司發展保障分公司) provides employee recuperation services to various units of Yankuang Energy Group Company Limited; (ii) Xinda Hotel of Shandong Energy Group Company Limited provides single apartment services to various units of Yankuang Energy Group Company Limited. Our Company expects that the amount payable by the Group to the Shandong Energy Members will be RMB91 million, RMB126 million, and RMB130 million, respectively for employee benefits in each of the three financial years ended 31 December 2025, 2026, and 2027;
- (4) The Shandong Energy Members provide asset leasing services to the Group: (i) Shandong Energy provides asset leasing services to Shandong Coal Science and Technology Research Institute Branch (山東煤炭科技研究院分公司), Yankuang Financial Leasing Company Limited and Shandong Energy Group Luxi Mining Co., Ltd.; and (ii) Shandong Energy Group International Hotel Co., Ltd. Xinjiang Branch (山東能源集團國際酒店有限公司新疆分公司) provides asset leasing services to Yankuang Xinjiang Energy & Chemical Co., Ltd.. Our Company expects that the amount payable by the Group to the Shandong Energy Members will be RMB42 million, RMB42 million and RMB26 million, respectively for asset leasing services in each of the three financial years ended 31 December 2025, 2026, and 2027;
- (5) The Shandong Energy Members provide accommodation and meal operation services to the Group: (i) Shandong Energy Group International Hotel Management Co., Ltd. (山東能源集團國際酒店管理有限公司) provides accommodation and meal operation services to the Company; (ii) Shandong Yankuang Xinda Hotel Management Co., Ltd. (山東兗礦信達酒店管理有限公司) provides accommodation and meal operation services to Yankuang Energy (Ordos) Company Limited, Inner Mongolia Haosheng Coal Mining Co., Ltd., Inner Mongolia Mining (Group) Co., Ltd. and Shaanxi Future Energy Co., Ltd.; and (iii) Shandong Energy Group Development Service Group Co., Ltd. (山東能源集團發展服務集團有限公司) provides accommodation and meal operation services to Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd.. Our Company expects that the amount payable by the Group to the Shandong Energy Members will be RMB42 million, RMB43 million, and RMB45 million, respectively for the three financial years ended on December 31, 2025, 2026, and 2027 for the accommodation and meal operation services;
- (6) The Shandong Energy Members provide security services to the Group: Shandong Energy Group Security Services Co., Ltd. (山東能源集團安保服務有限公司) provides security services to the Group. The Company expects that the amount payable by the Group to the Shandong Energy Members will be RMB240 million, RMB227 million and RMB234 million, respectively for security services in each of the three financial years ended December 31, 2025, 2026, and 2027;

- (7) Provision of informatisation and ERP systems and other technical services by Shandong Energy Members to the Group: (i) Shandong Energy Digital Technology Co., Ltd.* (山東能源數位科技有限公司) provides ERP system services to the Group; (ii) Beidou Tiandi Co., Ltd. *(北斗天地股份有限公司) provides information technology services to the Group; and (iii) Shandong Energy Group Co., Ltd. Jining Yankuang Branch provides television viewing services to the Company. The Company expects that the amount payable by the Group to Shandong Energy Members for such technology services in each of the three financial years ended 31 December 2025, 2026 and 2027, will be RMB432 million, RMB401 million, and RMB405 million, respectively;
- (8) Provision of medical services to the Group by Shandong Energy Members: Shandong Yiyang Healthcare Group (山東頤養健康集團) provides medical services to the Group. The Company expects that the amount payable by the Group to Shandong Energy Members for such medical services in each of the three financial years ended 31 December 2025, 2026 and 2027, will be RMB42 million, RMB41 million, and RMB41 million, respectively;
- (9) Provision of logistics services by Shandong Energy Members to the Group: (i) Xinda Hotel of Shandong Energy Group Company Limited provides logistics services to Yankuang Energy (Ordos) Company Limited, Inner Mongolia Haosheng Coal Mining Co., Ltd., Inner Mongolia Mining (Group) Co., Ltd., and Shaanxi Future Energy Co., Ltd.; and (ii) Shandong Energy Group Development Service Group Co., Ltd. *(山東能源集團發展服務集團有限公司) provides logistics services to Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd.. The Company expects that the amount payable by the Group to Shandong Energy Members for such logistics services in each of the three financial years ended 31 December 2025, 2026 and 2027, will be RMB350 million, RMB340 million, and RMB350 million, respectively;
- (10) Provision of training services by Shandong Energy Members to the Group: (i) Shandong Coal Technician College*(山東煤炭技師學院) provides training services to Shandong Energy Group Luxi Mining Co., Ltd; (ii) Linyi Mining Group Co., Ltd. Gucheng Coal Mine Safety Technology Training Center* (古城煤礦安全技術培訓中心), Shandong Coal Technology College* (山東煤炭技術學院), and Xinwen Mining Group Co., Ltd. Staff College* (新汶礦業集團有限責任公司職工大學) provide logistics services and training services to Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy and Chemical Co., Ltd; and (iii) Shandong Yankuang Technician College* (山東兗礦技師學院) provides training services to Yankuang Energy Group Company Limited. The Company expects that the amount payable by the Group to Shandong Energy Members for such training services in each of the three financial years ended 31 December 2025, 2026 and 2027, will be RMB50 million, RMB59 million, and RMB60 million, respectively;
- (11) The Shandong Energy Members provide mine rescue services to the Group: Shandong Energy Luxi Mining Co., Ltd. Emergency Management Branch(山能魯西礦業有限公司應急管理分公司) provides mine rescue services to Yankuang Xinjiang Energy & Chemical Co., Ltd. and Yanmei Heze Neng Hua Company Limited (兗煤菏澤能化有限公司). Our Company expects that the amount payable by the Group to the Shandong Energy Members will be RMB49 million, RMB50 million, and RMB50 million respectively for the mine rescue services in each of the three financial years ended 31 December 2025, 2026, and 2027, respectively.

- (12) Shandong Energy Members provide labor services to our Group: (i) Shandong Energy Group Construction Group Co., Ltd. (山東能源集團建工集團有限公司), Shandong Energy Group Development and Services Group Co., Ltd. (山東能源集團發展服務集團有限公司) and Shandong Menglu Mining Engineering Co., Ltd. provide labor services to Yankuang Donghua Heavy Industry Company Limited (兗礦東華重工有限公司); (ii) Xinwen Mining Group Co., Ltd.(新汶礦業集團有限責任公司) provides labor services to Shandong Energy Group Luxi Mining Co., Ltd. (山東能源集團魯西礦業有限公司); and (iii) Shandong Energy Group Development and Services Group Co., Ltd.(山東能源集團發展服務集團有限公司) and Shandong Energy Group Construction Group Co., Ltd. (山東能源集團建工集團有限公司) provide labor services to Yankuang Xinjiang Energy & Chemical Co., Ltd.. Our Company expects that the amount payable by the Group to the Shandong Energy Members RMB287 million, RMB263 million, and RMB266 million respectively for the labor services in each of the three financial years ended 31 December 2025, 2026, and 2027, respectively; and
- (13) Shandong Energy Members provide transportation services to our Group: (i) The Railway Transportation Department of Zaozhuang Mining (Group) Co., Ltd.(棗莊礦業(集團)有限責任公司) provides transportation services to Yankuang Lunan Chemicals Co., Ltd. (兗礦魯南化工有限公司); and (ii) Shandong Yingmao Logistics (Ningbo) Co., Ltd.(山東營貿物流(寧波)有限公司) provides transportation services to Coal Transportation and Sales Branch of Shandong Energy Group Luxi Mining Co., Ltd.. Our company expects that the amount payable by the Group to the Shandong Energy Members RMB66 million, RMB71 million, and RMB74 million for transportation services in each of the three financial years ended 31 December 2025, 2026, and 2027, respectively.

Basis of the proposed caps for labour and services provided by the Group to the Shandong Energy Members

- (1) Provision of training services by the Group to Shandong Energy Members: the Company's employee education and training center offers training services to Shandong Energy Members. The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amount receivable by the Group for providing such training services from Shandong Energy Members will be RMB17 million annually;
- (2) Provision of transportation services by the Group to Shandong Energy Members: (i) Yankuang Logistics Technology Co., Ltd. provides transportation services to Shandong Luxi Power Generation Company Limited* (山東魯西發電有限公司), Shandong Yankuang International Coking Co., Ltd. and Yankuang Guohong Chemical Co., Ltd.* (兗礦國宏化工有限責任公司); (ii) Shandong Duanxin Supply Chain Management Co., Ltd. provides transportation services to Shandong Yankuang International Coking Co., Ltd. and Shandong Energy Group Coal Reserve Co., Ltd.* (山東能源集團煤炭儲備有限公司); (iii) Wubo Technology Co., Ltd. provides transportation services to Yankuang Xinjiang Energy & Chemical Co., Ltd.. The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group for providing such transportation services from Shandong Energy Members will be RMB510 million, RMB610 million and RMB650 million, respectively;

- (3) Provision of maintenance services by the Group to Shandong Energy Members: (i) Shandong Coal Science and Technology Research Institute Branch (山東能源向山東煤炭科技研究院分公司) of the Company provides maintenance services to certain units of Shandong Energy; (ii) Shandong Huaju Energy Co., Ltd. provides maintenance services to Yankuang Electricity Sales Co., Ltd.; (iii) Yankuang Coal Chemical Engineering Company Limited provides maintenance services to Yankuang Xinjiang Energy & Chemical Co., Ltd.; (iv) coal machinery branch of Yankuang Donghua Heavy Industry Company Limited provides maintenance services to several companies including Inner Mongolia Huangtaolegai Coal Co., Ltd., the northwest branch of Shandong Energy Group Materials Co., Ltd. * (山東能源集團物資有限公司), Shandong Energy Equipment Group High-End Support Manufacturing Co., Ltd.* (山東能源裝備集團高端支架製造有限公司). The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group for providing such maintenance services from Shandong Energy Members will be RMB234 million, RMB240 million and RMB240 million, respectively;
- (4) Provision of information technology and technical services by the Group to Shandong Energy Members: (i) Shandong Coal Science and Technology Research Institute Branch (山東能源向山東煤炭科技研究院分公司) of the Company provides information and technical services to certain units of Shandong Energy; (ii) Yankuang Coal Chemical Engineering Company Limited and Shandong Yankuang Design & Consulting Co., Ltd.* (山東兗礦設計諮詢有限公司) provide information and technical services to Yankuang Xinjiang Energy & Chemical Co., Ltd.; (iii) Shandong Yankuang Guotuo Technology Engineering Co., Ltd. provides information and technical services to Shandong Luxi Power Generation Company Limited* (山東魯西發電有限公司). The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group for providing such services from Shandong Energy Members will be RMB209 million, RMB170 million, and RMB180 million, respectively;
- (5) Provision of mine rescue services by the Group to Shandong Energy Members: Shanneng Luxi Mining Co., Ltd. *(山能魯西礦業有限公司) provides mine rescue services to certain units of Shandong Energy Group Company Limited* (山東能源集團有限公司). The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group for providing such mine rescue services from Shandong Energy Members will be RMB105 million, RMB87 million, and RMB90 million, respectively;
- (6) Provision of engineering construction services by the Group to Shandong Energy Members: (i) Shandong Coal Science and Technology Research Institute Branch (山東能源向山東煤炭科技研究院分公司) of the Company provides engineering construction services to Shandong Taishan Resource Exploration Company Limited; (ii) Shandong Menglu Mining Engineering Co., Ltd. provides engineering construction services to Linyi Mining Group Co., Ltd., Longkou Mining Group Co., Ltd. and Feicheng Feikuang Coal Industry Co., Ltd.. The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group for providing such engineering construction services from Shandong Energy Members will be RMB85 million, RMB88 million, and RMB87 million, respectively;

- (7) Provision of labor dispatching services by the Group to Shandong Energy Members: (i) Shandong Menglu Mining Engineering Co., Ltd. provides labor dispatching services to Linyi Mining Group Co., Ltd.; (ii) Pengzhuang Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd. provides labor dispatching services to Inner Mongolia Shanghai Chaomiao Mining Co., Ltd. (內蒙古上海廟礦業有限責任公司), Feicheng Feikuang Coal Industry Co., Ltd. (as consolidated); (iii) Yankuang Coal Chemical Engineering Company Limited provides labor dispatching services to Yankuang Xinjiang Coal and Chemical Co., Ltd. (兗礦新疆煤化工有限公司). The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group for providing such labor dispatching services from Shandong Energy Members will be RMB230 million, RMB165 million, and RMB165 million, respectively; and
- (8) Provision of port services by the Group to Shandong Energy Members: Wubo Technology Co., Ltd. provides port services to Shandong Energy Group Ronghui International Trading Company Limited* (山東能源集團榮暉國際貿易有限公司). The Company estimates that for the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group for providing such port services from Shandong Energy Members will be RMB420 million, RMB488 million, and RMB561 million, respectively.

Reasons for and benefits of entering into the Proposed Mutual Provision of Labour and Services Agreement

Taking into account the continuous provision of certain services, including construction services, asset leasing, maintenance services, information and ERP system services, by the Shandong Energy Members to the Target Company (which will become a subsidiary of the Company upon completion of the Transactions) and their subsidiaries and the continuous provision of maintenance services, by the Target Company to the Shandong Energy Members after the completion of the Transactions, the Board proposed to enter into the Proposed Mutual Provision of Labour and Services Agreement to renew and supersede the Existing Mutual Provision of Labour and Services Agreement. The Proposed Mutual Provision of Labour and Services Agreement expands the scope of transactions, effectively covering the continuous transactions between the Shandong Energy Members and the Target Group after the completion of the Transactions, which is conducive to ensuring the stability of the Target Company's operations, and is in line with the Company's production and operation and further business integration needs.

As regards the provision of labour and services by the Shandong Energy Members to the Company, relying on its huge asset volume and internal demand, the Shandong Energy Members has established a strong capacity in providing services such as repair and maintenance services, construction engineering and management services, canteen operations services and security services in Shandong Province, Shaanxi Province and Inner Mongolia Autonomous Region and is an important service provider in the relevant regional market. The Group can obtain timely and stable supply from the Shandong Energy Members, thereby reducing the operating risks, which is favourable to the normal production and operation of the Group. The qualifications and quality of labour and services provided by the Shandong Energy Members have been approved and certified by governmental departments or industries, which can ensure that reliable and quality-assured labour and services are available to the Group.

As regards the provision of labour and services by the Group to the Shandong Energy Members, leveraging on the Group's advantage of centralised and bulk purchasing, the Group is able to purchase labour and services at lower prices and sell them to the Shandong Energy Members at prices no less favourable than the Market Price, which will enhance the operating income of the Group. Since the Group has professional qualification of and management experience in providing services such as training services, transportation services, repair and maintenance services and informationization and telecommunication services, the Group can enjoy operating profits by providing such services to the Shandong Energy Members at a fair price. Leveraging on its experience and advantageous technologies, the provision of professional services to the Shandong Energy Members will enable the Group to gain access to a stable sales market and generate revenue.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Mutual Provision of Labour and Services Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As stated above, Shandong Energy is a controlling Shareholder, and thus constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Mutual Provision of Labour and Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios for the provision of labour and services by the Group to the Shandong Energy Members under the Proposed Mutual Provision of Labour and Services Agreement exceeds 0.1% but is less than 5% on an annual basis, the transactions contemplated under the Proposed Mutual Provision of Labour and Services Agreement are subject to reporting, announcement and annual review requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios for the provision of labour and services by the Shandong Energy Members to the Group under the Proposed Mutual Provision of Labour and Services Agreement exceeds 5% on an annual basis, the Proposed Mutual Provision of Labour and Services Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Proposed Provision of Insurance Fund Administrative Services Agreement

On 30 August 2024, the Company entered into the Existing Provision of Insurance Fund Administrative Services Agreement with Shandong Energy for a term of two years commencing from 1 January 2024 and expiring on 31 December 2025. For details of the Existing Provision of Insurance Fund Administrative Services Agreement, please refer to the announcement of the Company dated 30 August 2024 and the circular of the Company dated 30 September 2024.

Proposed Provision of Insurance Fund Administrative Services Agreement

Considering that the Company intends to align the expiry date of all continuing connected transactions to end on 31 December 2027 to facilitate the unified management of continuing connected transactions between the Company and its connected persons, on 8 April 2025, the Company entered into the Proposed Provision of Insurance Fund Administrative Services Agreement with Shandong Energy to renew and supersede the Existing Provision of Insurance Fund Administrative Services Agreement on substantially the same terms.

Unless otherwise agreed by the parties in writing, the Proposed Provision of Insurance Fund Administrative Services Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the Shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2025. When the Proposed Provision of Insurance Fund Administrative Services Agreement becomes effective, (i) the Existing Provision of Insurance Fund Administrative Services Agreement would be superseded with effect from 1 January 2025, and (ii) all transactions performed under the Existing Provision of Insurance Fund Administrative Services Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Provision of Insurance Fund Administrative Services Agreement.

Set out below are the major terms of the Proposed Provision of Insurance Fund Administrative Services Agreement:

Date

8 April 2025

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2025 and expiring on 31 December 2027

Major terms

The Group and the Shandong Energy Members will, in accordance with the provisions of the relevant laws, rules, regulations and other regulatory documents as well as the requirements of the governmental social insurance administration, handle the administration and transfer of insurance fund for each other. In respect of such administration and transfer of insurance fund services, both parties agreed not to charge each other any service fee or advance any funds.

The Group and the Shandong Energy Members shall calculate the insurance fund payable based on the remuneration level of the relevant employees on a monthly basis in accordance with the relevant national laws and regulations and the relevant internal systems, and remit the full amount of such fund to the respective special account for such fund established up by one party for the other (the “**Special Account for Insurance Fund**”) by the end of the month. The Group and the Shandong Energy Members shall transfer the insurance fund for the employees of the other party in accordance with the relevant laws and regulations.

The Group and the Shandong Energy Members shall provide the other party with an annual explanation of the use of the funds in the Special Account for Insurance Fund, and one party shall have the right to supervise and inspect the use of the Special Account for Insurance Fund by the other party.

Pricing

The provision of insurance fund administrative services under the Proposed Provision of Insurance Fund Administrative Services Agreement is on a free-of-charge basis.

The historical amount, proposed annual caps and reasons

The historical amounts in respect of the insurance fund transferred under the free transfer services provided by Shandong Energy to the Group for the financial year ended 31 December 2024 were approximately RMB454,790,000. The historical amounts in respect of the insurance fund transferred under the free transfer services provided by the Group to the Shandong Energy Members for the financial year ended 31 December 2024 were approximately RMB261,840,000. As the insurance fund administrative services provided/received under the Existing Provision of Insurance Fund Administrative Services Agreement is on a free-of-charge basis, no annual cap was required to be set for the provision of such services.

Prior to the closing of the Transactions, social insurance, housing provident fund, and other benefits for certain employees of Xibei Mining were paid through subordinate units of Shandong Energy. Prior to the closing of the Transactions, in order to safeguard employee interests, these benefit payments will continue to be processed through the original administering entities without any service charges. At the same time, for partial employees of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd. (both being connected subsidiaries of the Company), the portion of insurance benefits currently administered by Shandong Energy and its subsidiaries will similarly maintain the existing transfer arrangement. Under the Proposed Provision of Insurance Fund Administrative Services Agreement, for the three financial years ended 31 December 2025, 2026 and 2027, the amounts of insurance funds that Shandong Energy will administer for the Group on a free-of-charge basis will be RMB1,059 million, RMB1,044 million and RMB1,100 million, respectively. Additionally, based on the total payroll of relevant employees involved in the social insurance contributions and the applicable contribution ratios for the last year, the Company estimates that under the Proposed Provision of Insurance Fund Administrative Services Agreement, for the three financial

years ended 31 December 2025, 2026 and 2027, the amounts of insurance funds that Shandong Energy Group Luxi Mining Co., Ltd. will administer for Shandong Energy Members on a free-of-charge basis will be RMB315 million, RMB400 million and RMB438 million, respectively.

Reasons for and benefits of entering into the Proposed Provision of Insurance Fund Administrative Services Agreement

Having considered the continuous provision of insurance fund administrative services on a free-of-charge basis by Shandong Energy to the Target Company (which will become a subsidiary of the Company upon completion of the Transactions) after completion of the Transactions, the Board considers that it is necessary to enter into the Proposed Provision of Insurance Fund Administrative Services Agreement to renew and supersede the Existing Provision of Insurance Fund Administrative Services Agreement.

Before the closing of the Transactions, insurance payments such as social insurance, housing provident fund of some employees of the Target Company were transferred by Shandong Energy to the relevant authorities. After the closing of the Transactions, according to the relevant requirements of social insurance management, the aforesaid insurance premiums of the Target Company will still be transferred from Shandong Energy to the relevant authorities, and in order to protect the interests of the employees, it would be the most efficient if Shandong Energy provides free transfer services of insurance payments to the Company.

The Directors (including the independent non-executive Directors) consider that the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions contemplated thereunder are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As stated above, Shandong Energy is a controlling Shareholder and thus constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Provision of Insurance Fund Administrative Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the insurance fund administrative services are provided by Shandong Energy on a free-of-charge basis, the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions contemplated thereunder are exempt from all reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules, and no annual cap is required to be set for the provision of such services.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the General Meeting.

4. Proposed Provision of Products, Materials and Asset Leasing Agreement

On 28 April 2023, the Company entered into the Existing Provision of Products, Materials and Asset Leasing Agreement with Shandong Energy for a term of three years commencing from 1 January 2023 and expiring on 31 December 2025. Please refer to the announcement of the Company dated 28 April 2023, and the circular of the Company dated 9 June 2023 for the details of the Existing Provision of Products, Materials and Asset Leasing Agreement.

The Proposed Provision of Products, Materials and Asset Leasing Agreement

On 8 April 2025, the Company entered into the Proposed Provision of Products, Materials and Asset Leasing Agreement with Shandong Energy to renew and supersede the Existing Provision of Products, Materials and Asset Leasing Agreement on substantially the same terms.

Unless otherwise agreed by the parties in writing, the Proposed Provision of Products, Materials and Asset Leasing Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Provision of Products, Materials and Asset Leasing Agreement becomes effective, (i) the Existing Provision of Products, Materials and Asset Leasing Agreement would be superseded with effect from 1 January 2025; and (ii) all transactions performed under the Existing Provision of Products, Materials and Asset Leasing Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Provision of Products, Materials and Asset Leasing Agreement.

Set out below are the major terms of the Proposed Provision of Products, Materials and Asset Leasing Agreement:

Date

8 April 2025

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2025 and expiring on 31 December 2027

Major Terms

Pursuant to the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Group would provide the followings to the Shandong Energy Members: coal products, electricity, chemical products (methanol, glycol, acetic acid, ammonia, ammonium sulfate and other chemical products), materials (including but not limited to steel, non-ferrous metal, timber, grease and oil products, axles, mining equipment and machineries such as hydraulic support and rubber conveyors, and other similar materials) and asset leasing (equipment, property leasing).

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies or services that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Provision of Products, Materials and Asset Leasing Agreement.

Payment

- (1) The payment of consideration of the Proposed Provision of Products, Materials and Asset Leasing Agreement can be settled on a one-off basis or by instalment in accordance paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Products, Materials and Asset Leasing Agreement in its accounts on or before the last Working Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The price of coal products, chemical products, materials and asset leasing shall be determined according to the Market Price. The market price shall be determined according to normal commercial terms based on the following:

- (1) the price offered by Independent Third Parties for provision of the same or similar type of products or services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such Independent Third Parties; or
- (2) or if the foregoing (1) is not applicable, the price offered by Independent Third Parties in the PRC for provision of the same or similar type of products or services under normal commercial terms in the ordinary course of business of such Independent Third Parties.

To determine the Market Price, the sales department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

The price of electricity shall be determined with reference to the electricity trading price in the electricity spot market of Shandong Province and would be settled according to the actual usage of electricity by the Shandong Energy Members.

If at any time the nationwide pricing is in force and applicable to the products and services under the Proposed Provision of Products, Materials and Asset Leasing Agreement, the price of such products and services shall be determined in accordance with the nationwide pricing. Such nationwide pricing means the price stipulated for such agreed provision in accordance with the laws, regulations, decisions, orders or pricing policies formulated by the relevant governmental authorities in the PRC (as the case may be).

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Provision of Products, Materials and Asset Leasing Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the annual caps and the historical transaction amounts for the two financial years ended 31 December 2023 and 2024 as well as the existing annual cap for the year ending 31 December 2025 in respect of the transactions under the Proposed Provision of Products, Materials and Asset Leasing Agreement:

For the year ended 31 December 2023		For the year ended 31 December 2024		For the year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (RMB'000)	Existing annual cap (RMB'000)
14,196,000	9,086,890	14,532,000	8,696,270	14,638,000

As of the date of this announcement, the transaction amounts of the continuing connected transactions under the Existing Provision of Products, Materials and Asset Leasing Agreement did not exceed the existing annual cap for the financial year ending 31 December 2025.

Having considered the reasons set out below, the Board proposed that the annual amount payable by the Shandong Energy Members to the Company under the Proposed Provision of Products, Materials and Asset Leasing Agreement shall not exceed RMB15,261,000,000, RMB16,872,000,000 and RMB17,340,000,000 for the three financial years ending 31 December 2025, 2026 and 2027, respectively.

- (1) Sales of coal by the Group to Shandong Energy Members: (i) the Company's marketing center sells coal to Shandong Yankuang International Coking Co., Ltd., Yankuang Guohong Chemical Co., Ltd.* (兗礦國宏化工有限責任公司), Henan Xintai Energy Co., Ltd.* (河南鑫泰能源有限公司), Shandong Luxi Power Generation Company Limited (山東魯西發電有限公司) and Shandong Energy (Hainan) Intelligent International Technology Co., Ltd.; (ii) Yankuang Energy (Ordos) Company Limited sells coal to Shandong Energy Group Coal Marketing Co., Ltd.* (山東能源集團煤炭營銷有限公司)、Shandong Yankuang International Coking Co., Ltd., Yankuang Guohong Chemical Co., Ltd.* (兗礦國宏化工有限責任公司), Shandong Energy Group Coal Reserve Co., Ltd.* (山東能源集團煤炭儲備有限公司), Shandong Energy (Hainan) Intelligent International Technology Co., Ltd and Shandong Energy Luxi Coal Reserve and Distribution Co., Ltd.* (山東能源魯西儲配煤有限公司) ; (iii) Shaanxi Future Energy Co. Ltd. sells coal to Shandong Luxi Power Generation Company Limited* (山東魯西發電有限公司), Shandong Energy Group Coal Reserve Co., Ltd.* (山東能源集團煤炭儲備有限公司), Shandong Yankuang International Coking Co., Ltd., Shandong Lubei Energy Storage Technology Co., Ltd.* (山東魯北儲能科技股份有限公司) and Shandong Energy Luxi Coal Reserve and Distribution Co., Ltd.* (山東能源魯西儲配煤有限公司); and (iv) a coal transportation and marketing subsidiary of Shandong Energy Group Luxi Mining Co., Ltd. sells coal to Shandong Energy International Logistics Co., Ltd.* (山東能源國際物流有限公司). The Company estimates that for each of the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable from Shandong Energy Members by the Group in respect of coal sales to Shandong Energy Members will be RMB11,910 million, RMB11,984 million and RMB12,378 million respectively;

- (2) Provision of materials supply by the Group to Shandong Energy Members: (i) materials supply centre of the Company provides materials supply to Beidou Tiandi Co., Ltd. *(北斗天地股份有限公司), Shandong Energy Group Security Services Co., Ltd.*(山東能源集團安保服務有限公司), Shandong Energy Equipment Group Benniu Remanufacturing Co., Ltd.*(山東能源裝備集團奔牛再製造有限公司), Yankuang Electricity Sales Co., Ltd. and Jining Fuxing Machinery Manufacturing Co., Ltd.*(濟寧福興機械製造有限責任公司); (ii) Shandong Coal Science and Technology Research Institute Branch (山東煤炭科技研究院分公司) of the Company provides materials supply to materials supply centre of Shandong Energy Group Company Limited; (iii) Yankuang Donghua Heavy Industry Company Limited provides materials supply to Shandong Energy Group Company Limited; (iv) Shandong Menglu Mining Engineering Co., Ltd. and the materials branch of Shandong Energy Group Luxi Mining Co., Ltd. provide materials supply to Shandong Energy. The Company estimates that for each of the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable from Shandong Energy Members by the Group in respect of the provision of materials supply to Shandong Energy Members will be RMB2,623 million, RMB3,920 million and RMB3,900 million respectively;
- (3) Sales of chemical products by the Group to Shandong Energy Members: (i) Yankuang Coal Chemical Supply and Marketing Co., Ltd. sells chemical products to Luhua Haoyangguang Ecological Fertilizer Co., Ltd.* (魯化好陽光生態肥業有限公司), Shandong Dongchen Ruisen New Materials Technology Co., Ltd.* (山東東辰瑞森新材料科技有限公司), Yankuang Guohong Chemical Co., Ltd.* (兗礦國宏化工有限責任公司) and Shenglong Chemical Co., Ltd.* (盛隆化工有限公司); (ii) Kasong Science and Technology Co., Ltd.* (卡松科技股份有限公司) sells chemical products to Shandong Energy Group Materials Co., Ltd.* (山東能源集團物資有限公司) and its subsidiaries, Shandong Fangda Engineering Co., Ltd.* (山東方大工程有限責任公司) and Shandong Yankuang International Coking Co., Ltd.. The Company estimates that for each of the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group from Shandong Energy Members in respect of sales of chemical products to Shandong Energy Members will be RMB350 million, RMB450 million and RMB460 million respectively;
- (4) Provision of assets lease by the Group to Shandong Energy Members: (i) the equipment management centre of the Company provides assets lease to Shandong Energy Group Luxi Mining Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd., Inner Mongolia Huangtaolegai Coal Co., Ltd., Dafang Lutang Coal Mine Co., Ltd.*(大方綠塘煤礦有限責任公司) and Shandong Dongshan Xinyi Coal Mine Co, Ltd.*(山東東山新驛煤礦有限公司), equipment management branch of Xinwen Mining Group Co., Ltd., and Liangjia Coal Mine of Longkou Coal& Electricity Co. Ltd.. The Company estimates that for each of the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group from Shandong Energy Members in respect of provision of assets lease service to Shandong Energy Members will be RMB365 million, RMB507 million and RMB602 million respectively;

- (5) Supply of electricity by the Group to Shandong Energy Members: (i) Shandong Huaju Energy Co., Ltd. supplies electricity to Shandong Energy Group Co., Ltd. Jining Yankuang Branch; (ii) Shandong Xin Julong Energy Co., Ltd.* (山東新巨龍能源有限責任公司) supplies electricity to production services branch of Xinwen Mining Group Co., Ltd., Shandong Energy Group Construction Group Co., Ltd.* (山東能源集團建工集團有限公司) and Shandong Energy Group Development Service Group Co., Ltd. Development Guarantee Branch (山東能源集團發展服務集團有限公司發展保障分公司). The Company estimates that for each of the three financial years ended 31 December 2025, 2026 and 2027, the amounts receivable by the Group from Shandong Energy Members in respect of supply of electricity to Shandong Energy Members will be RMB17 million, RMB7 million and RMB7 million respectively; and
- (6) Prior to the closing of the Transactions, Xibei Mining unified its purchases from the Shandong Energy materials purchasing centre. After the closing of the Transactions, Xibei Mining unified the purchase of relevant materials from the Company. After the closing of the Transactions, Xibei Mining constitutes a connected subsidiary of the Company. Accordingly, the purchase of materials and supplies by Xibei Mining from the Company will also constitute an additional connected transaction for the Company.

Reasons for and benefits of entering into the Proposed Provision of Products, Materials and Asset Leasing Agreement

Having considered the continuous sale of coal and materials and provision of asset leasing by the Target Company (which will become a subsidiary of the Company upon completion of the Transactions) to Shandong Energy and the provision of materials by the Company to the Target Company (which will be an associate of Shandong Energy upon completion of the Transactions) after the completion of the Transactions, the Board proposes to enter into the Proposed Provision of Products, Materials and Asset Leasing Agreement to renew and supersede the Existing Provision of Products, Materials and Asset Leasing Agreement.

As Shandong Energy is in close proximity to the Company and the Company can obtain Shandong Energy's demand plan more easily and the provision of products and materials by the Group to the Shandong Energy Members at Market Price can enable the Group to achieve a stable sales market and reduce management and operational costs of the Group. Meanwhile, the Group's materials supply centre has the qualification for materials and equipment distribution. Hence, it is able to purchase materials and equipment at a lower wholesale price, and subsequently resell to the Shandong Energy Members at the Market Price, thereby increases the Company's operating profit. Furthermore, the Group's equipment management centre can provide equipment leasing to the Shandong Energy Members under normal commercial terms based on its operation needs and thus could effectively control the risks of leasing business and achieve economic benefits.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Provision of Products, Materials and Asset Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As stated above, Shandong Energy is a controlling Shareholder, and thus constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Provision of Products, Materials and Asset Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios for the transactions under the Proposed Provision of Products, Materials and Asset Leasing Agreement exceeds 5% on an annual basis, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

5. Proposed Bulk Commodities Sale and Purchase Agreement

On 25 August 2023, the Company entered into the Existing Bulk Commodities Sale and Purchase Agreement with Shandong Energy for a term of two years commencing from 1 January 2024 and expiring on 31 December 2025. On 30 August 2024, the Board has resolved to revise the annual caps for the years ended/ending 31 December 2024 and 2025 in respect of the Existing Bulk Commodities Sale and Purchase Agreement, which has been approved by the Independent Shareholders. Please refer to the announcements of the Company dated 25 August 2023 and 30 August 2024, and the circulars of the Company dated 28 September 2023 and 30 September 2024 for the details of the Existing Bulk Commodities Sale and Purchase Agreement.

Proposed Bulk Commodities Sale and Purchase Agreement

Considering that the Company intends to align the expiry date of all continuing connected transactions to end on 31 December 2027 to facilitate the unified management of continuing connected transactions between the Company and its connected persons, on 8 April 2025, the Company entered into the Proposed Bulk Commodities Sale and Purchase Agreement with Shandong Energy to renew and supersede the Existing Bulk Commodities Sale and Purchase Agreement on substantially the same terms.

Unless otherwise agreed by the parties in writing, the Proposed Bulk Commodities Sale and Purchase Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the Shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Bulk Commodities Sale and Purchase Agreement becomes effective, (i) the Existing Bulk Commodities Sale and Purchase would be superseded with effect from 1 January 2025; and (ii) all transactions performed under the Existing Bulk Commodities Sale and Purchase Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Bulk Commodities Sale and Purchase Agreement.

Set out below are the major terms of the Proposed Bulk Commodities Sale and Purchase Agreement:

Date

8 April 2025

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2025 and expiring on 31 December 2027.

Major terms

Under the Proposed Bulk Commodities Sale and Purchase Agreement, the Group and the Shandong Energy Members may, from time to time, sell or purchase coal, iron ores, rubber and other bulk commodities from each other.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Bulk Commodities Sale and Purchase Agreement.

Payment

- (1) The payment of consideration of the Proposed Bulk Commodities Sale and Purchase Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.

- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The prices of coal, iron ores, rubber and other bulk commodities shall be determined according to the Market Price. The market price shall be determined according to normal commercial terms based on the following:

- (1) the price offered by Independent Third Parties for provision of the same or similar type of bulk commodities in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such Independent Third Parties;
- (2) or if the foregoing is not applicable, the price offered by Independent Third Parties in the PRC for provision of the same or similar type of bulk commodities under normal commercial terms in the ordinary course of business of such Independent Third Parties; and
- (3) If any national pricing policy becomes effective and applicable to any bulk commodities under the purchase and sale agreement at any time, the parties agree that the agreed purchase and sale price of such bulk commodities is subject to such national pricing policy.

To determine the Market Price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other Independent Third Parties generally through obtaining quotations from at least two Independent Third Parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Shandong Energy has undertaken that the price of such bulk commodities would not be higher than the price offered by Shandong Energy to any Independent Third Parties for the same type of bulk commodities under any circumstances.

In the event that the terms or conditions in respect of the supply or purchase of similar bulk commodities by any third party are better than those offered by the Shandong Energy Members, or if the provision of such bulk commodities by the Shandong Energy Members cannot meet the demand of the Company (including quantity and quality), the Company would be entitled to purchase any such bulk commodities from third parties or sale any bulk commodities to third parties.

If at any time the nationwide pricing is in force and applicable to a certain agreed bulk commodity under the Proposed Bulk Commodities Sale and Purchase Agreement, both parties agree that the agreed price of such bulk commodity shall be determined in accordance with the nationwide pricing. Such nationwide pricing means the price stipulated for such agreed bulk commodities in accordance with the laws, regulations, decisions, orders or pricing policies formulated by the relevant governmental authorities in the PRC.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Bulk Commodities Sale and Purchase Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the annual cap and the historical transaction amount for the financial year ended 31 December 2024 as well as the existing annual cap for the year ending 31 December 2025 in respect of the transactions under the Existing Bulk Commodities Sale and Purchase Agreement:

Category	For the year ended 31 December 2024		For the year ending 31 December 2025
	Annual cap (RMB'000)	Actual amount (RMB'000)	Existing annual cap (RMB'000)
Sales of bulk commodities from the Group to the Shandong Energy Members	8,000,000	3,653,970	8,000,000
Sales of bulk commodities from the Shandong Energy Members to the Group	4,439,000	2,651,780	4,937,000

As of the date of this announcement, the transaction amounts of the continuing connected transactions under the Existing Bulk Commodities Sale and Purchase Agreement did not exceed the existing annual cap for the financial year ending 31 December 2025.

Set out below are the proposed annual caps for each transaction category under the Proposed Bulk Commodities Sale and Purchase Agreement for each of the three financial years ending 31 December 2027.

Having considered the historical figures and the reasons set out below, the Board proposed that the proposed annual caps for each transaction category under the Proposed Bulk Commodities Sale and Purchase Agreement for the three financial years ending 31 December 2025, 2026 and 2027 are set out below:

Category	Annual cap for the year ending 31 December 2025 (RMB'000)	Annual cap for the year ending 31 December 2026 (RMB'000)	Annual cap for the year ending 31 December 2027 (RMB'000)
Sales of bulk commodities from the Group to the Shandong Energy Members	8,223,000	6,217,000	6,236,000
Sales of bulk commodities from the Shandong Energy Members to the Group	11,683,000	19,209,000	20,520,000

In respect of the sales of bulk commodities by the Group to the Shandong Energy Members, after taking consideration of (i) the sale of coal by Yankuang Lucky International Company Limited to Shaneng (Jinan) Intelligent Investment Co., Ltd.* (山能(濟南)智慧投資有限公司); (ii) the sale of coal by Yankuang Energy Group International Trading Co., Ltd. to Yankuang Guohong Chemical Co., Ltd.* (兗礦國宏化工有限責任公司), Shandong Luxi Power Generation Company Limited* (山東魯西發電有限公司) and Shaanxi Zaokuang Hongdunjie Coal & Electricity Co., Ltd.* (陝西棗礦紅敦界煤電有限公司); and (iii) upon completion of the Transactions, Xibei Mining will become a subsidiary of the Company and an associate of Shandong Energy, and Xibei Mining will continue to sell coal to Shandong Energy Members in 2025, the Company expects that the annual caps for the sales of bulk commodities by the Group to Shandong Energy Members under the Proposed Bulk Commodities Sale and Purchase Agreement for the three financial years ending 31 December 2025, 2026 and 2027 will be RMB8,223 million, RMB6,217 million and RMB6,236 million, respectively.

In respect of the Group's purchase of bulk commodities from the Shandong Energy Members, having considered (i) the purchase of coal from Linyi Mining Group Heze Coal Electricity Co., Ltd. by the coal transportation and marketing branch of Shandong Energy Group Luxi Mining Co., Ltd.; (ii) the purchase of coal from Bazhou Qinhuia Industry and Trade Company Limited and Kuche Yongxin Mining Company Limited by the coal transportation and marketing branch of Yankuang Xinjiang Energy & Chemical Co., Ltd.; (iii) the purchase of coal from Shandong Energy Group (Zaozhuang) Material Merchants Company Limited by Wubo Technology Co., Ltd.; (iv) the purchase of iron ore from Shandong Energy Group Ronghui International Trading Company Limited* (山東能源集團榮暉國際貿易有限公司) by Wubo Technology Co., Ltd.; (v) prior to the closing of the Transactions, Xibei Mining centrally sold its coal to the Shandong Energy Members, which in turn was sold externally by the Shandong Energy Members. Upon settlement of the Transactions, Xibei Mining will centrally sell its coal through the Company. Upon the closing of the Transactions, Xibei Mining becomes a connected subsidiary of the Company and the sale of coal by Xibei Mining to the Company will also constitute an additional connected transaction of the Company. The Company expects that the sales of bulk commodities by the Shandong Energy Members to the Group under the Proposed Bulk Commodities Sale and Purchase Agreement will be subject to annual caps of RMB11,683 million, RMB19,209 million and RMB20,520 million for the three financial years ending 31 December 2025, 2026 and 2027, respectively.

Reasons for and benefits of entering into the Proposed Bulk Commodities Sale and Purchase Agreement

The entering into of the Proposed Bulk Commodities Sale and Purchase Agreement will help to alleviate the impact of economic cycle fluctuations on the business performance of the Group, enlarge the overall operating scale and improve the profitability of the Group. Furthermore, the Proposed Bulk Commodities Sale and Purchase Agreement will enable the Group and the Shandong Energy Members to share the suppliers and customers in their respective resourcing and distribution channels which cover different areas, and thus bringing the advantages of both the Group and the Shandong Energy Members in their resourcing and distribution channels into full play, thereby creating a synergistic effect that could expand the trading size, improve the sales volume and improve the revenue of both parties.

In addition, as the Company has a better understanding in the operation and reputation of the Shandong Energy Members, the Company believes that the risk of trading with the Shandong Energy Members is lower than trading with third parties. By purchasing bulk commodities from the Shandong Energy Members, the Group could secure a long-term and stable source of supply. By selling bulk commodities to the Shandong Energy Members, the Company could ensure the safety of the transactions, including payment recoveries. Collectively, this could reduce the operational risks of the entire trading business of the Group.

Under the Proposed Bulk Commodities Sale and Purchase Agreement, the coal, iron ores, rubber and other types of bulk commodities purchased by the Group from the Shandong Energy Members are of different sources, batches, types or models from the coal, iron ores, rubber and other types of bulk commodities sold by the Group to the Shandong Energy Members. No cross selling will be made under the Proposed Bulk Commodities Sale and Purchase Agreement.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As mentioned above, Shandong Energy is a controlling shareholder and therefore constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Bulk Commodities Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement exceeds 5% on an annual basis, the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. Proposed Finance Lease and Factoring Agreement

On 25 August 2023, the Company entered into the Existing Finance Lease Agreement with the Shandong Energy, pursuant to which the Company has agreed to provide the finance leasing service to the Shandong Energy Members during the period from 1 January 2024 to 31 December 2025. For details of the Existing Finance Lease Agreement, please refer to the announcement of the Company dated 25 August 2023 and the circular of the Company dated 28 September 2023.

Proposed Finance Lease and Factoring Agreement

Considering that the Company intends to align the expiry date of all continuing connected transactions to end on 31 December 2027 to facilitate the unified management of continuing connected transactions between the Company and its connected persons, on 8 April 2025, the Company entered into the Proposed Finance Lease and Factoring Agreement with Shandong Energy to renew and supersede the Existing Finance Lease Agreement on substantially the same terms, meanwhile, the scope of services will be expanded by including the provision of factoring services by the Group to the Shandong Energy Members in the Proposed Finance Lease and Factoring Agreement.

Unless otherwise agreed by the parties in writing, the Proposed Finance Lease and Factoring Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the Shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Finance Lease and Factoring Agreement becomes effective, (i) the Existing Finance Lease Agreement would be superseded with effect from 1 January 2025; and (ii) all transactions performed under the Existing Finance Lease Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Finance Lease and Factoring Agreement.

Set out below are the major terms of the Proposed Finance Lease and Factoring Agreement:

Date

8 April 2025

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2025 and expiring on 31 December 2027.

Main Arrangements of the Finance Leasing and Factoring Service

Under the Proposed Finance Leasing and Factoring Agreement, the Company will provide finance leasing services (including direct leasing and sale-leaseback), factoring and related services to the Shandong Energy Member.

The Leased Assets under the Proposed Finance Leasing and Factoring Agreement include machinery and equipment, facilities and other movable and immovable properties.

Under the direct finance leasing service, the Company or its subsidiaries (as lessor) will purchase the Leased Assets based on the demands and requirements of the Shandong Energy Members (as lessee) from Independent Third-party suppliers, and will then lease the Leased Assets to the Shandong Energy Members for their use in return for periodic lease payments. The ownership of the Leased Assets will be solely vested in the Company or its subsidiaries during the lease period. The Shandong Energy Members could choose to purchase the Leased Assets after expiry of the lease or upon the consent of the Company or its subsidiaries prior to the expiry of the lease, subject to compliance with the then relevant requirements of the regulatory rules of the place of listing of the Company.

Under the sale-leaseback service, the Shandong Energy Members (as lessee) will sell the Leased Assets to the Company or its subsidiaries (as lessor) at a negotiated purchase price with reference to the book value, the appraisal value, and/or the original acquisition costs of the Leased Assets, and the Company or its subsidiaries will then lease the Leased Assets back to the Shandong Energy Members for their use in return for periodic lease payments. The ownership of the Leased Assets will be solely vested in the Company or its subsidiaries during the lease period. The Shandong Energy Members could choose to purchase the Leased Assets after expiry of the lease or upon the consent of the Company or its subsidiaries prior to the expiry of the lease, subject to compliance with the then relevant requirements under the Listing Rules.

The Company or its subsidiaries intend to pay the purchase price for the Leased Assets by way of its internal funds and financing funds. The principal amount of each finance leasing service will be equal to the respective purchase price of the Leased Assets. The principal and interest with respect to the provision of finance leasing service will be paid by the Shandong Energy Members according to the equal-principal or average-capital-plus interests standard on a quarterly basis. The Company or its subsidiaries will also charge commission fees or consulting fees with respect to the provision of Finance Leasing Service. Such commission fees or consulting fees will be paid by the Shandong Energy Members to the Company or its subsidiaries in a lump sum upon or prior to the Company or its subsidiaries' payment of the consideration for the transfer of the Leased Assets.

In addition, the Group will provide factoring services for the accounts receivable with recourse to the Shandong Energy Members.

Separate Individual Agreement(s)

With respect to the provision of each Finance Leasing and Factoring Service, the Company or its subsidiaries and the Shandong Energy Members will enter into separate Individual Agreement(s) pursuant to the Proposed Finance Lease and Factoring Agreement and the transactions contemplated thereunder shall be conducted on normal commercial terms or better and no less favourable to the Company than the same offered by the Shandong Energy Members to Independent Third Parties for receiving comparable finance leasing or factoring service. The term of the separate Individual Agreement(s) may exceed the term of the Proposed Finance Lease and Factoring Agreement subject to the domestic and overseas approval procedures for connected transactions.

Pricing of Finance Lease Services

The interest rate and relevant fees to be agreed for the finance leasing service shall be fair and reasonable and on normal commercial terms or better. In particular, when determining the effective interest rate, the Company shall make reference to the following non-exhaustive factors:

- (1) The lowest interest rate shall be the yield of treasury bonds with the same tenor, and the highest interest rate shall be 150 basis points above the quoted interest rate on the loan market for the same period announced by the National Interbank Funding Center; and
- (2) all other relevant fees, including the annual commission fees and consulting fees not higher than 1% of the principal of the relevant finance lease agreement; and
- (3) The rentals under the financial leasing services shall be paid by Shandong Energy Members to the Company or its subsidiaries on a quarterly basis through equal principal payment method or equal installment payment method. The handling fee and consultancy fee shall be collected in a single lump-sum payment on or prior the date of lease asset transfer payment.

The Company and its subsidiaries will consider the above factors and ensure that the overall terms and conditions for providing the Finance Leasing Service, including the effective interest rates and fees as well as payment conditions and other material terms, are no less favourable to the Company and its subsidiaries than the same offered by the Shandong Energy Members to Independent Third Parties for receiving comparable finance leasing service.

Pricing of Factoring Service

The factoring service provided by the Group to the Shandong Energy Members under the Proposed Finance Lease and Factoring Agreement will be conducted on normal or better commercial terms. The process of determining the pricing of the factoring service is set out as follows:

- (1) The Shandong Energy Members will transfer the amount to the Company or its subsidiaries at a price determined through negotiation based on the book value or appraised value of accounts receivable, and the Company or its subsidiaries will provide them with a series of services such as fund financing, purchaser's credit rating, sales account management, credit risk guarantee, and account collection;
- (2) During the validity period of the Proposed Finance Lease and Factoring Agreement, the lowest interest rate implemented for the factoring and other services provided by the Company or its subsidiaries to the Shandong Energy Members is the yield of the same term government bonds, and the highest interest rate is 150 basis points higher than the quoted market lending rate published by the National Interbank Funding Center at the same period; and
- (3) The commission fees or consulting fees for the factoring and other services provided by the Company or its subsidiaries to the Shandong Energy Members shall be charged at a rate not higher than 1% of the principal of the financing every year. The commission fees or consulting fees shall be charged in one lump sum on or before the date of paying the transfer price of accounts receivable.

The historical amount, proposed annual caps and reasons

Set out below are the annual cap and the historical transaction amount for the financial year ended 31 December 2024 as well as the existing annual cap for the year ending 31 December 2025 in respect of the transactions under the Existing Finance Leasing Agreement in respect of the provision of finance lease services by the Group to the Shandong Energy Members:

Category	For the year ended 31 December 2024		For the year ending 31 December 2025
	Annual cap (RMB'000)	Actual amount (RMB'000)	Existing annual cap (RMB'000)
Maximum transaction amount ¹	1,000,000	1,000,000	2,000,000
Maximum interest and fees payment ²	85,000	1,890	170,000
Total	1,085,000	1,001,890	2,170,000

Note 1 i.e., the aggregate outstanding daily balance of the principal amount

Note 2 i.e., the aggregate balance of the interests, commission fees and the consulting fees

As of the date of this announcement, the transaction amounts of the continuing connected transactions under the Existing Finance Lease Agreement did not exceed the existing annual cap for the financial year ending 31 December 2025.

Set out below are the proposed annual caps under the Proposed Finance Lease and Factoring Agreement for each of the three financial years ending 31 December 2027.

Category	Annual cap for the year ending 31 December 2025 (RMB'000)	Annual cap for the year ending 31 December 2026 (RMB'000)	Annual cap for the year ending 31 December 2027 (RMB'000)
Maximum transaction amount ³	2,000,000	5,250,000	8,400,000
Maximum interest and fees payment ⁴	170,000	268,000	428,000
Total	2,170,000	5,518,000	8,828,000

Note 3 i.e., the aggregate of the highest daily outstanding principal amount under the finance lease services provided to the Shandong Energy Members, and the highest daily balance of principal receivable transferred by the Shandong Energy Members to the Group under factoring services, at any time point during the year;

Note 4 i.e., proposed annual cap for the aggregate of interests, commission fees and the consulting fees

The proposed annual caps were determined with reference to the fact that the existing business of Yankuang Financial Leasing Company Limited will be continued in the coming years, and the construction plan of the mines and chemical projects of Yankuang Xinjiang Energy & Chemical Co., Ltd., and the equipment renewal plan of Shandong Energy Group Luxi Mining Company Limited will generate new demand for finance leasing and commercial factoring business.

Reasons for and benefits of entering into the Proposed Finance Lease and Factoring Agreement

By the provision of the finance leasing service to the Shandong Energy Members, the subsidiaries of the Company engaged in financial leasing business will be able to conduct centralized procurement of equipment and financing to improve the Group's bargaining advantage over equipment procurement and credit financing and to improve the profitability and competitiveness of the Group. Meanwhile, the provision of asset leasing services to Shandong Energy on normal commercial terms will enable the Group to effectively control the risks of its financial leasing business, and the interest payment generated from the finance leasing service (after deducting the financing costs) will enable the Group to obtain a stable cash flow.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As stated above, Shandong Energy is a controlling Shareholder and thus constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Finance Lease and Factoring Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios for the transactions under the Proposed Finance Lease and Factoring Agreement exceeds 5% on an annual basis, the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

7. Proposed Entrusted Management Service Framework Agreement

On 25 August 2023, the Company entered into the Existing Entrusted Management Service Framework Agreement with Shandong Energy for a term of one year commencing from 1 January 2025 and expiring on 31 December 2025. For details of the Existing Entrusted Management Service Framework Agreement, please refer to the announcement of the Company dated 25 August 2023 and the circular of the Company dated 28 September 2023.

Proposed Entrusted Management Service Framework Agreement

Considering that the Company intends to align the expiry date of all continuing connected transactions to end on 31 December 2027 to facilitate the unified management of continuing connected transactions between the Company and its connected persons, on 8 April 2025, the Company entered into the Proposed Entrusted Management Service Framework Agreement with Shandong Energy to renew and supersede the Existing Entrusted Management Service Framework Agreement on substantially the same terms.

Unless otherwise agreed by the parties in writing, the Proposed Entrusted Management Service Framework Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the Shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Entrusted Management Service Framework Agreement becomes effective, (i) the Existing Entrusted Management Service Framework Agreement would be superseded with effect from 1 January 2025; and (ii) all transactions performed under the Existing Entrusted Management Service Framework Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Entrusted Management Service Framework Agreement.

Set out below are the major terms of the Proposed Entrusted Management Service Framework Agreement:

Date

8 April 2025

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2025 and expiring on 31 December 2027.

Major terms

Pursuant to the Proposed Entrusted Management Service Framework Agreement, the Group will provide management services to the Shandong Energy Members in relation to the Target Assets. The service scope includes but is not limited to, strategic management, industrial development, major safety technology management, management of related production and operation, and product sales, as well as undertaking the regulatory responsibility for major safety and environmental protection issues of Target Assets as required by laws.

The parties will determine the specific scope of Target Assets for entrusted management, the authorization relating to the management of specific assets and entrusted management fees through separate negotiation, which shall be clarified in an entrusted management implementation agreement and may be adjusted under the framework of the Proposed Entrusted Management Service Framework Agreement through negotiation.

During the period of entrusted management, the ownership of Target Assets remains unchanged, the ownership of and revenue from Target Assets shall be vested to the Shandong Energy Members, and Shandong Energy Members is entitled to participate in the decision-making on the overall design, planning and coordinated development of Target Assets.

During the period of entrusted management, the Target Assets will not be consolidated into the financial statements of the Company or its subsidiaries. The Group will be entitled to the entrusted management fee in relation to the management services provided during the period of entrusted management.

Pricing

During the term of the Proposed Entrusted Management Service Framework Agreement, the accumulated entrusted management fee received by the Group from the Shandong Energy Members in relation to the Target Assets shall not exceed RMB60 million.

The specific entrusted management fee for Target Assets will be determined according to the status of Target Assets, the Group's expenses arising from entrusted management and the profitability of Target Assets.

If any national pricing policy becomes effective and applicable to any agreed entrusted management issues, the specific entrusted management fee for Target Assets is subject to such national pricing. National pricing means the price of entrusted management provided by the laws, regulations, decisions, orders or pricing policies issued by competent governmental authorities of the PRC (as the case may be).

Payment

The entrusted management fee shall be paid on an annual basis, and the details shall be determined by the parties according to the conditions of Target Assets through separate negotiation.

The historical amount, proposed annual caps and reasons

The annual cap for the financial year ending 31 December 2025 under the Existing Entrusted Management Service Framework Agreement is RMB60 million. As of the date of this announcement, the transaction amount of the continuing connected transactions under the Existing Entrusted Management Service Framework Agreement is not exceeding the existing annual cap for the financial year ended 31 December 2025.

Considering that (i) Yankuang Financial Leasing Company Limited, a subsidiary of the Company, manages Shandong Energy Financial Leasing (Shenzhen) Co., Ltd., an affiliated unit of Shandong Energy, and receives corresponding management service fees; (ii) the Company's Shandong Coal Science and Technology Research Institute Branch (山東煤炭科技研究院分公司) manages certain affiliated units of Shandong Energy and receives corresponding management service fees; (iii) Yancoal Australia Limited provides custodial management services to Shandong Energy Australia Limited (山東能源澳大利亞有限公司) and receives corresponding management service fees; (iv) Shandong Energy Group Luxi Mining Company Limited manages certain affiliated units of Shandong Energy and receives corresponding management service fees, the Company expects that each of the proposed annual caps of the entrusted management fees for the financial years ending 31 December 2025, 2026 and 2027 are RMB60 million.

Reasons for and benefits of entering into the Proposed Entrusted Management Service Framework Agreement

By conducting the transactions under the Proposed Entrusted Management Service Framework Agreement, the Company can bring its advantages in resources and professional management in relevant industries into full play, avoid horizontal competition in relevant industries, promote the resource sharing and synergy between the Group and the Shandong Energy Members, tap into the scale advantages, enhance the market competitiveness of the Group in relevant industries, and further improve the economic benefits of the Company.

The Directors (including the independent non-executive Directors) consider that the Proposed Entrusted Management Service Framework Agreement, the transactions contemplated thereunder and the proposed annual cap thereunder are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As stated above, Shandong Energy is a controlling Shareholder and thus constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Finance Lease and Factoring Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Entrusted Management Service Framework Agreement is less than 0.1% on an annual basis, the Proposed Entrusted Management Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps are exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to, among others, the Proposed Entrusted Management Service Framework Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the EGM.

8. Proposed Shandong Energy Financial Services Agreement

On 26 August 2022, Shandong Energy Finance Company entered into the Existing Shandong Energy Financial Services Agreement with Shandong Energy for a term of three years commencing from 1 January 2023 and expiring on 31 December 2025. For details of the Existing Shandong Energy Financial Services Agreement, please refer to the announcement of the Company dated 26 August 2022 and the circular of the Company dated 12 October 2022.

On 8 April 2025, Shandong Energy Finance Company entered into the Proposed Shandong Energy Financial Services Agreement with Shandong Energy to renew and supersede the Existing Shandong Energy Financial Services Agreement on substantially the same terms. Meanwhile, the transaction in which Shandong Energy Finance Company subscribed/purchased monetary funds sold by Zhongtai Securities was added in the Proposed Shandong Energy Financial Services Agreement.

Unless otherwise agreed by the parties in writing, the Proposed Shandong Energy Financial Services Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the Shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Shandong Energy Financial Services Agreement becomes effective, (i) the Existing Shandong Energy Financial Services Agreement would be superseded with effect from 1 January 2025; and (ii) all transactions performed under the Existing Shandong Energy Financial Services Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Shandong Energy Financial Services Agreement.

Set out below are the major terms of the Proposed Shandong Energy Financial Services Agreement:

Date

8 April 2025

Parties

- (1) Shandong Energy Finance Company; and
- (2) Shandong Energy

Major Terms and Pricing Policy

Pursuant to the Proposed Shandong Energy Financial Services Agreement, (1) Shandong Energy Finance Company shall provide financial services to the Shandong Energy Members; and (2) Shandong Energy Finance Company shall subscribe for/purchase money funds distributed by Zhongtai Securities, with Shandong Energy Finance Company paying management fees, sales service fees, or other service charges to Zhongtai Securities.

- (1) Shandong Energy Finance Company will provide the following financial services to the Shandong Energy Members:

(i) Deposit services

Shandong Energy Finance Company shall provide deposit services to the Shandong Energy Members in accordance with normal commercial terms with a maximum daily balance (including accrued interests) of not exceeding RMB62.5 billion during the term of the Proposed Shandong Energy Financial Services Agreement.

The interest rate for the Shandong Energy Members' deposit with Shandong Energy Finance Company shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the deposits benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by the General Commercial Banks for the provision of same type of deposit services.

(ii) Comprehensive credit facility services

Shandong Energy Finance Company shall provide comprehensive credit facilities (including but not limited to loans, bill acceptance and discounting, non-financing guarantees, etc.) to the Shandong Energy Members with a maximum daily balance (including accrued interests) of not exceeding RMB32 billion for each of the three years from 2025 to 2027 respectively during the term of the Proposed Shandong Energy Financial Services Agreement.

The interest rate for the loan to be provided by Shandong Energy Finance Company to the Shandong Energy Members shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the loan benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by General Commercial Banks for the provision of same type of loan services.

(iii) Miscellaneous financial services

Shandong Energy Finance Company shall provide miscellaneous financial services (including but not limited to bill acceptance and discounting services, financing consultation services, credit certification and consultation and agency services, settlement services including payment and receipt, entrusted loans services and other services) to the Shandong Energy Members. The total annual fees charged by Shandong Energy Finance Company for the provision of miscellaneous financial services to the Shandong Energy Members for the three years from 2025 to 2027 shall not exceed RMB6 million during the term of the Proposed Shandong Energy Financial Services Agreement.

The fees for the provision of miscellaneous financial services to the Shandong Energy Members shall be charged by Shandong Energy Finance Company according to the prescribed rates determined by the PBOC or the NFRA. If no such prescribed rates are available, the services fees shall be determined on normal commercial terms with reference to the fees charged by General Commercial Banks for the provision of the same type of financial services to the Shandong Energy Members.

- (2) Zhongtai Securities shall, within the scope of business approved by the CSRC, lawfully provide the following securities and financial product services to Shandong Energy Finance Company:

Zhongtai Securities will provide money fund services to Shandong Energy Finance Company during the term of the Proposed Shandong Energy Financial Services Agreement. Shandong Energy Finance Company shall subscribe for/purchase money funds distributed by Zhongtai Securities, with Shandong Energy Finance Company paying management fees, sales service fees, or other service charges to Zhongtai Securities.

The maximum daily investment balance (including the quota for subscribing/purchasing money funds and the remaining account balance) of Shandong Energy Finance Company in money funds distributed by Zhongtai Securities shall not exceed RMB4 billion. The management fees, sales service fees, or other service charges imposed by Zhongtai Securities on Shandong Energy Finance Company shall not exceed RMB3 million on an annual basis.

The pricing standards for money fund management fees are primarily based on regulations such as the Securities Investment Fund Law and the Measures for the Administration of Operation of Securities Investment Fund, in addition to the specific terms stipulated in the fund contract. Within the scope permitted by the SFC, fees are determined with reference to the market rates for money market securities investment funds registered in Mainland China. The typical market range for management fees is 0.15%–0.5% per annum; for custody fees, it is generally 0.05% per annum; and for sales service fees, the range is typically 0.01%–0.05% per annum.

Historical Amount, Proposed Annual Caps and Reasons

Set out below are the annual caps and the historical transaction amounts for the two financial years ended 31 December 2023 and 2024 as well as the existing annual cap for the year ending 31 December 2025 under the Existing Shandong Energy Financial Services Agreement:

Category	For the year ended 31 December 2023		For the year ended 31 December 2024		For the year ending 31 December 2025
	Annual cap	Actual amount	Annual cap	Actual amount	Existing annual cap
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Maximum daily balance of deposit	62,500,000	25,180,643	62,500,000	22,525,080	62,500,000
Maximum daily balance of comprehensive credit facility	28,000,000	15,334,547	30,000,000	16,050,700	32,000,000
Aggregate miscellaneous financial services fees	6,000	796	6,000	1,440	6,000

As of the date of this announcement, the transaction amount of the continuing connected transactions under the Existing Shandong Energy Financial Services Agreement is not exceeding the existing annual cap for the financial year ended 31 December 2025.

Having considered the historical maximum daily balance of deposit during the term of the existing Shandong Energy Financial Services Agreement as provided by Shandong Energy Finance Company to Shandong Energy Members as well as the funding needs of Shandong Energy Members for new project investments, trade financing, material procurement, and other requirements, the Company expects that the peak deposit amounts of Shandong Energy Members with Shandong Energy Finance Company will increase. Therefore, the Board proposed that the maximum daily balance of deposit (including accrued interests) under the Proposed Shandong Energy Financial Services Agreement shall not exceed RMB62.5 billion for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027.

Having considered (i) the historical maximum daily balances of comprehensive credit facility provided by Shandong Energy Finance Company to the Shandong Energy Members; (ii) the increasing funding needs of Shandong Energy Members for investment in new projects, trade financing and procurement of materials during the validity period of the Proposed Shandong Energy Financial Services Agreement; and (iii) a reasonable annual growth expectation of the funding needs of the Shandong Energy Members during the validity period of the Proposed Shandong Energy Financial Services Agreement, the Board proposed that the maximum daily balance (including accrued interests) of comprehensive credit facility to be provided by Shandong Energy Finance Company to the Shandong Energy Members under the Proposed Shandong Energy Financial Services Agreement shall not exceed RMB32 billion for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027, respectively.

Having considered the Shandong Energy Members' demand for the miscellaneous financial services, the Board proposed that the maximum annual fees payable for such miscellaneous financial services under the Proposed Shandong Energy Financial Services Agreement shall not exceed RMB6 million for each of the three years ending 31 December 2025, 31 December 2026 and 31 December 2027.

The maximum daily investment balance (including the quota for subscribing/purchasing money funds and the remaining account balance) of Shandong Energy Finance Company in money funds distributed by Zhongtai Securities shall not exceed RMB4 billion. The management fees, sales service fees, or other service charges imposed by Zhongtai Securities on Shandong Energy Finance Company shall not exceed RMB3 million on an annual basis.

The above annual caps are made on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

Reasons for and benefits of entering into the Proposed Shandong Energy Financial Services Agreement

The Company is principally engaged in the business of mining, high-end chemical new materials, new energy, high-end equipment manufacturing and smart logistics.

Through the provision of financial services to the Shandong Energy Members, Shandong Energy Finance Company can expand its source of capital through absorbing capitals from the Shandong Energy Members, enlarge its business scope, and improve its profitability through providing loan and settlement services to the Shandong Energy Members by means of charging loan interests and other service fees. At the same time, the Company can integrate financial resources and replace external high-interest loans through the platform of Shandong Energy Finance Company, thereby lowering its financing costs and improving its competitive edge.

In addition, the money fund investment business conducted by Shandong Energy Finance Company falls within the scope of its core business operations. Meanwhile, Zhongtai Securities holds the requisite business licenses and qualifications, giving it professional advantages. The collaboration between the two parties will help expand Shandong Energy Finance Company's cash management channels and, under the strict control of compliance risks and the assurance of fund safety, achieve efficient allocation of existing funds and steady value appreciation.

The Directors (including the independent non-executive Directors) consider that the transactions under the Proposed Shandong Energy Financial Services Agreement (excluding the provision of comprehensive credit facility services) are entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors, whose opinion on the matter will be given in the circular after taking into account the advice of the Independent Financial Adviser in this regard) consider that the provision of comprehensive credit facility services under the Proposed Shandong Energy Financial Services Agreement is entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

Shandong Energy is a controlling shareholder of the Company directly and indirectly holding 52.83% of the issued share capital of the Company as at the date of this announcement, and thus a connected person of the Company under the Listing Rules. Shandong Energy Finance Company is directly owned as to approximately 53.92% equity interests by the Company, and directly and indirectly owned as to approximately 46.08% equity interests by Shandong Energy, Shandong Energy Finance Company is a connected subsidiary of the Company under the Listing Rules. Accordingly, transactions under the Proposed Shandong Energy Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(i) Deposit services

As the deposit services to be provided by Shandong Energy Finance Company to the Shandong Energy Members under the Proposed Shandong Energy Financial Services Agreement are on normal commercial terms, and no security over the assets of the Group is or will be granted in respect of such services, the deposit services to be provided by Shandong Energy Finance Company to the Shandong Energy Members are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

(ii) Comprehensive credit facility services

As the highest applicable percentage ratio with respect to the proposed annual caps in relation to the provision of comprehensive credit facility services under the Proposed Shandong Energy Financial Services Agreement is more than 25% but less than 100%, such transactions, together with the proposed annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Such transactions also constitute major transactions of the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(iii) Miscellaneous financial services

As all of the relevant applicable percentage ratios with respect to the proposed annual caps in relation to the provision of miscellaneous financial services under the Proposed Shandong Energy Financial Services Agreement are less than 0.1%, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

(iv) Securities and Financial Product Services

As the highest applicable percentage ratios of the proposed annual caps for the provision of securities and financial product services under the Proposed Shandong Energy Financial Services Agreement exceed 0.1% but are less than 5%, such transactions are subject to reporting, announcement and annual review requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

9. Proposed Yankuang Energy Financial Services Agreement

On 26 August 2022, Shandong Energy Finance Company entered into the Existing Yankuang Energy Financial Services Agreement with the Company for a term of three years commencing from 1 January 2023 and expiring on 31 December 2025. For details of the Existing Yankuang Energy Financial Services Agreement, please refer to the announcement of the Company dated 26 August 2022 and the circular of the Company dated 12 October 2022.

On 8 April 2025, Shandong Energy Finance Company entered into the Proposed Yankuang Energy Financial Services Agreement with the Company to renew and supersede the Existing Yankuang Energy Financial Services Agreement on substantially the same terms.

Unless otherwise agreed by the parties in writing, the Proposed Yankuang Energy Financial Services Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the Shares of the Company are listed, with retrospective effect commencing from 1 January 2025 and ending on 31 December 2027. When the Proposed Yankuang Energy Financial Services Agreement becomes effective, (i) the Existing Yankuang Energy Financial Services Agreement would be superseded with effect from 1 January 2025; and (ii) all transactions performed under the Existing Yankuang Energy Financial Services Agreement since 1 January 2025 would be classified as transactions performed under the Proposed Yankuang Energy Financial Services Agreement.

Set out below are the major terms of the Proposed Yankuang Energy Financial Services Agreement:

Date

8 April 2025

Parties

- (1) Shandong Energy Finance Company; and
- (2) The Company

Major Terms and Pricing Policy

Pursuant to the Proposed Yankuang Energy Financial Services Agreement, Shandong Energy Finance Company shall provide the following financial services to the Group:

(i) Deposit services

Shandong Energy Finance Company shall provide deposit services to the Group in accordance with normal commercial terms with a maximum daily balance (including accrued interests) of not exceeding RMB27 billion during the term of the Proposed Yankuang Energy Financial Services Agreement.

The interest rate for the Group's deposit with Shandong Energy Finance Company shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the deposits benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by the General Commercial Banks for the provision of same type of deposit services.

(ii) Comprehensive credit facility services

Shandong Energy Finance Company shall provide comprehensive credit facilities (including but not limited to loans, bill acceptance and discounting, non-financing guarantees, etc.) to the Group with a maximum daily balance (including accrued interests) of not exceeding RMB30 billion for each of the three years from 2025 to 2027 during the term of the Proposed Yankuang Energy Financial Services Agreement.

The interest rate for the loan to be provided by Shandong Energy Finance Company to the Group shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the loan benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by General Commercial Banks for the provision of same type of loan services.

(iii) Miscellaneous financial services

Shandong Energy Finance Company shall provide miscellaneous financial services (including but not limited to bill acceptance and discounting services, financing consultation services, credit certification and consultation and agency services, settlement services including payment and receipt, entrusted loans services and other services) to the Group. The total agency fees, handling fees, or other service fees charged by Shandong Energy Finance Company for the provision of miscellaneous financial services to the Group shall not exceed RMB10 million during the term of the Proposed Yankuang Energy Financial Services Agreement.

The fees for the provision of miscellaneous financial services to the Group shall be charged by Shandong Energy Finance Company according to the prescribed rates determined by the PBOC or the NFRA. If no such prescribed rates are available, the services fees shall be determined on normal commercial terms with reference to the fees charged by General Commercial Banks for the provision of the same type of financial services to the Shandong Energy Members.

Historical Amount, Proposed Annual Caps and Reasons

Set out below are the annual caps and the historical transaction amounts for the two financial years ended 31 December 2023 and 2024 as well as the existing annual cap for the year ended 31 December 2025 under the Existing Yankuang Energy Financial Services Agreement:

Category	For the year ended 31 December 2023		For the year ended 31 December 2024		For the year ended 31 December 2025 Existing
	Annual cap (RMB'000)	Actual amount (RMB'000)	Annual cap (RMB'000)	Actual amount (RMB'000)	annual cap (RMB'000)
Maximum daily balance of deposit	27,000,000	7,640,416	27,000,000	5,142,980	27,000,000
Maximum daily balance of comprehensive credit facility	15,000,000	14,181,063	26,000,000	16,303,240	30,000,000
Aggregate miscellaneous financial services fees	5,000	3,155	8,000	3,700	10,000

As of the date of this announcement, the transaction amount of the continuing connected transactions under the Existing Yankuang Energy Financial Services Agreement is not exceeding the existing annual cap for the financial year ended 31 December 2025.

Having considered the historical maximum daily balance of deposit during the term of the existing Yankuang Energy Financial Services Agreement as well as the funding needs of Group for new project investments, trade financing, material procurement, and other requirements, it is expected that the peak deposit amounts of the Group with Shandong Energy Finance Company will increase. Therefore, the Board proposed that the maximum daily balance of deposit (including accrued interests) under the Proposed Yankuang Energy Financial Services Agreement shall not exceed RMB27 billion for each of the three years ended 31 December 2025, 31 December 2026 and 31 December 2027.

Having considered (i) the historical balances of comprehensive credit facility provided by Shandong Energy Finance Company to the Group for the two years ended 31 December 2024; and (ii) the increasing funding needs of the Group for investment in new projects, trade financing and procurement of materials in the coming future, the Board proposed that the maximum daily balance (including accrued interests) of comprehensive credit facility to be provided by Shandong Energy Finance Company to the Group under the Proposed Yankuang Energy Financial Services Agreement shall not exceed RMB30 billion for each of the three years ended 31 December 2025, 31 December 2026 and 31 December 2027.

Having considered the Group's demand for the miscellaneous financial services, the Board proposed that the maximum annual fees payable for such miscellaneous financial services under the Proposed Yankuang Energy Financial Services Agreement shall not exceed RMB10 million for each of the three years ended 31 December 2025, 31 December 2026 and 31 December 2027.

The above annual caps are made on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

Reasons for and benefits of entering into the Proposed Yankuang Energy Financial Services Agreement

The Company is principally engaged in the business of mining, high-end chemical new materials, new energy, high-end equipment manufacturing and smart logistics.

Shandong Energy Finance Company is directly owned as to approximately 53.92% by the Company, directly and indirectly owned as to approximately 46.08% by Shandong Energy. The principal businesses of Shandong Energy Finance Company include provision of guarantee between members; provision of entrusted loans between members; provision of bill acceptance and discount services to members; provision of internal fund transfer and settlement services and corresponding settlement between members; accepting deposits from members; provision of loans and finance leasing to members. Shandong Energy Finance Company is a non-banking financial institution legally established with the approval of the relevant national government authorities.

Through the provision of financial services to the Group, Shandong Energy Finance Company can expand its source of capital through absorbing capitals from the Group, enlarge its business scope, and improve its profitability through providing loan and settlement services to the Group by means of charging loan interests and other service fees. At the same time, the Company can also integrate financial resources and replace external high-interest loans through the platform of Shandong Energy Finance Company, thereby lowering the Company's financing costs and improving its competitive edge. The transactions contemplated under the Proposed Yankuang Energy Financial Services Agreement will not affect the independence of the Company and are in the interests of the Company and the Shareholders.

As the Company directly holds approximately 53.92% of Shandong Energy Finance Company, the Company will also be able to benefit from the profits of Shandong Energy Finance Company.

In addition, since Shandong Energy Finance Company will continue to provide financial services to the Target Company after the completion of the Transactions, the provision of financial services by Shandong Energy Finance Company to the Target Group will constitute a continuing connected transaction of the Company. The entering into of the Proposed Yankuang Energy Financial Services Agreement is conducive to Shandong Energy Finance Company's continued provision of financial services to the Target Company, ensuring that the Target Group can continuously obtain the necessary financial support in the course of business operations, ensuring the continuity and security of its cash flow, and is beneficial to the stable operation of the Target Company.

The Directors (including the independent non-executive Directors) consider that the transactions under the Proposed Yankuang Energy Financial Services Agreement (excluding the provision of deposit services) are entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors, whose opinion on the matter will be given in the circular after taking into account the advice of the Independent Financial Adviser in this regard) consider that the deposit services under the Proposed Yankuang Energy Financial Services Agreement are entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

Shandong Energy is a controlling shareholder of the Company directly and indirectly holding 52.83% of the issued share capital of the Company as at the date of this announcement, and thus a connected person of the Company under the Listing Rules. Shandong Energy Finance Company is directly owned as to approximately 53.92% equity interests by the Company, and directly and indirectly owned as to approximately 46.08% equity interests by Shandong Energy, Shandong Energy Finance Company is a connected subsidiary of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Proposed Yankuang Energy Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(i) Deposit services

As the highest applicable percentage ratio with respect to the proposed annual caps in relation to the provision of deposit services under the Proposed Yankuang Energy Financial Services Agreement is more than 5% but less than 25%, such transactions, together with the proposed annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Such transactions also constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

(ii) Comprehensive credit facility services

As the provision of comprehensive credit facility services under the Proposed Yankuang Energy Financial Services Agreement is on normal commercial terms, and no security over the assets of the Group is or will be granted in respect of such services, the comprehensive credit facility services to be provided by Shandong Energy Finance Company to the Group are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

(iii) Miscellaneous financial services

As all of the relevant applicable percentage ratios with respect to the proposed annual caps in relation to the provision of miscellaneous financial services under the Proposed Yankuang Energy Financial Services Agreement are less than 0.1%, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

10. Internal Control Measures

The Group's sales or procurement departments shall ensure that the terms of all sales and procurement orders comply with the relevant framework agreements, and the relevant departments and personnel shall be satisfied that: (i) all sales or procurement orders have been properly reviewed and approved; (ii) all sales or procurement orders have adopted market prices; and (iii) each relevant transaction is conducted on normal commercial terms;

Prior to the entering into specific implementation agreements, the subsidiaries of the Company are required to fulfill the pre-application procedures in accordance with the Company's internal management system to have the necessity, reasonableness, fairness, and compliance of the transactions reviewed by the departments responsible for listing compliance, financial management, audit, and risk;

The financial management department of the Company will compile the amounts of continuing connected transactions on a quarterly basis to identify any transactions that may have the risk of exceeding the annual caps; and

The auditors and independent non-executive directors of the Company will conduct an annual review of the continuing connected transactions and confirm in the Company's annual report that the transactions have been conducted in accordance with the terms and conditions of the relevant framework agreements and pricing policies, are on normal commercial terms or terms no less favorable than those available from independent third parties, and are in the interests of the Company and its shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the above internal control measures over continuing connected transactions adopted by the Company are appropriate and that the above procedures and measures provide sufficient assurance to the Shareholders that such continuing connected transactions will be properly overseen by the Company.

III. GENERAL

As Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang and Mr. Zhang Haijun are regarded as having material interests in the Transactions and the Proposed Continuing Connected Transactions, they have abstained from voting on the relevant resolutions of the Board for approving (i) the Transaction Documents and the Transactions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the respective proposed annual caps. Save as disclosed above, none of the other Directors has a material interest in the Transactions and the Proposed Continuing Connected Transactions.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of (i) the Transaction Documents and the Transactions; and (ii) (a) the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and their respective proposed annual caps, (b) the Proposed Mutual Provision of Labour and Services Agreement, the provision by the Shandong Energy Members of labour and services to the Group thereunder and the proposed annual caps, (c) the Proposed Shandong Energy Financial Services Agreement, the comprehensive credit facility services thereunder and the proposed annual caps, and (d) the Proposed Yankuang Energy Financial Services Agreement, the deposit services thereunder and the proposed annual caps.

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Transaction Documents and the Transactions; and (ii) (a) the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and their respective proposed annual caps, (b) the Proposed Mutual Provision of Labour and Services Agreement, the provision by the Shandong Energy Members of labour and services to the Group thereunder and the proposed annual caps, (c) the Proposed Shandong Energy Financial Services Agreement, the comprehensive credit facility services thereunder and the proposed annual caps, and (d) the Proposed Yankuang Energy Financial Services Agreement, deposit services thereunder and the proposed annual caps.

According to the applicable PRC regulations, the resolutions relating to the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and their respective proposed annual caps are subject to the Independent Shareholders' approval at the General Meeting.

The General Meeting will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, (i) the Transaction Documents and the Transactions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and their respective proposed annual caps. Shandong Energy and its associates will abstain from voting on the resolutions in relation to the Transactions and the Proposed Continuing Connected Transactions. To the best of the Directors' knowledge, information and belief, save as disclosed above, no other Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the General Meeting.

A circular containing, among other things, (i) particulars of the Transaction Documents and the Transactions; (ii) particulars of the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and their respective proposed annual caps; (iii) the Asset Valuation Report(s) on the Target Company; (iv) a letter from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (vi) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 15 May 2025, as additional time is required to prepare certain information to be contained in the circular to be issued by the Company.

IV. DEFINITIONS

“A Share(s)”	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Acquisitions”	acquisitions of Target Equity Interests by the Company from the Vendors at a consideration of RMB4,748,251,438.63 pursuant to the Agreement
“Agreement”	the agreement entered into among the Company, the Vendors and the Target Company on 8 April 2025 in respect of the acquisition of the Target Equity Interests and Capital Increase in Target Company
“Asset Valuation Report(s)”	the asset valuation report (Zhong Qi Hua Ping Bao Zi (2025) No. 6138) on the Target Company prepared by the Independent Valuer for inclusion in the circular to be despatched to the Shareholders in relation to the Transactions and the Proposed Continuing Connected Transactions
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Report(s)”	the audit report of Shandong Energy Group Xibei Mining Co., Ltd. (Zhong Xing Cai Guang Hua Shen Zhuan Zi (2025) No. 316028) issued for the purpose of the Transactions
“Board”	the board of Directors of the Company
“Capital Increase”	capital increase of RMB9,317,604,863.88 by the Company to the Target Company pursuant to the Agreement
“Closing Date”	the date on which the industrial and commercial change registration for the Acquisitions and the Capital Increase is completed (whichever is later)

“Company”	Yankuang Energy Group Company Limited* (兗礦能源集團股份有限公司), a joint stock limited company established under the laws of PRC in 1997, and the H Shares and A shares of which are listed on the Hong Kong Stock Exchange (01171.HK) and the Shanghai Stock Exchange (600188.SH), respectively
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“ERP”	Enterprise Resource Planning
“Existing Bulk Commodities Sale and Purchase Agreement”	the bulk commodities sale and purchase agreement entered into between the Company and Shandong Energy on 25 August 2023
“Existing Continuing Connected Transactions Agreements”	the Existing Provision of Materials Supply Agreement, the Existing Mutual Provision of Labour and Services Agreement, the Existing Provision of Insurance Fund Administrative Services Agreement, the Existing Provision of Products, Materials and Asset Leasing Agreement, the Existing Bulk Commodities Sale and Purchase Agreement, the Existing Finance Lease Agreement, the Existing Entrusted Management Service Framework Agreement, the Existing Shandong Energy Financial Services Agreement and the Existing Yankuang Energy Financial Services Agreement
“Existing Entrusted Management Service Framework Agreement”	the entrusted management service framework agreement entered into between the Company and Shandong Energy on 25 August 2023
“Existing Finance Lease Agreement”	the finance lease agreement entered into between the Company and Shandong Energy on 25 August 2023
“Existing Mutual Provision of Labour and Services Agreement”	the mutual provision of labour and services agreement entered into between the Company and Shandong Energy on 30 August 2024
“Existing Provision of Insurance Fund Administrative Services Agreement”	the provision of insurance fund administrative services agreement entered into between the Company and Shandong Energy on 30 August 2024
“Existing Provision of Materials Supply Agreement”	the provision of materials supply agreement entered into between the Company and Shandong Energy on 28 April 2023
“Existing Provision of Products, Materials and Asset Leasing Agreement”	the provision of products, materials and asset leasing agreement entered into between the Company and Shandong Energy on 28 April 2023

“Existing Shandong Energy Financial Services Agreement”	the financial services agreement entered into between Shandong Energy Finance Company and Shandong Energy on 26 August 2022
“Existing Yankuang Energy Financial Services Agreement”	the financial services agreement entered into between Shandong Energy Finance Company and the Company on 26 August 2022
“General Meeting”	the General Meeting scheduled to be held by the Company on or before May 2025 to consider and, if thought fit, approve, among other things, (i) the Transaction Documents and the Transactions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the proposed annual caps
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, to advise the Independent Shareholders in respect of (i) the Transaction Documents and the Transactions; and (ii) (a) the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and the respective proposed annual caps, (b) the Proposed Mutual Provision of Labour and Services Agreement, the provision by the Shandong Energy Members of labour and services to the Group thereunder and the proposed annual caps, (c) the Proposed Shandong Energy Financial Services Agreement, the comprehensive credit facility services thereunder and the proposed annual caps, and (d) the Proposed Yankuang Energy Financial Services Agreement and the deposit services thereunder and the proposed annual caps

“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, which has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Transaction Documents and the Transactions; and (ii) (a) the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease and Factoring Agreement, the transactions contemplated thereunder and their respective proposed annual caps, (b) the Proposed Mutual Provision of Labour and Services Agreement, the provision by the Shandong Energy Members of labour and services to the Group thereunder and the proposed annual caps, (c) the Proposed Shandong Energy Financial Services Agreement, the comprehensive credit facility services thereunder and the proposed annual caps, and (d) the Proposed Yankuang Energy Financial Services Agreement, the deposit services thereunder and the proposed annual caps
“Independent Shareholder(s)”	shareholder(s) other than Shandong Energy and its associates, who are neither involved nor interested in the Transactions and the Proposed Continuing Connected Transactions
“Independent Valuer”	Beijing Zhong Qihua Assets Valuation Co., Ltd * (北京中企華資產評估有限責任公司), an independent valuer in the PRC
“Internal Cooperative Operation Agreement”	Internal Cooperative Operation Agreement signed by Xibei Mining, Shanxi Longkuang Energy Investment and Development Co., Ltd., Shanxi Xinzhou Shenda Energy Group Co., Ltd. and Wangtian Coal Industry on 23 October 2023. Under the agreement, Shanxi Xinzhou Shenda Energy Group Co., Ltd. receives fixed equity income from Wangtian Coal Industry. The term of the agreement shall remain in effect until 31 December 2026. Unless any party raises a written objection upon expiry, the agreement shall be automatically renewed for one year
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“LPR One-year Interest Rate”	the one year loan prime rate announced by National Interbank Funding Center

“Market Price”	a price determined according to normal commercial terms based on the following (i) the price offered by Independent Third Parties for provision of the same or similar type of services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such Independent Third Parties; or (ii) if paragraph (i) above is not applicable, the price offered by Independent Third Parties in the PRC for provision of the same or similar type of services under normal commercial terms in the ordinary course of business of such Independent Third Parties.
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Proposed Bulk Commodities Sale and Purchase Agreement”	the bulk commodities sale and purchase agreement entered into between the Company and Shandong Energy on 8 April 2025
“Proposed Continuing Connected Transactions Agreements”	the Proposed Provision of Materials Supply Agreement, the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease and Factoring Agreement, the Proposed Entrusted Management Service Framework Agreement, the comprehensive credit facility services under the Proposed Shandong Energy Financial Services Agreement and the deposit services under the Proposed Yankuang Energy Financial Services Agreement
“Proposed Continuing Connected Transactions”	the transactions under the respective Proposed Continuing Connected Transactions Agreements
“Proposed Entrusted Management Service Framework Agreement”	the entrusted management service framework agreement entered into between the Company and Shandong Energy on 8 April 2025
“Proposed Finance Lease and Factoring Agreement”	the finance lease agreement entered into between the Company and Shandong Energy on 8 April 2025
“Proposed Mutual Provision of Labour and Services Agreement”	the mutual provision of labour and services agreement entered into between the Company and Shandong Energy on 8 April 2025

“Proposed Provision of Insurance Fund Administrative Services Agreement”	the provision of insurance fund administrative services agreement entered into between the Company and Shandong Energy on 8 April 2025
“Proposed Provision of Materials Supply Agreement”	the provision of materials supply agreement entered into between the Company and Shandong Energy on 8 April 2025
“Proposed Provision of Products, Materials and Asset Leasing Agreement”	the provision of products, materials and asset leasing agreement entered into between the Company and Shandong Energy on 8 April 2025
“Proposed Shandong Energy Financial Services Agreement”	the financial services agreement entered into between Shandong Energy Finance Company and Shandong Energy on 8 April 2025
“Proposed Yankuang Energy Financial Services Agreement”	the financial services agreement entered into between Shandong Energy Finance Company and the Company on 8 April 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Energy Members”	including Shandong Energy and its associates (excluding the Company and its subsidiaries, but including the Company’s connected subsidiaries in which Shandong Energy directly or indirectly holds more than 10% interests)
“Shandong Energy”	Shandong Energy Group Company Limited* (山東能源集團有限公司), a state-controlled limited liability company which is ultimately owned as to 70%, 20%, and 10% by Shandong Provincial People’s Government State-owned Assets Supervision and Administration Commission* (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd. * (山東國惠投資控股集團有限公司) and Shandong Caixin Assets Operation Co., Ltd.* (山東省財欣資產運營有限公司), respectively; and the controlling shareholder of the Company holding directly and indirectly approximately 52.83% of the issued share capital of the Company as at the date of this announcement
“Shandong Energy Finance Company”	Shandong Energy Group Finance Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2013
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

“Target Equity Interests”	an aggregate of 26% equity interests in Xibei Mining (held by Vendor A, Vendor B, Vendor C and Vendor D as to 15.62%, 5.58%, 2.56% and 2.24%, respectively)
“Transaction Documents”	collectively, the Agreement, the Letter of Mineral Right Commitment and the Letter of Performance Commitment
“Transactions”	collectively, the Acquisitions and the Capital Increase
“Transfer Fee”	the fee charged by the PRC government authorities on owners of the mineral rights in relation to their use of natural resources
“Transition Period”	the period from the Valuation Benchmark Date to the Closing Date (excluding the Closing Date)
“Valuation Benchmark Date”	30 November 2024
“Vendor A” or “Zibo Mining Group”	Zibo Mining Group Co., Ltd.*(淄博礦業集團有限責任公司), a company established in the PRC, which is directly wholly-owned by Shandong Energy
“Vendor B” or “Longkou Mining Group”	Longkou Mining Group Co., Ltd.* (龍口礦業集團有限公司), a company established in the PRC, which is directly wholly-owned by Shandong Energy
“Vendor C” or “Xinwen Mining Group”	Xinwen Mining Group Co., Ltd.*(新汶礦業集團有限責任公司), a company established in the PRC, which is directly wholly-owned by Shandong Energy
“Vendor D” or “Feicheng Coal Industry”	Feicheng Feikuang Coal Industry Co., Ltd.*(肥城肥礦煤業有限公司), a company established in the PRC, which is directly wholly-owned by Shandong Energy
“Vendors”	collectively Vendor A, Vendor B, Vendor C and Vendor D
“Wangtian Coal Industry”	Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd., in which Xibei Mining directly and indirectly holds 55% equity interests
“Working Day(s)”	any day except Saturday, Sunday and statutory holiday(s) in the PRC
“Xibei Mining Group” or “Target Group”	Xibei Mining and its subsidiaries

“Xibei Mining” or “Target Company”	Shandong Energy Group Xibei Mining Co., Ltd.* (山東能源集團西北礦業有限公司), a company established in the PRC, which is indirectly owned as to 100% equity interests by Shandong Energy as at the date of this announcement
“Zhongtai Securities”	Zhongtai Securities Co., Ltd. and its controlled entities
“%”	per cent

Certain figures in this announcement have been subject to rounding. The figures set out in this announcement may be slightly different from the result calculated based on the relevant individual data presented in this announcement due to rounding.

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

Zoucheng, Shandong Province, the PRC
8 April 2025

As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Su Li and Mr. Huang Xiaolong, and the independent non-executive Directors of the Company are Mr. Peng Suping, Mr. Zhu Limin, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui.

* For identification purpose only

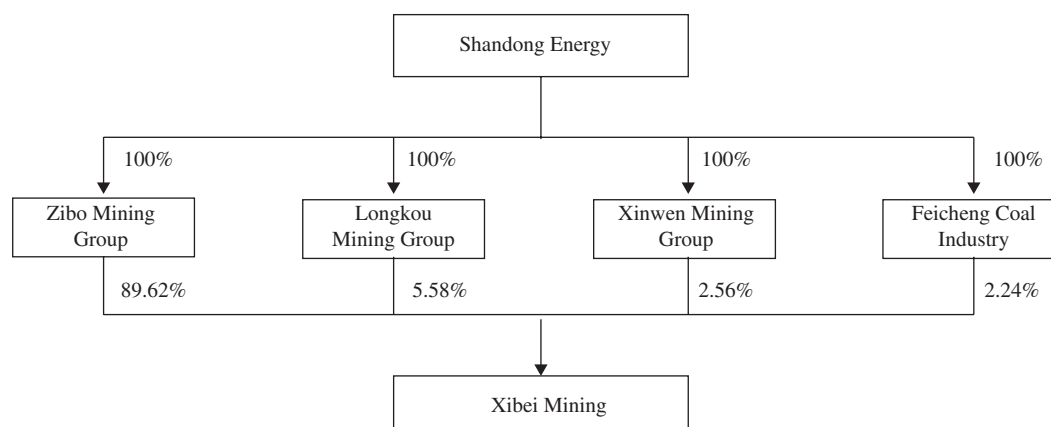
APPENDIX I – BASIC INFORMATION OF XIBEI MINING AND THE TARGET GROUP

Details of the basic information of Xibei Mining and the Target Group, including the direct and indirect subsidiaries of Xibei Mining as at the date of this announcement, the shareholding structure of Xibei Mining before and after the completion of the Transactions, the mineral right information of Xibei Mining Group and the financial data of the Target Company are set out as follows:

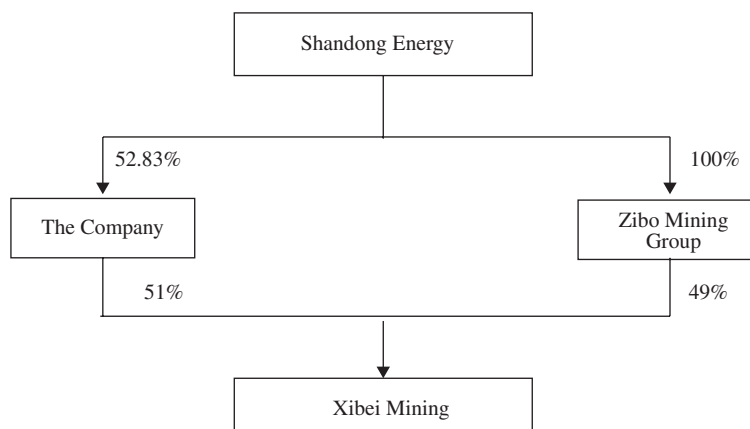
1. Xibei Mining

Xibei Mining was established in December 2021 as a limited liability company in China, with a registered capital of RMB5,000,000,000. It is primarily engaged in coal mining, washing, processing and sales operations, as well as coal-related industry chain businesses including coal chemical production, mine shaft specialization services, coal preparation plant operations, mining equipment maintenance, and technology innovation services within the coal industry.

As of the date of this announcement, the shareholding structure of Xibei Mining is as follows:



Upon closing of the Transactions, the shareholding structure of Xibei Mining will be as follows:



As of the date of this announcement, the Target Equity Interests have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Upon closing of the Transactions, the Company shall hold 51% equity interests in Xibei Mining; and Xibei Mining will become a subsidiary of the Company and its financial results will be consolidated into those of the Group.

As of the date of this announcement, Xibei Mining has a total of 18 subsidiaries under its control. The details are as follows:

No.	Name of company	Shareholding proportion	Registered capital (RMB0'000)	Principal business
1	Shaanxi Zhengtong Coal Industry Co., Ltd. (“ Zhengtong Coal Industry ”)	100%	200,000.00	Coal mining and washing
2	Gansu Lingtai Shaozhai Coal Industry Co., Ltd. (“ Shaozhai Coal Industry ”)	100%	108,000.00	Coal mining and washing
3	Pingliang Wuju Coal Industry Co., Ltd. (“ Wuju Coal Industry ”)	60%	165,401.28	Coal mining and washing
4	Shaanxi Changwu Tingnan Coal Industry Co., Ltd. (“ Tingnan Coal Industry ”)	100%	30,000.00	Coal mining and washing
5	Inner Mongolia Shuangxin Mining Co., Ltd. (“ Shuangxin Mining ”)	55%	50,000.00	Coal mining and washing
6	Shaanxi Yongming Coal Mine Co., Ltd. (“ Yongming Coal Mine ”)	51%	1,000.00	Coal mining and washing
7	Shanxi Shuozhou Pinglu District Longkuang Daheng Coal Industry Co., Ltd. (“ Daheng Coal Industry ”)	80%	300.00	Coal mining and washing
8	Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd. (“ Wangtian Coal Industry ”)	55%	24,540.00	Coal mining and washing
9	Inner Mongolia Huangtaolegai Coal Co., Ltd. (“ Huangtaolegai ”)	60%	158,000.00	Coal mining and washing, production of hazardous chemicals
10	Pingmei Chang’an Energy Development Co., Ltd. (“ Pingmei Chang’an ”)	60%	100,000.00	Coal mining and washing
11	Hangjinqi Juneng Energy Co., Ltd. (“ Juneng Energy ”)	100%	30,000.00	Coal mining and washing
12	Gansu Huaneng Tianjun Energy Co., Ltd. (“ Tianjun Energy ”)	55%	264,521.60	Coal mining and washing
13	Shaanxi Boxuan Technology Co., Ltd. (“ Boxuan Technology ”)	100%	15,000.00	Operation of coal preparation plant, maintenance of coal preparation equipment and intelligent coal preparation

No.	Name of company	Shareholding proportion	Registered capital (RMB0'000)	Principal business
14	Zibo Aike Industrial and Mining Machinery Co., Ltd. (“ Aike Industrial and Mining ”)	100%	5,000.00	Mining equipment and material manufacturing, mine auxiliary transportation services, etc.
15	Shanxi Longkuang Energy Investment and Development Co., Ltd. (“ Longkuang Investment ”)	100%	5,000.00	Safety management and production technology supervision services for the mines
16	Shaanxi Wanhua Coal Mine Equipment Manufacturing Co., Ltd. (“ Wanhua Equipment ”)	100%	2,100.00	Maintenance of mining hydraulic support, mining equipment and electrical equipment
17	Mayicheng (Beijing) Technology Co., Ltd. (“ Mayicheng ”)	100%	600.00	Scientific and technological innovation service for coal industry enterprises
18	Shaanxi Yingdong Mining Co., Ltd. (“ Yingdong Mining ”)	77.54%	10,500.00	Coal wholesale operations

Note 1: The shareholding proportion refers to the shareholding proportion of Xibei Mining in each of its subordinate company;

Note 2: As of the date of this announcement, Xibei Mining holds 100% equity interests in Zibo Mining Group Design Institute Co., Ltd. (淄博礦業集團設計院有限責任公司). The industrial and commercial registration changes for such equity interests have been completed prior to the closing of the Transactions as stipulated in the Agreement. Upon completion of the industrial and commercial registration changes, Xibei Mining will no longer hold equity interests in Zibo Mining Group Design Institute Co., Ltd. (淄博礦業集團設計院有限責任公司). The equity interests of Zibo Mining Group Design Institute Co., Ltd. (淄博礦業集團設計院有限責任公司) has not been included in the audit and asset valuation reports for the Transactions.

2. Mineral Right of Xibei Mining Group

As of the date of this announcement, Xibei Mining Group has a total of 12 coal enterprises and holds a total of 14 mineral rights (including 12 mining rights and 2 exploration rights). Commercial coal production of Xibei Mining from January to November 2022, 2023 and 2024 was was 29,502.9 kilotons, 28,338.1 kilotons and 28,618.2 kilotons, respectively, the details of which are as follows:

No.	Name of company	Province	Name of mine	Type of mineral right	Main types of coal	Caliber used in the valuation ¹			Remaining service life (year)
						Resources (100 million tonnes)	Recoverable reserves (100 million tonnes)	Approved production capacity ² (Ten kiloton/year)	
1	Zhengtong Coal Industry	Shaanxi	Gaojiabao Coal Mine	Mining right	Thermal coal (non-stick coal, weak caking coal)	7.77	4.46	450.00	66.08
2	Shaozhai Coal Industry	Gansu	Shaozhai Coal Mine	Mining right	Thermal coal (non-stick coal)	1.66	1.07	240.00	32.95
3	Wuju Coal Industry	Gansu	Wuju Coal Mine	Mining right	Thermal coal (non-stick coal, long-flame coal)	2.26	1.61	300.00	38.45
4	Tingnan Coal Industry	Shaanxi	Tingnan Coal Mine	Mining right	Thermal coal (non-stick coal)	3.39	0.89	450.00	14.08
5	Shuangxin Mining	Inner Mongolia	Yangjiacun Coal Mine	Mining right	Thermal coal (non-stick coal, long-flame coal)	3.40	2.33	600.00	20.19
6	Yongming Coal Mine	Shaanxi	Yongming Coal Mine	Mining right	Coking coal (gas coal)	0.11	0.07	45.00	12.14
7	Daheng Coal Industry	Shanxi	Daheng Coal Mine	Mining right	Thermal coal (long-flame coal)	1.70	0.50	360.00	11.58
8	Wangtian Coal Industry	Shanxi	Wangtian Coal Mine	Mining right	Coking coal (gas coal)	0.77	0.33	180.00	13.25
9	Huangtaolegai	Inner Mongolia	Bayangaole Coal Mine	Mining right	Thermal coal (non-stick coal, long-flame coal)	8.37	5.44	800.00	85.24
10	Pingmei Chang'an	Shaanxi	Yangjiaping Coal Mine (under construction)	Mining right	Thermal coal (non-stick coal, weak caking coal, long-flame coal)	10.30	4.82	500.00	68.85
11	Juneng Energy	Inner Mongolia	Youfanghao Coal Mine (under construction)	Mining right	Thermal coal (non-stick coal, long-flame coal)	8.05	4.70	500.00	67.13
12	Tianjun Energy	Gansu	Liuyuanzi Coal Mine	Mining right	Thermal coal (long-flame coal)	0.83	0.64	180.00	25.92
Total assets of mining right						48.61	26.86	4,605.00	-
1	Tianjun Energy	Gansu	Exploration of Mafuchuan Minefield in Shajingzi Mining Area, Huan County, Gansu Province (reserved)	Exploration right	Thermal coal (long-flame coal, non-stick coal)	9.11	5.58	800.00	71.13
2	Tianjun Energy	Gansu	Exploration of Maojiachuan Minefield in Shajingzi Mining Area, Huan County, Gansu Province (reserved)	Exploration right	Thermal coal (long-flame coal)	5.80	4.08	700.00	59.53
Total assets of exploration right						14.91	9.66	1,500.00	-
Total assets of mining right and exploration right						63.52	36.52	6,105.00	-

Note 1: The caliber used in the valuation is based on the resources and recoverable reserves used in the valuation as at 30 November 2024 in the valuation report on mineral rights issued by China Enterprise Appraisals Co., Ltd. Resources used in the valuation refers to the basic data used in the valuation and calculation of recoverable resources in the above total resources, i.e. the total of the (measured + indicated) resources involved in the valuation and the inferred resources discounted by the reliability coefficient. Recoverable reserves used in the valuation refers to the reserves that can be recovered after deducting various losses from the resources used in the valuation.

According to the standard of Solid Mineral Resources/Reserves Classification (China National Standard GB/T17766– 2020), the total resources and reserves (proved reserve + reliable reserve) of Xibei Mining as at the end of 2023 amounted to 7,245 million tonnes and 3,316 million tonnes respectively (sourced from reviewed and filed reserve reports, exploration reports, and annual report of reserves, among others). Among them, the Wuju Coal Mine has not been put into production as at the end of 2023, the Yangjiaping Coal Mine, the Youfanghao Coal Mine, the Mafuchuan Coal Mine and the Maojiachuan Coal Mine have not been put into production as at the date of disclosure of this announcement. As such, there was no annual report of reserves or proved + reliable reserve figures available for these mines. The reserve figures provided are based on the assessed recoverable reserves.

Note 2: Except for Tianjun Energy, the approved production capacity data for mineral rights is based on the approved production capacity as of 30 November 2024. For Tianjun Energy, in accordance with Reply Letter on the Revision of the Overall Plan for the Shajingzi Mining Area (Gan Neng Han [2025] No. 30) (《關於沙井子礦區總體規劃修編情況的復函》(甘能函[2025]30號)) of the Gansu Provincial Energy Bureau, the planned production capacity for the Mafuchuan Coal Mine is 8 million tons per annum (conventional capacity: 5.6 million tons per annum; reserve capacity: 2.4 million tons per annum), for the Maojiachuan Coal Mine is 7 million tons per annum (conventional capacity: 4.9 million tons per annum; reserve capacity: 2.1 million tons per annum), and for the Liuyuanzi Coal Mine is 1.8 million tons per annum. The revised draft of the plan is still pending approval from the NDRC.

Note 3: Differences between the sum of some of the totals in the above table and the sum of the breakdowns, if any, are due to rounding.

Details of the mineral rights under Xibei Mining are as follows:

(1) Mining rights

- 1) Changwu County Gaojiabao Coal Mine of Shaanxi Zhengtong Coal Industry Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Shaanxi Zhengtong Coal Industry Co., Ltd.
Mining permit No.	C6100002013101110133086
Name of mine	Changwu County Gaojiabao Coal Mine of Shaanxi Zhengtong Coal Industry Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal, weak caking coal)
Mining method	Underground mining
Approved production capacity	4,500,000 tonnes/year
Mining area	219.1699 square kilometres
Validity period	28 September 2018 to 28 September 2026
Mining elevation	From +370m to -30m
Remaining service life of the mine	66.08 years

2) Shaozhai Coal Mine of Gansu Lingtai Shaozhai Coal Industry Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Gansu Lingtai Shaozhai Coal Industry Co., Ltd.
Mining permit No.	C6200002021011110151277
Name of mine	Shaozhai Coal Mine of Gansu Lingtai Shaozhai Coal Industry Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal)
Mining method	Underground mining
Approved production capacity	2,400,000 tonnes/year
Mining area	20.1698 square kilometres
Validity period	24 June 2024 to 15 January 2051
Mining elevation	From +520m to +250m
Remaining service life of the mine	32.95 years

3) Wuju Coal Mine of Pingliang Wuju Coal Industry Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Pingliang Wuju Coal Industry Co., Ltd.
Mining permit No.	C6200002022031120153241
Name of mine	Wuju Coal Mine of Pingliang Wuju Coal Industry Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal, long-flame coal)
Mining method	Underground mining
Approved production capacity	3,000,000 tonnes/year
Mining area	26.0589 square kilometres
Validity period	9 March 2022 to 9 March 2052
Mining elevation	From +970m to 0m
Remaining service life of the mine	38.45 years

- 4) Changwu County Tingnan Coal Mine of Shaanxi Changwu Tingnan Coal Industry Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Shaanxi Changwu Tingnan Coal Industry Co., Ltd.
Mining permit No.	C6100002011011120106797
Name of mine	Changwu County Tingnan Coal Mine of Shaanxi Changwu Tingnan Coal Industry Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal)
Mining method	Underground mining
Approved production capacity	4,500,000 tonnes/year
Mining area	35.5482 square kilometres
Validity period	30 December 2022 to 30 December 2030
Mining elevation	From +530m to +350m
Remaining service life of the mine	14.08 years

- 5) Yangjiacun Coal Mine of Inner Mongolia Shuangxin Mining Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Inner Mongolia Shuangxin Mining Co., Ltd.
Mining permit No.	C1000002011051110111946
Name of mine	Yangjiacun Coal Mine of Inner Mongolia Shuangxin Mining Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal, long-flame coal)
Mining method	Underground mining
Approved production capacity	6,000,000 tonnes/year
Mining area	18.6697 square kilometres
Validity period	4 May 2011 to 4 May 2041
Mining elevation	From +1,456m to +1,228m
Remaining service life of the mine	20.19 years

- 6) Zichang County Yongming Coal Mine of Shaanxi Yongming Coal Mine Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Shaanxi Yongming Coal Mine Co., Ltd.
Mining permit No.	C6100002010061120067710
Name of mine	Zichang County Yongming Coal Mine of Shaanxi Yongming Coal Mine Co., Ltd.
Mining type	Coal
Type of coal	Coking coal (gas coal)
Mining method	Underground mining
Approved production capacity	450,000 tonnes/year
Mining area	9.1058 square kilometres
Validity period	22 May 2023 to 22 May 2026
Mining elevation	From +1,090m to +1,020m
Remaining service life of the mine	12.14 years

- 7) Shanxi Shuozhou Pinglu District Longkuang Daheng Coal Industry Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Shanxi Shuozhou Pinglu District Longkuang Daheng Coal Industry Co., Ltd.
Mining permit No.	C1400002009101220038687
Name of mine	Shanxi Shuozhou Pinglu District Longkuang Daheng Coal Industry Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (long-flame coal)
Mining method	Underground mining
Approved production capacity	3,600,000 tonnes/year
Mining area	6.9096 square kilometres
Validity period	25 August 2014 to 25 August 2044
Mining elevation	From +1,300m to +960m
Remaining service life of the mine	11.58 years

8) Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd.
Mining permit No.	C1400002009111220045315
Name of mine	Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd.
Mining type	Coal
Type of coal	Coking coal (gas coal)
Mining method	Underground mining
Approved production capacity	1,800,000 tonnes/year
Mining area	7.9584 square kilometres
Validity period	20 November 2012 to 20 November 2041
Mining elevation	From +980m to +620m
Remaining service life of the mine	13.25 years

9) Bayangaole Coal Mine of Inner Mongolia Huangtaolegai Coal Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Mongolia Huangtaolegai Coal Co., Ltd.
Mining permit No.	C1000002017051110145299
Name of mine	Bayangaole Coal Mine of Inner Mongolia Huangtaolegai Coal Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal, long-flame coal)
Mining method	Underground mining
Approved production capacity	8,000,000 tonnes/year
Mining area	64.7019 square kilometres
Validity period	4 May 2017 to 4 May 2047
Mining elevation	From +759m to +470m
Remaining service life of the mine	85.24 years

10) Changwu County Yangjiaping Coal Mine of Pingmei Chang'an Energy Development Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Pingmei Chang'an Energy Development Co., Ltd.
Mining permit No.	C6100002024041110156653
Name of mine	Changwu County Yangjiaping Coal Mine of Pingmei Chang'an Energy Development Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal, weak caking coal, long-flame coal)
Mining method	Underground mining
Approved production capacity	5,000,000 tonnes/year
Mining area	142.4688 square kilometres
Validity period	12 April 2024 to 12 April 2032
Mining elevation	600m to -10m
Remaining service life of the mine	68.85 years

11) Youfanghao Coal Mine of Hangjinqi Juneng Energy Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Hangjinqi Juneng Energy Co., Ltd.
Mining permit No.	C1500002023091110155590
Name of mine	Youfanghao Coal Mine of Hangjinqi Juneng Energy Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (non-stick coal, long-flame coal)
Mining method	Underground mining
Approved production capacity	5,000,000 tonnes/year
Mining area	110.0749 square kilometres
Validity period	5 September 2023 to 5 September 2053
Mining elevation	From +982m to +653m
Remaining service life of the mine	67.13 years

12) Liuyuanzi Coal Mine of Gansu Huaneng Tianjun Energy Co., Ltd.

Type of mineral right	Mining right
Mineral right owner	Gansu Huaneng Tianjun Energy Co., Ltd.
Mining permit No.	C1000002010091110075170
Name of mine	Liuyuanzi Coal Mine of Gansu Huaneng Tianjun Energy Co., Ltd.
Mining type	Coal
Type of coal	Thermal coal (long-flame coal)
Mining method	Underground mining
Approved production capacity	1,800,000 tonnes/year
Mining area	15.651 square kilometres
Validity period	19 October 2018 to 13 September 2030
Mining elevation	From +1,520m to +996.74m
Remaining service life of the mine	25.92 years

(2) Exploration rights

- 1) Exploration of Mafuchuan Minefield in Shajingzi Mining Area, Huan County, Gansu Province (reserved)

Type of mineral right	Exploration right
Mineral right owner	Gansu Huaneng Tianjun Energy Co., Ltd
Exploration permit No.	T6200002010101030042485
Name of exploration project	Exploration of Mafuchuan Minefield in Shajingzi Mining Area, Huan County, Gansu Province (reserved)
Validity period	20 November 2020 to 19 November 2025
Exploration area	67.52 square kilometres
Type of coal	Thermal coal (long-flame coal, non-stick coal)

- 2) Exploration of Maojiachuan Minefield in Shajingzi Mining Area, Huan County, Gansu Province (reserved)

Type of mineral right	Exploration right
Mineral right owner	Gansu Huaneng Tianjun Energy Co., Ltd.
Exploration permit No.	T6200002010041030040290
Name of exploration project	Exploration of Maojiachuan Minefield in Shajingzi Mining Area, Huan County, Gansu Province (reserved)
Validity period	17 September 2021 to 17 September 2026
Exploration area	52.0127 square kilometres
Type of coal	Thermal coal (long-flame coal)

3. Financial Data of the Target Company

The major consolidated financial figures of Xibei Mining for the two years ended 31 December 2022, 2023 and the year ended 31 December 2024, prepared in accordance with the Chinese accounting standards, are as follows:

RMB'000

	For the year ended 31 December 2022 (Audited)	For the year ended 31 December 2023 (Audited)	For the year ended 31 December 2024 (Unaudited)
Revenue	19,551,758.90	15,918,188.67	18,410,147.29
Profit before tax	5,602,756.76	3,271,201.90	1,858,836.10
Profit after tax	4,661,283.11	2,265,756.02	1,278,680.32

	As at 31 December 2022 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2024 (Unaudited)
Total assets	43,873,771.23	43,278,582.63	55,805,906.40
Total liabilities	32,793,517.92	30,642,713.26	32,442,154.52
Net assets	11,080,253.32	12,635,869.36	23,363,751.87

Note:

The data for 2022 and 2023 in the above table are extracted from the the Audit Report, and the statement adopted is the pro forma financial statement; the data for 2024 is extracted from the unaudited financial statement.

4. Evaluation of the Target Company

(I) Overall Situation of Asset Valuation

The Independent Valuer of the Transaction, using 30 November 2024 as the benchmark date, adopted the asset-based approach to evaluate the entire shareholders' equity of Xibei Mining, and issued the Asset Evaluation Report.

According to the valuation results, the book value of the total assets of Xibei Mining as at the Valuation Benchmark Date was RMB30,189 million, with an appraised value of RMB41,964 million, representing an appreciation of RMB11,774 million and an appreciation rate of 39.00%; the book value of the total liabilities was RMB16,702 million, with an appraised value of RMB16,701 million, representing a depreciation rate of 0.01%; the book value of net assets was RMB13,487 million, with an appraised value of RMB25,263 million, representing an appreciation of RMB11,776 million and an appreciation rate of 87.31%. The summary of the valuation is detailed in the table below:

Unit: RMB0'000

Item	Book value A	Appraised value B	Appreciation C=B-A	Appreciation rate% D=C/A × 100
I. Current assets	632,516.40	632,516.40	0.00	0.00
II. Non-current assets	2,386,418.73	3,563,856.11	1,177,437.38	49.34
Including: long-term equity investment	2,193,849.18	3,372,514.10	1,178,664.92	53.73
Investment properties	—	—	—	—
Fixed assets	4,822.94	3,545.51	-1,277.43	-26.49
Construction in progress	—	—	—	—
Oil and gas assets	—	—	—	—
Intangible assets	55.76	105.65	49.89	89.49
Including: land use right	—	—	—	—
Other non-current assets	187,690.85	187,690.85	0.00	0.00
Total assets	3,018,935.13	4,196,372.51	1,177,437.38	39.00
III. Current liabilities	811,758.34	811,641.10	-117.24	-0.01
IV. Non-current liabilities	858,480.86	858,480.86	0.00	0.00
Total liabilities	1,670,239.20	1,670,121.96	-117.24	-0.01
Net assets	1,348,695.93	2,526,250.55	1,177,554.62	87.31

(II) Rationality Analysis of Valuation

According to the appraisal results, the appraisal increase in value of Xibei Mining was mainly derived from long-term equity investment projects (i.e. subordinate subsidiaries), while the appraisal increase in value of subordinate subsidiaries was mainly derived from the appraisal increase in value of mining rights. The specific components of the appraised appreciation of Xibei Mining are as follows:

The specific components of the appraised appreciation of Xibei Mining are as follows:

Unit: RMB0'000

Target company	Item/amount	Target company	Book value of 100% equity interest (parent company) A	Appraised value of 100% equity interest B	Valuation appreciation C=B-A	Valuation appreciation rate D=C/A
	Total Shareholders' Equity	Total Shareholders' Equity	1,348,695.93	2,526,250.55	1,177,554.62	87.31%
Xibei Mining	Mineral right	Mineral right	833,692.92	2,485,065.49	1,651,372.57	198.08%
	Including	Fixed asset	1,524,981.88	1,902,271.31	377,289.43	24.74%
		Land	59,110.81	73,402.49	14,291.68	24.18%

Note: The figures for mining rights value, fixed assets and land in the above table are presented on an attributable-to-parent-company basis for Xibei Mining, i.e., the sum of the relevant line items under Xibei Mining's parent company and the pro-rata share of Xibei Mining based on its ownership interest in the corresponding line items of its subsidiaries under the asset-based valuation approach.

1. Appreciation in Mining Rights Value

The carrying amount of mineral rights attributable to Xibei Mining totaled RMB8,337 million, with a total appraised value of mineral rights of RMB24,851 million, representing an appreciation of mineral rights of RMB16,514 million or an appreciation rate of 198.08%. The primary reasons for the appreciation are as follows: The mining rights for the Tingnan Coal Mine, Yangjiacun Coal Mine, and Bayangaole Coal Mine under Xibei Mining were acquired at an early stage with relatively low historical acquisition costs. Additionally, the Youfanghao Coal Mine is an under-construction minefield. As the present value of net income was calculated by using the discounted cash flow method based on the resource quantities, expected market prices of products at the Valuation Benchmark Date and with reference to the latest feasibility study and relevant economic-technical parameters in the design and mining scheme, the appraised value of mining rights represents a significant appreciation compared to its accounting carrying value.

2. Appreciation in Fixed assets

As of the Valuation Benchmark Date, the carrying amount of fixed assets held by Xibei Mining totaled RMB15,250 million, while the appraised value amounted to RMB19,023 million, representing an appraised appreciation of RMB3,773 million or an appraised appreciation rate of 24.74%. The primary reason is that some fixed assets under Xibei Mining were built earlier with lower costs. In addition, the depreciation period adopted by the Company was shorter than the economic life span used in the valuation, resulting in an increase in the appraised value.

3. Appreciation in Land

As of the Valuation Benchmark Date, the carrying amount of land held by Xibei Mining (on an attributable-to-parent-company basis) totaled RMB591 million, while the appraised value amounted to RMB734 million, representing an appraised appreciation of RMB143 million or an appraised appreciation rate of 24.18%. The specific reason for the appreciation is that the land use rights held by subsidiaries of Xibei Mining were acquired at an earlier date with relatively lower land acquisition costs. In recent years, land prices have risen, resulting in an increase in the appraised value.

5. Risk warning and countermeasures

(I) Risk of Industrial Fluctuation and Less-than-expected Operating Results of Xibei Mining

1. Risk Warning

Affected by factors such as the complex international energy supply and demand situation and cyclical fluctuations in the coal industry, the growth rate of coal demand has slowed down, prices have continued to fluctuate at high levels before declining. In the short term, they still exhibit characteristics of cyclical volatility, posing risks to coal production and sales. The outlook for coal prices remains uncertain. Should coal prices decline in the future, there is a risk that the operational performance of Xibei Mining may fall short of expectations.

2. Countermeasures

The Company will pay close attention to national policies and macroeconomic trends as well as industry policy changes and fluctuations, grasp the guidance of macro-control policies, actively adjust business plans, product structure and market structure, and enhance Xibei Mining's overall anti-risk capability and market competitiveness. At the same time, the Company will promptly negotiate and discuss plans with the counterparty on industry policy changes that may have an impact. At the same time, to safeguard the interests of the listed company and minority shareholders, the Purchaser has provided a Letter of Performance Commitment. Should the accumulated realized net profit of Xibei Mining during the Commitment Period fall short of the accumulated committed net profit, the Company shall be compensated in cash.

(II) Risk of Certain Mineral Rights Requiring Payment or Supplementary Payment of Transfer Proceeds

1. Basic Information

Certain mineral rights held by Xibei Mining are subject to the risk of requiring payment or supplementary payment of transfer fee. The details are as follows:

- (1) 2 mineral rights have newly added resource reserves without paid disposal. In accordance with Circular 10, for coal mining rights that have been established and disposed of with compensation, if they involve the use of resource reserves without paid disposal within the mining rights scope, the mining right transfer fee shall be levied annually based on the rate of mineral right transfer fee during the sale of mineral products, in accordance with the agreed transfer method.

- (2) 9 mineral rights have been disposed of with compensation, and all or part of the mineral right price or transfer fee has been paid in accordance with the mineral right transfer contracts, auction confirmation letters and other documents. However, among them, 5 mineral rights have been disposed of in earlier period, during which there are adjustments in the national policies related to the mineral right price and transfer fee; 2 mineral rights involve missing some historical evolution information; 2 mineral rights involve the resource conversion projects; if, in the future, the relevant government authorities are of the view that such companies require payment or supplementary payment of transfer fee according to Circular 10 or the effective laws and regulations at the time, there is a risk of suffering losses.

2. Countermeasures

- (1) For 2 mineral rights have newly added resource reserves without paid disposal, in the Transactions, based on the rate of mineral right transfer fee stipulated in Circular 10, the possible future transfer fee payable for newly added resource reserves of such mineral rights has been estimated and taken into consideration in the costs.
- (2) For the remaining 9 mineral rights that have been disposed of with compensation; in order to protect the rights and interests of the Company, the Vendors undertake that, after the Closing Date of the Transactions, for the transfer fee payable in respect of the resource reserves that have been used before the 30 November 2024 Valuation Benchmark Date and within the scope of the relevant mining rights evaluation in the Transactions, the transferor shall provide compensation. The specific details of the commitment are set out in the relevant Letter of Mineral Right Commitment.

(III) Risks Relating to the Renewal of the Exploration Rights of Xibei Mining

1. Basic Information

The exploration right of Mafuchuan Minefield and the exploration right of Maojiachuan Minefield held by Gansu Huanneng Tianjun Energy Co., Ltd., a controlling subsidiary of Xibei Mining, are reserved for the fifth time and are currently handling the procedures for converting exploration rights to mining rights (“**exploration to mining**”). The number of reserved time of the aforesaid 2 exploration rights has exceeded the maximum reserved time limit stipulated in the current effective Administrative Measures on Registration of Mineral Resources Exploration and Survey using the Block System (礦產資源勘查區塊登記管理辦法). If the aforesaid 2 exploration rights cannot be converted to mining rights within their valid period, there exists a degree of uncertainty regarding whether they can be renewed or reserved in the future.

2. Countermeasures

According to Article 25 of the Mineral Resources Law of the PRC (revised in 2024) which will be implemented from 1 July 2025: the holder of the exploration right may apply to convert its exploration right to mining right within the exploration right period after measuring the mineral resources available for mining; except as otherwise provided by laws and administrative regulations. The original department responsible for the transfer of mineral rights shall sign a mining right transfer contract with the holder of the exploration right and establish the mining right. For the needs of the public interest, or as a result of force majeure or other special circumstances, if the exploration right cannot be converted to the mining right at the moment, the holder of the exploration right may apply for the reserve of the exploration right, which shall be approved by the original department responsible for the transfer of mineral rights. During the reserve period of the exploration right, the exploration right period is suspended from counting.” As of the date of this announcement, Gansu Huaneng Tianjun Energy Co., Ltd. has engaged exploration units to prepare exploration reports or reserve verification reports in respect of the exploration right of Mafuchuan Minefield and the exploration right of Maojiachuan Minefield and filed the same with the authority of natural resources.

In the Transactions, the Vendors have made a specific commitment that, they will actively urge and assist Gansu Huaneng Tianjun Energy Co., Ltd. in completing the procedures for converting the exploration rights to mining rights or reserving the exploration rights within the validity period of the corresponding mineral resource exploration permits, and assume compensation liability for any losses arising from the future inability to convert or reserve or renew these rights. Please refer to the relevant contents of the Letter of Mineral Right Commitment for details of the commitment.

The Company will closely monitor developments in relevant policies and regulations and the progress in the procedures for converting the exploration rights to mining rights in respect of 2 exploration rights.

(IV) Fixed equity income risk of the Wangtian Coal Industry

1. Basic information

The Wangtian Coal Industry and its shareholders, Xibei Mining, Shanxi Longkuang Energy Investment Development Co., Ltd. and Shanxi Xin Zhou Shen Da Energy Group Company Limited, entered into the Internal Cooperative Operation Agreement on 23 October 2023, pursuant to which Shanxi Xin Zhou Shen Da Energy Group Company Limited receives fixed equity income from the Wangtian Coal Industry on the basis of fixed equity income standard corresponding to the quarterly production capacity and average coal price of the Wangtian Coal Industry; the term of the Agreement is from the date of actual resumption of production to 31 December 2026, which will be automatically extended for one year upon expiry of the Agreement without written objection from the parties.

The asset valuation report of the Transactions uses the expiry and non-renewal of the Internal Cooperative Operation Agreement on 31 December 2026 as the valuation assumption, and the appraised value of the 55% equity interests in the Wangtian Coal Industry as set out in the asset valuation report is approximately RMB166 million, and the value of the Wangtian Coal Industry to which the Company will be indirectly entitled upon completion of the Transactions = the appraised value of the 55% equity interests in the Wangtian Coal Industry x 51% (i.e. approximately RMB85 million).

2. Countermeasures

The early termination or expiry of the termination of the Internal Cooperative Operation Agreement between the Wangtian Coal Industry and its shareholders will be treated as a prerequisite for the payment of the corresponding price of the Wangtian Coal Industry in the transfer price in the Transactions. If the prerequisite conditions for the payment have not been fulfilled, the Company will not pay the corresponding price of the Wangtian Coal Industry.

APPENDIX II – PRINCIPAL ASSUMPTIONS FOR PROFIT FORECAST

The following extract from the asset valuation report sets out the assumptions (including business assumptions) used by the independent valuer in the preparation of the asset valuation report:

- (I) It is assumed that all valuation subjects are in the process of transaction, and the valuers will conduct valuation in a market according to the transaction conditions of assets to be appraised;
- (II) It is assumed that, for an asset transacted or intended to be transacted in the market, the parties to the transaction are equal in status, provided with the opportunity and time to obtain sufficient market information, act voluntarily and rationally, and can make reasonable judgments on asset functions, purposes and transaction prices;
- (III) It is assumed that the asset to be appraised will continue to be used under its current purpose and manner;
- (IV) It is assumed that there are no material changes in the relevant prevailing laws, regulations and policies of the State and the macroeconomic situation of the State; there are no material changes in the political, economic and social environment of the regions where the parties to this transaction are located;
- (V) It is assumed that the appraised entity will continue to operate based on the actual condition of the asset on the Valuation Benchmark Date;
- (VI) It is assumed that there are no material changes in interest rates, exchange rates, tax bases and tax rates, and policy-based levies related to the appraised entity;
- (VII) It is assumed that the management of the appraised entity is responsible and stable, and is capable of shouldering its duties after the Valuation Benchmark Date;
- (VIII) Unless otherwise stated, it is assumed that the enterprise is fully compliant with all relevant laws and regulations;
- (IX) It is assumed that there are no other force majeure and unforeseen factors that would have a material adverse impact on the appraised entity after the Valuation Benchmark Date;
- (X) It is assumed that the accounting policies to be adopted by the appraised entity after the Valuation Benchmark Date are consistent with the accounting policies adopted in the preparation of the valuation report in material aspects;
- (XI) It is assumed that the business scope and mode of the appraised entity are consistent with the current direction based on the existing management mode and management level after the Valuation Benchmark Date;
- (XII) It is assumed that the cash inflow and outflow of the appraised entity after the Valuation Benchmark Date is at their respective average levels;

- (XIII) It is assumed that the mining rights held by the appraised entity will continue to operate based on their established production methods, construction periods, production scale, product mix and technological development levels;
- (XIV) It's assumed that the enterprise's coal production and sales will achieve a balance in future years;
- (XV) This valuation is based on the mineral resource reserves that have been reviewed and registered within the mining license. After the mining license period expires during the forecast period, it is assumed that the mining license can be successfully extended free of charge until the end of the assessed valuation period;
- (XVI) As at the Valuation Benchmark Date, the subsidiaries of the appraised entity, including Shaanxi Zhengtong Coal Industry Co., Ltd., Huaneng Lingtai Shaozhai Coal Industry Co., Ltd., Shaanxi Changwu Tingnan Coal Industry Co., Ltd., Inner Mongolia Shuangxin Mining Co., Ltd., Shaanxi Boxuan Technology Co., Ltd., Shandong Kangge Energy Technology Co., Ltd., Zibo Aike Industrial and Mining Machinery Co., Ltd., Shaanxi Yongming Coal Mine Co., Ltd., and Inner Mongolia Huangtaolegai Coal Co., Ltd. are high-tech enterprises. This valuation assumes that the appraised entity will maintain its high-tech enterprise certification qualification in future years and continue to enjoy a preferential income tax rate of 15%, based on the premise that various calculation indicators indicate the enterprise meet the recognition standards for high-tech enterprises;
- (XVII) As at the Valuation Benchmark Date, Shuangxin Coal Mine operated by Inner Mongolia Shuangxin Mining Co., Ltd., a subsidiary of the appraised entity, employed a single-seam mining. According to the production plan of the appraised entity, a mining approach of "one shaft with two mining faces" will be implemented starting from 2026. The valuation assumes that Shuangxin Coal Mine will successfully implement dual-seam mining as planned in 2026, and that all cost and expenses after dual-seam mining is implemented will align with the company's projections;
- (XVIII) Three shareholders of Shanxi Xinzhou Shenda Wangtian Coal Industry Co., Ltd. (a subsidiary of the appraised entity), including Shanxi Xinzhou Shenda Energy Group Co., Ltd. (Party A), Shandong Energy Group Xibei Mining Co., Ltd. (Party B) and Shanxi Longkuang Energy Investment and Development Co., Ltd. (Party C), entered into an Internal Cooperative Operation Agreement, which stipulates that Party A receives agreed fixed equity income from the target company without participating in operations, while retaining information and oversight rights, and the operation and management is jointly led by Party B and Party C; Based on the actual sales volume and reserves utilization of the coal mine, Party A collects fixed equity income from the target company according to different coal price standards from the date of actual resumption of production to 31 December 2026. This valuation assumes that the aforementioned operation agreement will not be extended by 31 December 2026;
- (XIX) It is assumed that Shilin Chemical Branch of Inner Mongolia Huangtaolegai Coal Co., Ltd. (a subsidiary of the appraised entity) will cease operations upon the expiration of the service life of Bayangaole Coal Mine;
- (XX) As at the Valuation Benchmark Date, Inner Mongolia Huangtaolegai Coal Co., Ltd. (a subsidiary of the appraised entity) leased the dedicated pipelines and ancillary facilities from Wushenqi Baiheshui Water Utility Co., Ltd. It's assumed that upon the expiration of the contract, both parties will continue to sign a lease agreement at the current rental rates until the end of the operation period of the appraised entity.



**Independent assurance report to the board of directors of
Yankuang Energy Group Company Limited**

We have examined the calculations of the discounted future estimated cashflows on which the valuation prepared by 北京中企華資產評估有限責任公司 dated 24 March 2025 in respect of the appraisal of the fair value of the companies as set out in the Appendix to this report as at 30 November 2024 (the “**Valuation**”), in connection with the proposed acquisition of 26% interest in Shandong Energy Group Northwest Mining Co., Ltd (山東能源集團西北礦業有限公司) (the “**Target Company**”) and the proposed capital injection to the Target Company to acquire, in aggregate, 51% equity interest in the Target Company, is based. The Valuation, prepared based on the discounted future cash flows, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company are responsible for the preparation of the discounted future estimated cashflows in accordance with the bases and assumptions (the “**Assumptions**”) determined by the directors as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cashflows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our independence and quality management

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

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

Our responsibility

Our responsibility is to form an assurance conclusion on the calculations of the discounted future estimated cashflows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the directors have properly compiled the discounted future estimated cashflows based upon the Assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future estimated cashflows have been properly compiled, in all material aspects, based upon the Assumptions.

Other matter

The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Our opinion is not qualified in respect of this matter.

For the purpose of this engagement, we do not review the accounting policies for the Valuation as the Valuation relates to discounted future cash flows and no accounting policies have been adopted in the preparation of the Valuation. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 8 April 2025

Wan Wing Ping

Practising certificate number P07471

* *English name for identification purpose only*

Appendix

List of companies

- 1 Shaanxi Zhengtong Coal Industry Co., Ltd.* (陝西正通煤業有限責任公司)
- 2 Gansu Lingtai Shaozhai Coal Co., Ltd.* (甘肅靈台邵寨煤業有限公司)
- 3 Pingliang Wuju Coal Co., Ltd.* (平涼五舉煤業有限公司)
- 4 Shaanxi Changwu Tingnan Coal Industry Co., Ltd.* (陝西長武亭南煤業有限責任公司)
- 5 Inner Mongolia Shuangxin Mining Co., Ltd.* (內蒙古雙欣礦業有限公司)
- 6 Shaanxi Boxuan Technology Co., Ltd.* (陝西博選科技有限公司)
- 7 Shandong Kangge Energy Technology Co., Ltd.* (山東康格能源科技有限公司)
- 8 Zibo Aike Industrial and Mining Machinery Co., Ltd.* (淄博愛科工礦機械有限公司)
- 9 Ant City (Beijing) Technology Co., Ltd.* (螞蟻城(北京)科技有限公司)
- 10 Shaanxi Yongming Coal Mine Co., Ltd.* (陝西永明煤礦有限公司)
- 11 Shanxi Shuozhou Pinglu District Longkuang Daheng Coal Industry Co., Ltd.* (山西朔州平魯區龍礦大恒煤業有限公司)
- 12 Inner Mongolia Huangtaolegai Coal Co., Ltd.* (內蒙古黃陶勒蓋煤炭有限責任公司)
- 13 Gansu Huaneng Tianjun Energy Co., Ltd.* (甘肅華能天竣能源有限公司)
- 14 Shanxi Xinzhou Shenda Wangtian Coal Co., Ltd.* (山西忻州神達望田煤業有限公司)

* *English name for identification purpose only*

APPENDIX IV – LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST

The following is the text of a letter from the Board in relation to the profit forecast prepared for the purpose of incorporation in this announcement.

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

8 April 2025

Dear Sir or Madam,

Company: Yankuang Energy Group Company Limited (the “Company”)

Re: Discloseable and Connected Transaction in relation to the Acquisition of Equity Interest in Xibei Mining and Capital Increase in Xibei Mining

We refer to the announcement of the Company dated 8 April 2025 (the “**Announcement**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

Reference is made to the valuation report in relation to the valuation of Xibei Mining dated 24 March 2025 (collectively, the “**Assets Valuation Report(s)**”), prepared by China Enterprise Appraisals Consultation Co., Ltd., an independent valuer (the “**Independent Valuer**”). In the Asset Valuation Report(s), the valuation of certain assets were prepared based on the income approach and therefore constitute a profit forecast (the “**Profit Forecast**”) under Rule 14.61 of the Listing Rules.

We have discussed with the Independent Valuer and reviewed the bases and assumptions based upon which the Profit Forecast was prepared. We have also engaged Baker Tilly Hong Kong Limited to report on the calculations of the Profit Forecast used in the Asset Valuation Report(s) and considered the report from Baker Tilly Hong Kong Limited. Based on the aforesaid, we confirm that the Profit Forecast as contained in the Asset Valuation Report(s) have been made after due and careful inquiry.

Yours faithfully,
For and on behalf of the Board
Yankuang Energy Group Company Limited*
Li Wei
Director