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**If you have sold or transferred** all your shares in China Shenhua Energy Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of China Shenhua Energy Company Limited.

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# **中国神华能源股份有限公司**

## **CHINA SHENHUA ENERGY COMPANY LIMITED**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 01088)**

### **CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION**

- (1) RENEWAL OF THE MUTUAL COAL SUPPLY AGREEMENT  
AND THE MUTUAL SUPPLIES AND SERVICES AGREEMENT  
WITH CHINA ENERGY;**
- (2) RENEWAL OF THE FINANCIAL SERVICES AGREEMENT  
WITH THE FINANCE COMPANY;**
- (3) RENEWAL OF THE FACTORING SERVICES AGREEMENT WITH  
GUONENG FACTORING;**
- (4) PROPOSAL ON GENERAL MANDATE TO REPURCHASE H  
SHARES; AND**
- (5) PROPOSAL ON GENERAL MANDATE TO ISSUE SHARES**

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



**SOMERLEY CAPITAL LIMITED**

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A letter from the Board is set out on pages 5 to 57 of this circular.

A notice convening the 2025 AGM and the H Share Class Meeting to be held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulowai Avenue, Chaoyang District, Beijing, PRC at 2:30 p.m. and 3:45 p.m. on Friday, 26 June 2026 is set out on pages 115 to 126 of this circular.

Reply slip and form of proxy for use at the AGM are enclosed herewith. Shareholders who intend to attend the relevant meeting are requested to complete and return the reply slip in accordance with the instructions printed thereon before Tuesday, 23 June 2026.

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

4 June 2026

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## DEFINITIONS

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

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors denominated in RMB and listed on the Shanghai Stock Exchange;
“A Shareholder(s)”	holder(s) of A Share(s);
“A Share Class Meeting”	the A Share class meeting to be held by the Company at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People’s Republic of China on Friday, 26 June 2026;
“Abstained Directors”	Mr. Kang Fengwei and Mr. Li Xinhua, who have abstained from voting in their capacity as Directors on the relevant Board resolutions in respect of the entering into of the new mutual coal supply agreement, the new mutual supplies and services agreement, the new financial services agreement and the new factoring services agreement;
“AGM”	the 2025 annual general meeting of the Company to be held on Friday, 26 June 2026;
“Articles of Association”	the articles of association of the Company;
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules;
“Board”	the board of Directors;
“Capital Holdings”	China Energy Capital Holdings Co., Ltd. (國家能源集團資本控股有限公司);
“NFRA”	National Financial Regulatory Administration;
“China Energy”	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), the controlling shareholder of the Company (as defined under the Hong Kong Listing Rules);
“China Energy Group” or “member(s) of China Energy Group”	China Energy and its subsidiaries (excluding the Group);

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## DEFINITIONS

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“Company”	China Shenhua Energy Company Limited (中國神華能源股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Finance Company”	China Energy Finance Co., Ltd. (國家能源集團財務有限公司), a limited company incorporated in the PRC, formerly known as Shenhua Finance Co., Ltd. (神華財務有限公司);
“Group” or “member(s) of the Group”	the Company and its subsidiaries;
“Guoneng Factoring”	Guoneng (Beijing) Commercial Factoring Co., Ltd. (國能(北京)商業保理有限公司), a limited liability company incorporated in the PRC;
“H Share(s)”	overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“H Share Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase H Shares not exceeding 10% of the number of H Shares in issue as at the date of passing the resolution(s) proposed at the AGM, the A Share Class Meeting and the H Share Class Meeting to approve the H Share Repurchase Mandate, details of which are set out in the notice of the AGM and the notice of the H Share Class Meeting;
“H Shareholder(s)”	holder(s) of H Share(s);
“H Share Class Meeting”	the H Share class meeting to be held by the Company at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, PRC on Friday, 26 June 2026;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

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## DEFINITIONS

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“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors;
“Independent Financial Adviser” or “Sommerley”	Sommerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement and the New Financial Services Agreement;
“Independent Shareholders”	Shareholders who are not required under the Hong Kong Listing Rules to abstain from voting on the relevant resolution(s) relating to the subject matter to be proposed at the AGM;
“Latest Practicable Date”	28 May 2026, being the latest practicable date prior to the issuance of this circular for ascertaining certain information contained herein;
“NDRC”	the National Development and Reform Commission of the PRC;
“New Factoring Services Agreement”	the 2027-2029 factoring services agreement to be entered into with Guoneng Factoring, which has been resolved and approved by the Board on 24 April 2026;
“New Financial Services Agreement”	the 2027-2029 financial services agreement to be entered into with the Finance Company, which has been resolved and approved by the Board on 24 April 2026;
“New Mutual Coal Supply Agreement”	the 2027-2029 mutual coal supply agreement to be entered into with the China Energy, which has been resolved and approved by the Board on 24 April 2026;

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## DEFINITIONS

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“New Mutual Supplies and Services Agreement”	the 2027-2029 mutual supplies and services agreement to be entered into with the China Energy, which has been resolved and approved by the Board on 24 April 2026;
“Other Factoring-related Services”	other factoring-related services to be provided by Guoneng Factoring to members of the Group under the New Factoring Services Agreement including consulting, agency, asset management and supply chain finance platform services;
“PBOC”	the People’s Bank of China;
“PRC” or “China”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SAFE”	the State Administration of Foreign Exchange of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange;
“SSE”	the Shanghai Stock Exchange;
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers and Share Buy-backs;
“Zhunge’er Energy”	Shenhua Zhunge’er Energy Co., Ltd. (神華准格爾能源有限責任公司).

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LETTER FROM THE BOARD

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

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 01088)**

*Executive Director:*  
Zhang Changyan

*Non-executive Directors:*  
Kang Fengwei  
Li Xinhua

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

*Employee Director:*  
Jiao Lei

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

4 June 2026

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE  
TRANSACTION**

- (1) RENEWAL OF THE MUTUAL COAL SUPPLY AGREEMENT AND THE  
MUTUAL SUPPLIES AND SERVICES AGREEMENT WITH CHINA ENERGY;**  
**(2) RENEWAL OF THE FINANCIAL SERVICES AGREEMENT WITH THE  
FINANCE COMPANY;**  
**(3) RENEWAL OF THE FACTORING SERVICES AGREEMENT WITH  
GUONENG FACTORING;**  
**(4) PROPOSAL ON GENERAL MANDATE TO REPURCHASE H SHARES;  
AND**  
**(5) PROPOSAL ON GENERAL MANDATE TO ISSUE SHARES**

**INTRODUCTION**

Reference is made to the announcement made by the Company on 24 April 2026 in relation to the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement, the New Financial Services Agreement and the New Factoring Services Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with further information in relation to the above matters and the proposal on general mandate to repurchase H Shares and the proposal on general mandate to issue shares, the recommendation from the Independent Board Committee in relation to the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement and the New Financial Services Agreement, and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement and the New Financial Services Agreement.

### **DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**

#### **Entering into the New Mutual Coal Supply Agreement**

##### ***Background***

The Company is the world's leading integrated coal-based energy company. The main business of the Group is the production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other related chemical processing business. As of the Latest Practicable Date, China Energy directly held 15,175,957,642 A Shares of the Company and indirectly held 11,593,528 A Shares of the Company through Capital Holdings, in aggregate representing approximately 70.02% of the total number of issued shares of the Company.

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

As disclosed in the announcement dated 28 April 2023 and the circular dated 17 May 2023, the Company entered into a mutual coal supply agreement with China Energy on 28 April 2023 to provide for the mutual supply of coal between the Group and China Energy Group. The agreement will expire on 31 December 2026.

The Company has entered into the New Mutual Coal Supply Agreement to provide for the mutual supply of coal between the Group and China Energy Group from 2027 to 2029. The agreement shall, upon approval at the AGM, become effective from 1 January 2027 and expire on 31 December 2029.

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## LETTER FROM THE BOARD

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### **Major Terms of the New Mutual Coal Supply Agreement**

#### ***Date***

5 May 2026

#### ***Parties***

The Company and China Energy

#### ***Details of the transaction***

Pursuant to the New Mutual Coal Supply Agreement:

- (1) the Group has agreed to supply coal to China Energy Group; and
- (2) China Energy Group has agreed to supply coal to the Group.

#### ***Term and termination***

The New Mutual Coal Supply Agreement shall come into force upon approval at the AGM and shall be effective from 1 January 2027 to 31 December 2029.

#### ***Price determination***

The transaction amount for the mutual supply of coal under the New Mutual Coal Supply Agreement is the product of the unit price in RMB/ton multiplied by the actual weight. The unit price shall be determined by both parties after arm's length negotiations with reference to the then market price and conditions and the following factors, provided that the transaction terms shall not be less favorable than those provided by independent third parties:

- (1) the national industrial policy as well as industry and market conditions in the PRC;
- (2) the specific guidelines issued by the NDRC setting out the coal purchase prices (if any);
- (3) the current coal market trading prices in the regional coal exchange or market in the PRC, i.e., the price of coal of comparable grade that is offered to or by independent third parties under normal market conditions and normal commercial terms in the same or nearby regions. For local spot coal price, reference is generally made to (i) the spot price index of the local coal exchange or market in the Bohai Rim region or nearby provinces as published on the website of China Coal Market ([www.cctd.com.cn](http://www.cctd.com.cn)) organized by the China Coal Transportation and Distribution

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## LETTER FROM THE BOARD

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Association (中國煤炭運銷協會) in the PRC; (ii) the sale price of local large coal enterprises as published on various coal industry websites (if any); and/or (iii) price quotations from several other enterprises with comparable quality, quantity and location;

- (4) the quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units);
- (5) the quantity of coal; and
- (6) transportation fees. In most cases, the transaction amounts of the mutual coal supply transactions include transportation fees. The relevant transportation fees are determined separately based on the actual modes of transportation. Among these, for railway transportation involving national railways, the relevant national railway charging standards shall apply; for railway transportation involving the Group's internal railways, the government-guided prices shall apply in principle; for a small number of railway transportation businesses to which market adjustment mechanisms apply, the prices determined through negotiation by the relevant parties shall apply, and the transaction amounts shall be calculated based on the transportation distance, transportation volume and applicable freight rate standards; Port charges include operating service charges subject to government-set prices, government-guided prices and market-adjusted prices, and the transaction amounts are calculated based on the freight rate standards and handling volume of the port where the coal is shipped. Ocean freight charges are determined with reference to factors including the China Coastal Coal Freight Index published by the Shanghai Shipping Exchange and historical freight rate levels, and the transaction amounts are settled based on the transportation distance, transportation volume and applicable freight rates.

### **Proposed Annual Caps and Historical Transactions**

The Company proposes that the annual caps of the New Mutual Coal Supply Agreement for the years ending 31 December 2027, 31 December 2028 and 31 December 2029, respectively, be set as follows. The Company also sets out below the historical transaction amounts under the same categories for the years ended 31 December 2024 and 31 December 2025.

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## LETTER FROM THE BOARD

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### *Supply of coal by the Group to China Energy Group*

(1) *Historical annual caps and actual transaction amounts*

For the year ended 31 December 2024		For the year ended 31 December 2025		For the year ending 31 December 2026
Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)
110,000	93,203	110,000	75,884	110,000

(2) *Proposed annual caps*

Annual cap for the year ending 31 December 2027 (RMB million)	Annual cap for the year ending 31 December 2028 (RMB million)	Annual cap for the year ending 31 December 2029 (RMB million)
126,500	131,000	133,000

### *Supply of coal by China Energy Group to the Group*

(1) *Historical annual caps and actual transaction amounts*

For the year ended 31 December 2024		For the year ended 31 December 2025		For the year ending 31 December 2026
Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)
27,000	13,843	27,000	15,289	27,000

(2) *Proposed annual caps*

Annual cap for the year ending 31 December 2027 (RMB million)	Annual cap for the year ending 31 December 2028 (RMB million)	Annual cap for the year ending 31 December 2029 (RMB million)
27,000	27,000	27,000

The terms of the New Mutual Coal Supply Agreement have been reached after arm's length negotiation between the Company and China Energy.

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## LETTER FROM THE BOARD

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The proposed annual caps under the New Mutual Coal Supply Agreement for the supply of coal by the Group to China Energy Group have been set taking into account the following factors:

- (a) In recent years, the overall operation of China's domestic coal market has been stable. Influenced by factors such as international trade frictions, geopolitical conflicts, and climate change, coal still plays a pivotal role in China's energy security. The comprehensive price indices of Bohai Bay Thermal Coal (5,500 kcal) at the end of 2023, end of 2024, and end of 2025 stood at RMB732/tonne, RMB703/tonne, and RMB693/tonne, respectively. In recent years, the National Development and Reform Commission has continuously guided coal prices to operate within a reasonable range through the medium- and long-term contract mechanism. As the transaction volume of coal under medium- and long-term contracts accounts for a high proportion of the market transaction volume, the relevant long-term contract prices serve as an important reference and play a stabilizing role for market coal prices. The average prices of medium and long-term contracts for national coal (5,500 kcal) from 2023 to 2025 were approximately RMB714/tonne, RMB701/tonne, and RMB680/tonne, respectively, with relatively limited overall fluctuations. Meanwhile, market prices of thermal coal have experienced a significant recovery since 2026. The Board is of the view that, against the backdrop of continued guidance from relevant national policies, steady implementation of the medium- and long-term contract mechanism, and overall balanced supply and demand for coal, coupled with the impact of volatile international developments on coal supply, demand and prices, coal prices are expected to remain within a reasonable and relatively stable range over the next three years.

The sales prices of commercial coal realised by the Group are exclusive of tax and are correlated with the actual calorific value of coal and the place of sale. The average selling prices of coal of the Group (excluding tax, the same hereinafter) were RMB584/tonne, RMB564/tonne and RMB495/tonne in 2023, 2024 and 2025 respectively, with the average selling price from 2023 to 2025 being RMB548/tonne. China is expected to continue to guide and promote the operation of coal prices within a reasonable range, and the coal price centre is expected to remain stable within a reasonable range from 2027 to 2029. The Group implements the same pricing policy for internal and external customers, and the sales prices of coal supplied by the Group to China Energy Group are expected to remain relatively stable, with the average selling price maintained at approximately RMB548/tonne.

- (b) In 2025, the national power generation by industrial thermal power enterprises above designated size reached 6,294.55 billion kWh, accounting for 64.8% of the total national power generation. Coal-fired power remains the dominant source of power supply in China at present. Advanced national coal production capacity has been released in an orderly manner, while coal imports decreased year-on-year. The annual raw coal output of industrial enterprises above designated size stood at 4.83 billion tonnes, representing a year-on-year increase of 1.2%. National coal production capacity is expected to remain at a high plateau during the "15th Five-Year Plan" period.

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## LETTER FROM THE BOARD

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As the world's largest coal-fired power generation company, China Energy Group had an installed capacity of approximately 220 million kilowatts for coal-fired power generation at the end of 2025, with a number of coal-fired power generation projects still under construction. Coal demand is expected to continue to increase in the future. As one of the most important thermal coal suppliers to China Energy Group, the Group expects that its coal supply to China Energy Group will continue to occur.

- (c) To implement the national energy supply guarantee arrangements and continuously consolidate the competitive advantages of the Group's integrated industrial chain operation, the Group's total coal sales volume in 2025 amounted to 430.9 million tonnes. On a comparable basis, the planned total coal sales volume for 2026 is 434.9 million tonnes, representing an increase of 0.9% from 2025. Such growth rate is expected to be maintained from 2027 to 2029. Assuming the volume of coal supplied by the Group to China Energy Group increases at the same rate each year, and the supply price is generally consistent with the average selling price of coal for the period from 2023 to 2025 and based on the amount of coal sales by the Group to China Energy Group of RMB75.9 billion in 2025, the estimated sales amounts of coal by the Group to China Energy Group for 2027, 2028 and 2029 are approximately RMB85.5 billion, RMB86.3 billion and RMB87.1 billion, respectively, which are lower than the actual amounts of coal sales by the Group to China Energy Group of RMB93.9 billion and RMB93.2 billion in 2023 and 2024, respectively.

In March 2026, the Company completed the issuance of shares and payment of cash to purchase the equity interests in 12 target companies directly or indirectly held by China Energy. Since April 2026, 11 companies (the "**Acquired Assets**") of the 12 target companies, other than the investee company Shanxi Province Jinshen Energy Co., Ltd., have become subsidiaries of the Company and ceased to be connected persons of the Company. Accordingly, the mutual supply of coal between the Acquired Assets and China Energy Group will constitute connected transactions. In 2025, the Acquired Assets sold a total of RMB39 billion of coal to China Energy Group (excluding the Group and the Acquired Assets). It is estimated that the coal production related to the Acquired Assets from 2027 to 2029 will maintain steady annual growth compared to 2025, and the estimated sales of coal to China Energy Group (excluding the Group) are expected to continue to increase during the same period. In 2025, the Group sold a total of RMB17.7 billion of coal to the Acquired Assets, which were then connected persons of the Company. Since April 2026, such coal sales will no longer constitute connected transactions.

In summary, it is estimated that the annual amounts of coal sales by the Group to China Energy Group from 2027 to 2029 will be approximately RMB110.0 billion, RMB113.8 billion, and RMB115.3 billion, respectively. With a 15% buffer margin reserved, it is proposed that the annual caps for the supply of coal by the Group to China Energy Group from 2027 to 2029 be RMB126.5 billion, RMB131 billion, and RMB133 billion, respectively.

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## LETTER FROM THE BOARD

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The proposed annual caps under the New Mutual Coal Supply Agreement for the supply of coal by China Energy Group to the Group have been set taking into account the following factors:

- (a) In recent years, the overall operation of China's domestic coal market has been stable. Coal still plays an irreplaceable role as a "ballast stone" and "stabilizer" in China's energy security. The comprehensive price indices of Bohai Bay Thermal Coal (5,500 kcal) at the end of 2023, end of 2024, and end of 2025 stood at RMB732/tonne, RMB703/tonne, and RMB693/tonne, respectively. It is expected that coal prices will remain generally stable over the next three years. The commercial coal purchased by the Group includes coal with different calorific values, which is used for external sales and self-use. The purchase price varies depending on factors such as calorific value and mode of transportation. Given the relative stability of the Group's power generation and coal chemical project layouts, as well as transportation conditions, it is expected that the price of coal to be purchased by the Group from China Energy Group will remain relatively stable.
- (b) In 2025, coal-fired power units such as Jiujiang Phase II and Beihai Phase II have successively commenced operation, and the Group's installed capacity of coal-fired power generation has exceeded 49,000 MW. Coal-fired power units such as Dingzhou Phase III and Cangdong Phase III are under construction, and it is expected that the Group's installed capacity of coal-fired power generation will exceed 52,000 MW in 2027, 2028, and 2029. Taking into comprehensive consideration the geographical locations of the power plants under the Group and the convenience and economy of coal procurement, as well as the fact that the procurement of coal from China Energy Group will help the Group to continuously obtain a reliable and quality-assured coal supply, it is expected that the Group's procurement of coal from China Energy Group will continue.
- (c) The Board has taken into account the historical actual transaction amounts in determining the proposed annual caps. Following the completion of the acquisition of a partial equity interest in Zhunge'er Energy by China Energy in July 2025, Zhunge'er Energy thereby became a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the coal procurement transactions with Zhunge'er Energy for the year 2025 only reflected the transaction amounts for the second half of the year and did not fully reflect the scale of transactions for a full year.

In addition, upon completion of the acquisition of equity interests in 12 target companies directly or indirectly held by China Energy through the issuance of shares and payment of cash, certain coal procurement transactions newly included within the scope of continuing connected transactions are expected to continue to occur. The Group expects that the installed capacity of coal-fired power generation will also continue to grow in the future, and the demand for coal procurement will increase accordingly.

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## LETTER FROM THE BOARD

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- (d) In the second half of 2025, the Group's amount for coal procurement from Zhunge'er Energy was approximately RMB5 billion. It is expected that the production volume of Zhunge'er Energy will remain stable from 2027 to 2029, and with reference to its average selling price of coal from 2023 to 2025, it is estimated that the amount of the Group's coal procurement from Zhunge'er Energy will be approximately RMB11.1 billion per year from 2027 to 2029.

Since April 2026, the Group's procurement of coal from the Acquired Assets will no longer constitute connected transactions, whereas the Acquired Assets' procurement of coal from China Energy Group will constitute connected transactions. The amount of the Group's coal purchased from China Energy Group in 2025 was approximately RMB15.3 billion, of which the amount of coal purchased from the Acquired Assets was approximately RMB2.3 billion. The Acquired Assets procured coal of approximately RMB2.6 billion from China Energy Group (excluding the Group and the Acquired Assets), which is expected to continue from 2027 to 2029. Taking into account price elasticity (with the increase in coal procurement prices benchmarked against the increase in coal selling prices, the same below), it is expected that the Acquired Assets will procure coal of approximately RMB2.9 billion from China Energy Group (excluding the Group) each year from 2027 to 2029.

Excluding Zhunge'er Energy and the Acquired Assets, the Group's coal procurement from China Energy Group in 2025 was approximately RMB8 billion. Considering the future growth in the scale of coal-fired power units and coal price elasticity, it is estimated that the Group's coal procurement from China Energy Group each year from 2027 to 2029 will be approximately RMB9.4 billion.

In summary, it is estimated that the amount for the supply of coal by China Energy Group to the Group from 2027 to 2029 will be approximately RMB23.3 billion per annum. With a 15% buffer reserved, it is proposed that the annual caps for the supply of coal by China Energy Group to the Group from 2027 to 2029 be RMB27 billion per annum. The aforementioned 15% buffer is primarily intended to address uncertainties that may lead to an increase in transaction amounts, such as future price fluctuations of coal and related products and services, changes in transportation costs, shifts in market demand, extreme weather conditions, and energy supply guarantee arrangements. In determining the relevant buffer level, the Board has taken into account the historical fluctuations of relevant operating costs of the Group, such as past coal procurement costs and labor costs, on a comprehensive basis. Based on the historical annual operating data of the Company, the aforementioned costs have experienced certain fluctuations across different years, reflecting that the operating environment and market supply and demand conditions of the coal industry may change in accordance with market changes. The Board considers that a buffer of 15% can satisfy the needs of the Group's normal operations and business development, while avoiding the actual transaction amounts exceeding the annual caps due to changes in the market environment. Accordingly, the Board considers that it is fair, reasonable and appropriate to maintain the annual caps for the supply of coal by China Energy Group to the Group for the years from 2027 to 2029 at RMB27 billion per annum.

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## LETTER FROM THE BOARD

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### **Implementation Agreements and Payment**

The Company and each subsidiary of the Company may, from time to time and as necessary, enter into separate implementation agreements for each specific transaction contemplated under the New Mutual Coal Supply Agreement with China Energy and each subsidiary of China Energy. Each implementation agreement shall set out the specifications for the particular transaction. The implementation agreements provide for the supply of coal as contemplated by the New Mutual Coal Supply Agreement, and as such, they do not constitute new categories of connected transactions. Any such implementation agreements will stay within the bounds of the New Mutual Coal Supply Agreement and the annual caps.

All payments made pursuant to the New Mutual Coal Supply Agreement and its implementation agreements will be by electronic transfer or other payment methods agreed by both parties.

### **Reasons for and Benefits of Entering into the New Mutual Coal Supply Agreement**

The Group has long-standing experience in mutual coal supply with China Energy Group. To further deepen their long-term and stable cooperative relationship, the Company has entered into the New Mutual Coal Supply Agreement with China Energy, pursuant to which the Group will continue to sell various types of thermal coal with different calorific values to China Energy Group and collect consideration thereon on normal commercial terms, while China Energy Group will continue to sell various types of thermal coal with different calorific values to the Group for coal blending and resale purposes. The conclusion of the New Mutual Coal Supply Agreement ensures that the Group maintains stable coal sales customers and market position, secures a reliable and quality-assured coal supply, achieves both convenience and economic efficiency, and safeguards the Group's normal production and operation while reducing operational risks and costs.

### **Hong Kong Listing Rules Implications**

As at the Latest Practicable Date, China Energy held, directly and indirectly, approximately 70.02% of the shares of the Company and was the controlling shareholder of the Company, and was therefore a connected person of the Company as defined under the Hong Kong Listing Rules. The New Mutual Coal Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

In respect of the proposed annual caps under the New Mutual Coal Supply Agreement, as one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules) exceed 5%, the New Mutual Coal Supply Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### **Approval by the Board**

The Directors (including the independent non-executive Directors) consider that the New Mutual Coal Supply Agreement (including its terms, annual caps and pricing) is fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its Shareholders as a whole.

The Board resolved and approved the New Mutual Coal Supply Agreement and the proposed annual caps thereunder on 24 April 2026. Of the Directors attending the Board meeting, the Abstained Directors were considered to have a material interest by virtue of being employed by China Energy, and thus abstained from voting on the Board resolution in respect of the New Mutual Coal Supply Agreement and the proposed annual caps thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, none of the Directors has any material interest in the New Mutual Coal Supply Agreement and the proposed annual caps thereunder.

### **Entering into the New Mutual Supplies and Services Agreement**

#### ***Background***

The Company is the world's leading integrated coal-based energy company. The main business of the Group is the production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other related chemical processing business. As at the Latest Practicable Date, China Energy directly held 15,175,957,642 A Shares of the Company and indirectly held 11,593,528 A Shares of the Company through Capital Holdings, in aggregate representing approximately 70.02% of the total number of issued shares of the Company.

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

As disclosed in the announcement dated 28 April 2023 and the circular dated 17 May 2023, the Company entered into a mutual supplies and services agreement with China Energy on 28 April 2023 to provide for the mutual supply of products and services between the Group and China Energy Group. The agreement will expire on 31 December 2026.

The Company has entered into the New Mutual Supplies and Services Agreement to provide for the mutual supply of products and services between the Group and China Energy Group. The agreement shall, upon approval at the AGM, become effective from 1 January 2027 and expire on 31 December 2029.

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## LETTER FROM THE BOARD

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### Major Terms of the New Mutual Supplies and Services Agreement

#### *Date*

25 May 2026

#### *Parties*

The Company and China Energy

#### *Details of the transaction*

Pursuant to the New Mutual Supplies and Services Agreement:

- (a) The products and services that the Group has agreed to provide to China Energy Group include:
  - (i) Production: power trading and other related or similar services;
  - (ii) Supply: sale of refined oil products and chemical products, sale or lease of production equipment and spare parts, office products and other related or similar products and services;
  - (iii) Ancillary production: rail, shipping and port transportation services, sales and related technical services of hardware and software, information technology services, logistics services, training and other related or similar products and services;
  - (iv) Administrative services: various daily administrative services to China Energy Group (exclusive of financial management and services).
- (b) The products and services that China Energy Group has agreed to provide to the Group include:
  - (i) Production: power trading and other related or similar services;
  - (ii) Supply: sale of refined oil products and chemical products, sale or leasing of production equipment and spare parts, office products and other related or similar products and services;
  - (iii) Ancillary production: shipping and port services, construction, logistics and support services, training, tendering agency services, information technology services, technical consultancy, and other related or similar services;

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## LETTER FROM THE BOARD

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- (iv) Administrative services: basic pension insurance management services and employee personnel file management services.

### **Term and termination**

The New Mutual Supplies and Services Agreement shall come into force upon approval at the AGM, and shall be effective from 1 January 2027 to 31 December 2029.

### **Price determination**

The pricing of the various products and services provided under the New Mutual Supplies and Services Agreement shall be determined in accordance with the following general principles and in the following order:

- (a) Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular product or service, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price shall be agreed within the range of the government-guided price. The government-prescribed prices and government-guided prices referenced by the Group primarily include the relevant regulations and policy documents such as the Catalog of Government-set Fees for Operating Services (2024 Edition), the Notice of the State Council on Implementing the Reform of Refined Oil Prices and Taxes and Fees, and the Measures for the Administration of Petroleum Prices.
- (b) Tender and bidding price: where tender and bidding process is necessary under applicable laws and regulations, the price ultimately determined in accordance with the tender and bidding process. Generally, when a tender notice is first issued, the number of qualified bidders is required to be no less than three. When reviewing tenders and competitive bids, the Group will comprehensively consider whether the commercial and technical proposals of the bidders meet the requirements of the tender project. Among these, commercial factors primarily include the bidder's qualifications, financial position, and past performance; technical factors primarily include the project's technical proposal, service proposal, and project implementation capability.
- (c) Market price: the price is determined on normal commercial terms and based on the following: the price of the same or similar products or services provided by an independent third party during the ordinary course of business on normal commercial terms. The management shall consider at least two comparable deals with independent third parties for the same period when determining whether the price for any product or service transaction under the New Mutual Supplies and Services Agreement is the market price.

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## LETTER FROM THE BOARD

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- (d) Agreed price: the price is determined by adding a reasonable profit margin over a reasonable cost. In determining the reasonable profit for the relevant products or services under the New Mutual Supplies and Services Agreement, the management shall refer to at least two contemporaneous comparable transactions conducted with independent third parties. Furthermore, the management shall comprehensively consider factors such as the nature, complexity, professional capability requirements, resource input, and market conditions of the relevant services, while also referring to public industry benchmarks such as the Standard Values for Enterprise Performance Evaluation (2025) issued by the State-owned Assets Supervision and Administration Commission of the State Council, to ensure that the relevant profit levels comply with the operational performance management requirements for state-owned enterprises. Among these, technical consulting services involve professional technical support and implementation scheme design, which impose relatively high requirements on professional capabilities and technical input; therefore, prices are generally determined based on cost plus a profit margin of approximately 10%. Logistics services, training services, daily administrative management services, basic pension insurance management services and employee personnel file management services primarily fall under the category of daily operational support services. As the relevant service content and cost structures are relatively stable, prices are generally determined based on cost plus a profit margin of approximately 5%. The Board is of the view that the aforementioned profit levels of approximately 5% and 10% are consistent with the business nature and resource input of the relevant services, and are overall in line with the reasonable profit levels of state-owned enterprises as reflected in the Standard Values for Enterprise Performance Evaluation (2025), and are therefore fair and reasonable.

On the basis of the above, for specific types of products or services, the following pricing policies are adopted:

- (a) Rail transportation services: price approved by the NDRC and other relevant competent government authorities.
- (b) Engineering construction: where a bidding process is required under applicable laws and regulations, the bidding price will be adopted; where a bidding process is not required under applicable laws and regulations, the market price will be adopted.
- (c) Oil products: the government-guided price.
- (d) Power trading: the government-guided price shall be adopted if available; the uniform clearing price shall be adopted in centralized bidding transactions; independently negotiated transactions shall refer to the transaction prices of recent comparable market transactions.

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## LETTER FROM THE BOARD

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- (e) Hardware and software equipment and related services: market price (including bidding price).
- (f) Chemical products: market price.
- (g) Production equipment and spare parts, office products: market price.
- (h) Tendering agency services: charged in accordance with the relevant regulations of the NDRC.
- (i) Technical consulting services: agreed price with a profit margin of approximately 10%.
- (j) Information technology services: according to relevant national and industrial rules and regulations on construction cost, pricing methods and fee standards, with reference to the market practices of the information technology industry, de facto standards and market prices, and taking into account the actual situation of the Company's information technology construction, the budget is reviewed and determined by a professional institution with cost review qualifications, and both parties shall negotiate and agree on the service price within the scope of the budget.
- (k) Logistics services and training services: agreed price (i.e. cost plus a profit margin of approximately 5%).
- (l) Basic pension insurance management services and employee personnel file management services: agreed price (i.e. cost plus a profit margin of approximately 5%).
- (m) Various daily administrative services to the headquarters of China Energy (exclusive of financial management and services): agreed price (i.e. cost plus a profit margin of approximately 5%).

### **Proposed annual caps and historical transactions**

The Company proposes that the annual caps of the New Mutual Supplies and Services Agreement for the years ending 31 December 2027, 31 December 2028 and 31 December 2029, respectively, be set as follows. The Company also sets out below the historical transaction amounts under the same categories for the years ended 31 December 2024 and 31 December 2025.

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## LETTER FROM THE BOARD

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### *Supply of products and provision of services by the Group to China Energy Group*

(1) *Historical annual caps and actual transaction amounts*

For the year ended 31 December 2024		For the year ended 31 December 2025		For the year ending 31 December 2026
Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)
35,000	17,277	35,000	19,346	35,000

(2) *Proposed annual caps*

Annual cap for the year ending 31 December 2027 (RMB million)	Annual cap for the year ending 31 December 2028 (RMB million)	Annual cap for the year ending 31 December 2029 (RMB million)
22,500	24,500	27,000

### *Supply of products and provision of services by China Energy Group to the Group*

(1) *Historical annual caps and actual transaction amounts*

For the year ended 31 December 2024		For the year ended 31 December 2025		For the year ending 31 December 2026
Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)	Transaction amount (Audited) (RMB million)	Annual cap (RMB million)
17,000	9,061	17,000	10,283	17,000

(2) *Proposed annual caps*

Annual cap for the year ending 31 December 2027 (RMB million)	Annual cap for the year ending 31 December 2028 (RMB million)	Annual cap for the year ending 31 December 2029 (RMB million)
18,000	20,000	23,000

The terms of the New Mutual Supplies and Services Agreement have been reached after arm's length negotiation between the Company and China Energy.

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## LETTER FROM THE BOARD

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The proposed annual caps under the New Mutual Supplies and Services Agreement for the supply of products and provision of services by the Group to China Energy Group have been set taking into account the following factors:

- (a) The products and services provided by the Group to China Energy Group include transportation services, power trading, information services, sales of chemicals, etc. China Energy Group is one of the Group's important long-term customers, and the two parties have a stable cooperative relationship. With the development of the Group's business, the amounts of products and services provided by the Group to China Energy Group in 2023, 2024 and 2025 were RMB18.15 billion, RMB17.28 billion and RMB19.35 billion, respectively, with a compound annual growth rate of 3.3%.
- (b) China Energy completed the acquisition of a portion of the equity interest in Zhunge'er Energy in July 2025. Accordingly, Zhunge'er Energy became a connected person of the Company under the Hong Kong Listing Rules. In the second half of 2025, the Group's revenue from the mutual provision of products and services with Zhunge'er Energy was approximately RMB780 million, and it is expected that such business will continue to occur in the future.
- (c) Since April 2026, the Acquired Assets have become subsidiaries of the Company and ceased to be connected persons of the Company. Accordingly, the mutual provision of products and services between the Acquired Assets and China Energy Group will constitute connected transactions. In 2025, the Group provided products and services of approximately RMB6.13 billion to the Acquired Assets. Since April 2026, these transactions will no longer constitute connected transactions. In 2025, the Acquired Assets provided products and services of approximately RMB2.08 billion to China Energy Group (excluding the Group and the Acquired Assets), which are expected to continue to occur in the future.
- (d) In the future, the Group will continue to promote the expansion and transformation of railway capacity, the construction of dedicated coal transportation lines, intelligent information, and the investment and construction of the modern coal chemical industry. Its advantages in areas such as railway transportation will continue to be strengthened, and its capacity to provide transportation services, information services, chemical products, and other services and products to China Energy Group will continue to be enhanced. Although the compound annual growth rate of the amount of products and services provided by the Group to China Energy Group from 2023 to 2025 was approximately 3.3%, the Group will continue to promote the expansion and transformation of railway capacity, the construction of dedicated coal transportation lines, and the investment and construction of the modern coal chemical industry in the future. It is expected that China Energy Group's demand for transportation services and related products and services will further increase. In addition, upon completion of the acquisition of equity interests in 12 target companies directly or indirectly held by China Energy by way of

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## LETTER FROM THE BOARD

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issuance of shares and payment of cash, certain transactions related to the Acquired Assets will be newly included in the scope of continuing connected transactions, among which the shipping business within the Acquired Assets has experienced rapid growth in recent years. According to public information from the Ministry of Transport and the Shanghai Shipping Exchange, the demand for coastal bulk cargo and coal transportation in China has generally shown a steady growth trend in recent years. The revenue of the China Energy Shenhua Shipping (Beijing) Co., Ltd. (formerly known as China Energy Shipping Co., Ltd., as part of the Acquired Assets) for the year ended 31 December 2023 was approximately RMB2.466 billion, and the revenue for the year ended 31 December 2024 was approximately RMB4.16 billion, representing a year-on-year increase of approximately 68.7%; the revenue for the seven months ended 31 July 2025 was approximately RMB2.858 billion, and based on an annualised basis, the revenue is expected to continue to grow in 2025. Taking into account the impact of business growth and the increase in prices and labor costs, as well as the rapid development of chemical and shipping businesses within the Acquired Assets in recent years, the compound annual growth rate of the amount of products and services to be provided by the Group to China Energy Group from 2026 to 2029 is expected to be 10%, which is comparable to that of the compound annual growth rate from 2023 to 2025. It is estimated that the amounts of products and services to be provided by the Group to China Energy Group for each year from 2027 to 2029 will be approximately RMB19.5 billion, RMB21.4 billion, and RMB23.5 billion, respectively. With a 15% buffer reserved, it is proposed that the annual caps for the provision of products and services by the Group to China Energy Group from 2027 to 2029 be RMB22.5 billion, RMB24.5 billion, and RMB27 billion, respectively, representing a significant decrease compared to the annual transaction caps from 2024 to 2026.

The above 15% buffer is primarily intended to address uncertainties that may lead to an increase in transaction amounts, such as future price fluctuations of relevant products and services, the impact of business volume growth, increases in commodity prices and labor costs, and changes in market demand. The Board considers that a buffer ratio of 15% is reasonable and appropriate as it can satisfy the needs of the Group's normal operations and business development while avoiding the actual transaction amounts exceeding the annual caps due to changes in the market conditions.

The proposed annual caps under the New Mutual Supplies and Services Agreement for the supply of products and provision of services by China Energy Group to the Group have been set taking into account the following factors:

- (a) The products and services provided by China Energy Group to the Group include engineering construction services, technical consulting services, sale or lease of production equipment and spare parts, etc. In view of the long-term cooperative relationship between the Group and China Energy Group, China Energy Group's business advantages, good reputation, and its ability to provide production materials

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## LETTER FROM THE BOARD

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and ancillary services to the Group at fair and reasonable prices, the amounts of products and services provided by China Energy Group to the Group for 2023, 2024, and 2025 were RMB7.36 billion, RMB9.06 billion, and RMB10.28 billion, respectively, representing a compound annual growth rate of 18.1%.

- (b) China Energy Group completed the acquisition of a portion of the equity interest in Zhunge'er Energy in July 2025. Accordingly, Zhunge'er Energy became a connected person of the Company under the Hong Kong Listing Rules. In the second half of 2025, the Group's expenditure on the procurement of products and services from Zhunge'er Energy amounted to approximately RMB770 million, and it is expected that such business will continue to occur in the future.
- (c) Taking into account the circumstances of the Acquired Assets, the Group's procurement of products and services from the Acquired Assets in 2025 was approximately RMB4.66 billion. Since April 2026, these transactions will no longer constitute connected transactions. However, the Acquired Assets' procurement of products and services from China Energy Group (excluding the Group and the Acquired Assets) in 2025 was approximately RMB5.49 billion, which is expected to continue in the future. As the transaction amounts of the newly included continuing connected transactions are higher than the relevant amounts that no longer constitute continuing connected transactions, the overall transaction amounts for the provision of products and services by China Energy Group to the Group will continue to maintain growth in the future.
- (d) During the "15th Five-Year Plan" period, the Group will continue to promote the clean and efficient mining and utilization of coal, construct clean and efficient power generation units, and promote the high-end, diversified, and low-carbon development of the coal chemical industry. It is expected that the procurement of products and services such as materials and equipment, engineering construction, and technical services from China Energy Group will increase. Taking into account the impact of business growth and increases in prices and labor costs, it is expected that the relevant transaction amounts will continue to grow from 2026 to 2029. However, as certain transactions originally within the scope of continuing connected transactions will no longer constitute continuing connected transactions upon completion of the acquisition of the Acquired Assets, it is expected that the growth rate of the relevant transaction amounts in the future will slow down compared to the period from 2023 to 2025. Therefore, the compound annual growth rate from 2026 to 2029 is expected to be 15%, which is slightly lower than that of the compound annual growth rate from 2023 to 2025. It is expected that the annual amounts of products and services to be purchased by the Group from China Energy Group from 2027 to 2029 will be approximately RMB15.7 billion, RMB18.1 billion, and RMB20.8 billion, respectively. With a 15% buffer reserved, it is proposed that the annual caps for the procurement of products and services by the Group from China Energy Group from 2027 to 2029 be RMB18 billion, RMB20 billion, and RMB23 billion, respectively, representing a slight increase compared to the annual transaction caps from 2024 to 2026.

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## LETTER FROM THE BOARD

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### **Implementation Agreements**

The Company and each subsidiary of the Company may, from time to time and as necessary, enter into separate implementation agreements for each specific transaction contemplated under the New Mutual Supplies and Services Agreement with China Energy and each subsidiary of China Energy. Each implementation agreement shall set out the specifications for the particular transaction. The implementation agreements provide for products and services as contemplated by the New Mutual Supplies and Services Agreement, and as such, they do not constitute new categories of connected transactions. Any such implementation agreement will stay within the bounds of the New Mutual Supplies and Services Agreement and the annual caps.

All payments made pursuant to the New Mutual Supplies and Services Agreement and its implementation agreements will be by electronic transfer or other payment methods agreed by both parties.

### **Reasons for and Benefits of Entering into the New Mutual Supplies and Services Agreement**

The Group and China Energy Group have long-standing cooperation experience in the mutual provision of products and services, and the entering into of the agreement aims to continue the long-term and stable cooperative relationship between the parties. The Company entered into the New Mutual Supplies and Services Agreement with China Energy, pursuant to which the Group continues to provide products and services such as chemical products and railway transportation to China Energy Group on an arm's length basis, and China Energy Group continues to provide products and services such as refined oil and engineering construction to the Group on an arm's length basis. The entering into of the agreement, while taking into consideration both convenience and cost-effectiveness, is conducive to the Group's continued access to a stable, reliable, and quality-assured supply of materials and services, ensuring the normal production and operations of the Group and promoting the business development and operational growth of the Group.

### **Hong Kong Listing Rules Implications**

As at the Latest Practicable Date, China Energy held, directly and indirectly, approximately 70.02% of the shares of the Company and was the controlling shareholder of the Company, and was therefore a connected person of the Company as defined under the Hong Kong Listing Rules. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the New Mutual Supplies and Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

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## LETTER FROM THE BOARD

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In respect of the proposed annual caps under the New Mutual Supplies and Services Agreement, as one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules) exceed 5%, the New Mutual Supplies and Services Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### **Approval by the Board**

The Directors (including the independent non-executive Directors) consider that the New Mutual Supplies and Services Agreement (including its terms, annual caps and pricing) is fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its Shareholders as a whole.

The Board resolved and approved the New Mutual Supplies and Services Agreement and the proposed annual caps thereunder on 24 April 2026. Of the Directors attending the Board meeting, the Abstained Directors were considered to have a material interest by virtue of being employed by China Energy, and thus abstained from voting on the Board resolution in respect of the New Mutual Supplies and Services Agreement and the proposed annual caps thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, saved as disclosed above, none of the Directors has any material interest in the New Mutual Supplies and Services Agreement and the proposed annual caps thereunder.

### **Entering into the New Financial Services Agreement**

#### ***Background***

The Company is the world's leading integrated coal-based energy company. The main business of the Group is the production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other related chemical processing business. As of the Latest Practicable Date, China Energy directly held 15,175,957,642 A Shares of the Company and indirectly held 11,593,528 A Shares of the Company through Capital Holdings, in aggregate representing approximately 70.02% of the total number of issued shares of the Company.

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

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## LETTER FROM THE BOARD

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The business scope of the Finance Company includes: licensed items: service of a finance company for an enterprise group (items that require approval according to law can only be carried out with the approval of relevant authorities, and specific business items shall be subject to the approval documents or licenses of relevant authorities). As at the Latest Practicable Date, China Energy held 60% of the equity interest of the Finance Company, and the Company held 40% of the equity interest of the Finance Company.

As disclosed in the announcement dated 28 April 2023 and the circular dated 17 May 2023, the Company entered into a financial services agreement with the Finance Company on 28 April 2023, pursuant to which the Finance Company agreed to provide financial services to members of the Group. The financial services agreement will expire on 31 December 2026.

The Company and the Finance Company have entered into the New Financial Services Agreement, pursuant to which the Finance Company has agreed to provide financial services to members of the Group. The New Financial Services Agreement shall, upon approval at the AGM, become effective from 1 January 2027 and expire on 31 December 2029.

### **Major Terms of the New Financial Services Agreement**

#### ***Date***

25 May 2026

#### ***Parties***

The Company and the Finance Company

#### ***Details of the transaction***

Pursuant to the New Financial Services Agreement, the Finance Company will provide the following financial services in domestic and foreign currencies as approved by the regulatory authorities to members of the Group:

- (1) provision of non-financing guarantee services to members of the Group;
- (2) provision of bill acceptance and discounting services to members of the Group;
- (3) taking deposits from members of the Group;
- (4) granting loans, consumption credit and buyer's credit to members of the Group;
- (5) provision of financial consultation, credit verification and other relevant advisory and agency services to members of the Group;

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## LETTER FROM THE BOARD

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- (6) provision of assistance to members of the Group to receive and pay transaction proceeds;
- (7) internal transfer and settlement services and design of corresponding settlement and clearing plans for members of the Group;
- (8) provision of comprehensive credit facilities to members of the Group, including loans, bill acceptance and discounting services;
- (9) provision of financial training and consultation services;
- (10) foreign exchange settlement and sale services;
- (11) provision of other financial services with regulatory approval (letters of credit, online banking, entrusted loans, etc.) to members of the Group and charging of agency fees, handling fees, consulting fees or other service fees;
- (12) provision of foreign exchange deposits, foreign exchange loans, and approved international business to members of the Group in accordance with approvals by the regulatory authorities.

### ***Term and termination***

The New Financial Services Agreement shall come into force upon approval at the AGM and shall be effective from 1 January 2027 to 31 December 2029.

### ***Price determination***

- (1) Regarding the provision of deposit, loan or similar services by the Finance Company to members of the Group, subject to compliance with the laws, regulations and relevant provisions of the PBOC, the NFRA and other relevant regulatory authorities:
  - (a) the interest rates for deposits placed by members of the Group with the Finance Company shall be no less than the interest rate offered by major commercial banks for the same type of deposit services provided to members of the Group, and shall be determined on normal commercial terms;
  - (b) the interest rates for loans granted by the Finance Company to members of the Group shall be no more than the loan prime rate for the corresponding period announced by the PBOC and no more than the interest rate offered by major commercial banks for the same type of loan services provided to members of the Group, and shall be determined on normal commercial terms.

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## LETTER FROM THE BOARD

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When conducting interest rate inquiries, the Group generally seeks quotations from five major commercial banks (including Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, and Bank of Communications, collectively, the “**Major Commercial Banks**”) to ensure that the interest rate terms provided by the Finance Company are no less favorable than those for similar services provided by the Major Commercial Banks.

With respect to the deposit interest rate offered by the Finance Company for deposits placed by members of the Group, the Finance Company will pay close attention to the deposit interest rates of Major Commercial Banks on a regular basis, to ensure the interest rates for deposits placed by members of the Group with the Finance Company shall be no less than the interest rate paid by Major Commercial Banks for the same type of deposit services provided to the Group. In addition, the Company will also strictly monitor the pricing of deposits with the Finance Company and perform the Company’s corresponding internal approval procedures; for details, please refer to the section headed “The Company’s Internal Approval Procedures for the Price Determination Process”.

- (2) In terms of paid services provided by the Finance Company to the members of the Group:
- (a) the Finance Company may provide paid consultation, agency, settlement, transfer, letter of credit, online banking, entrusted loan, non-financing guarantee, bill acceptance and other related services to members of the Group.
  - (b) the service fees charged by the Finance Company for the provision of the above financial services to the members of the Group shall, subject to compliance with the laws, regulations and relevant provisions of the PBOC, the NFRA and other relevant regulatory authorities, be no higher than the service fees charged by financial institutions such as Major Commercial Banks for the provision of the same type of financial services to the members of the Group and shall be determined on normal commercial terms.

With respect to the service fees charged by the Finance Company for the provision of financial services to members of the Group, the Finance Company will ascertain the service fee rates charged by Major Commercial Banks on a regular basis and ensure the service fees charged by the Finance Company for the provision of financial services to members of the Group are no more than the service fees charged by Major Commercial Banks for the same type of financial services provided to members of the Group. In addition, the Company will also strictly monitor the pricing of service fees of the Finance Company and perform the Company’s corresponding internal approval procedures; for details, please refer to the section headed “The Company’s Internal Approval Procedures for the Price Determination Process”.

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## LETTER FROM THE BOARD

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### **The Company's Internal Approval Procedures for the Price Determination Process**

The Company will adopt measures such as centralized fund management, centralized financing approval and centralized business decision-making in its ordinary course of business to strengthen the overall control of its deposit and loan businesses and ensure the implementation of the Company's pricing policies in accordance with laws and regulations. This is mainly reflected in:

- (1) **Strengthening the centralized control of financing.** The Finance Department of the Company is responsible for conducting a centralized review of the annual financing requirements of each member of the Group. Each member of the Group is required to provide relevant information such as the purpose, amount, term, and interest rate of the loan when submitting a loan application to the Finance Company. The Finance Department of the Company shall be responsible for reviewing the aforementioned matters, which will then be consolidated and reported to the management of the Company for decision.
- (2) **Monitoring market price levels in real time.** In accordance with the requirements of its fund operations, the Finance Department of the Company will generally conduct price inquiries with Major Commercial Banks on a quarterly basis and the Finance Company on a regular and public basis. The content of the price inquiries will include factors such as deposit interest rates, scale, term, service fees, and business commencement conditions, and the results of the price inquiries will be summarized and reported to the management of the Company to ensure strict compliance with the aforementioned price determination. In the event of policy adjustments by national pricing authorities during the period, the Company will promptly conduct price inquiries with Major Commercial Banks.
- (3) **Establishing a monthly review mechanism.** A monthly fund balance meeting of the Company, chaired by the Chief Financial Officer of the Company with the attendance of the audit, legal, finance and other related departments, will be convened by the Company to review the deposits placed with the Finance Company by members of the Group, to keep abreast of the loans granted by the Finance Company in a timely manner and to reasonably formulate recommendations on deposit and financing arrangements of the Company for the next month, which shall also be reported to the management of the Company for decision-making.
- (4) **Adhering to legal and regulatory compliance in performance.** Upon approval of the aforementioned fund operation matters by the Company, the person-in-charge shall strictly implement the same level by level in accordance with the operating procedures and financial approval authorities, and the relevant review functions of the Company shall conduct continuous monitoring after the completion of the business.

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### **Risk Assessment and Control Mechanism and Measures in Relation to the New Financial Services Agreement**

- (1) China Energy has undertaken in the capital increase agreement of the Finance Company that in case of an emergency involving the Finance Company, China Energy shall, in accordance with the actual needs to address payment difficulties, satisfy the payment needs of the Finance Company through various channels including, among others, increasing its capital and providing liquidity support to the Finance Company in conformity with laws, regulations and internal regulations such as the articles of association.
- (2) As a large-scale licensed domestic non-banking financial institution, the Finance Company is subject to the supervision of the national financial regulatory authorities, and the local offices of the national financial regulatory authorities conduct daily supervision, as well as on-site and off-site inspections of the Finance Company. The Finance Company shall ensure that it operates in strict accordance with the risk monitoring indicators and risk monitoring indicator specifications required by national laws and regulations.
- (3) The Finance Company shall establish a sound internal control system based on its business processes, build a risk management system covering the entire process and devise contingency plans for different risks to ensure the security of the deposits placed by the members of the Group and effectively guard against risks.
- (4) The Finance Company shall assign business personnel with financial services experience and a sense of responsibility to engage in financial services work and perform their duties diligently. The Finance Company shall establish a mature and efficient online banking system, strictly follow operating procedures and control information technology risks, so as to ensure the security of the payment and settlement of members of the Group.
- (5) The Finance Company shall establish a model of fund pooling and usage suitable for members of the Group, in order to ascertain the transaction caps for connected parties, fulfill the relevant regulatory requirements and prevent compliance risks for the Company.
- (6) The Finance Company shall not accept instructions from members of the Group to provide entrusted loans and entrusted wealth management to other connected parties through the Finance Company, and shall not accept the deposit of proceeds (if any) raised by members of the Group in the Finance Company.
- (7) Before entering into connected transactions with the Finance Company, members of the Group are entitled to inspect necessary information such as the audited annual financial report and risk indicators of the Finance Company for the most recent accounting year, as well as the latest valid “Financial License” and “Business License”. The Finance Department of the Company shall conduct a careful assessment of such information and only commence business with the Finance Company after confirming that the risks are

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controllable; if the Finance Company does not possess the relevant licenses or the relevant licenses have expired, members of the Group shall not commence the corresponding business with it.

- (8) The Company is entitled to understand the operating and financial conditions of the Finance Company on a regular and irregular basis, and monitor whether there are any violations of relevant regulations such as the “Administrative Measures for Finance Companies of Enterprise Groups” by the Finance Company, and the Finance Company shall fully cooperate in providing accurate and comprehensive information. The Finance Company shall, by 15 February of the year following the end of each year and within twenty calendar days after the end of each half-year, provide the Finance Department of the Company with its financial reports, risk indicators and other necessary information, as well as the latest valid “Financial License” and “Business License”, and shall, within twenty calendar days after the end of each quarter, provide the Finance Department of the Company with the status of various regulatory indicators of the Finance Company; If the Finance Company finds that its key regulatory indicators do not comply with the relevant regulatory requirements or that other material risk situations exist, the Finance Company shall notify the Company in a timely manner, and the Finance Company shall not proactively continue to accept deposits from members of the Group, nor shall members of the Group deposit funds with the Finance Company.
- (9) Members of the Group will be able to withdraw funds to satisfy their flexible treasury requirements in a timely manner at any time without limitation, and may, from time to time, transfer their deposits placed with the Finance Company in full or in part to test and ensure the security and liquidity of the relevant deposits.
- (10) The Finance Company shall not collect funds from members of the Group in excess of the transaction limit stipulated in the New Financial Services Agreement, and based on the list of the members of the Group provided by the Company and the maximum deposit limit designated by the Company for each member of the Group (if any), shall assist in monitoring the maximum daily balance (including interest accrued thereon) of deposits placed by each of and all the members of the Group with the Finance Company to ensure the such balance does not exceed the applicable annual caps for connected transactions. If the service fees charged by the Finance Company reach the annual cap for the year, the Finance Company shall timely inform the Company and notify the relevant members of the Group, and shall not provide the relevant service to the members of the Group for the rest of the year unless otherwise approved by the Board or the general meeting (if applicable) of the Company.
- (11) The Company shall conduct dynamic assessment and supervision of the risk status of funds deposited with the Finance Company, and the Finance Company shall cooperate therewith; the Finance Company guarantees that upon the occurrence of any of the following circumstances, it shall inform the Company at the earliest opportunity and cooperate with the Company to actively manage risks so as to ensure the safety of funds of the Group’s members: (i) any overdue situation exceeding 5 working days occurs in the

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Finance Company's interbank lending, bill acceptance and other (contingent liability) businesses outside China Energy Group due to reasons attributable to the Finance Company; (ii) any material credit risk event occurs to China Energy Group and other connected parties (including but not limited to public market bonds being overdue for more than 7 working days, large-amount guarantee substitutions, etc.); (iii) the Finance Company is continuously unable to satisfy regulatory requirements for regulatory indicators such as capital adequacy ratio and liquidity ratio as stipulated in the "Administrative Measures for Finance Companies of Enterprise Groups", and the major shareholders are unable to implement capital replenishment and risk rescue obligations; (iv) other circumstances as stipulated in the risk disposal contingency plan for conducting connected deposit and loan and other financial businesses with the Finance Company as considered and approved by the Board of the Company.

- (12) Upon the occurrence of the circumstances mentioned in the preceding paragraph, the officer of the Company in charge of financial work shall urge the relevant departments of the Company and members of the Group to take risk response measures in due course, such as withdrawing all or part of the deposits placed with the Finance Company, suspending any deposit placement with the Finance Company and requesting the Finance Company to carry out rectification within a prescribed time limit, so as to effectively ensure the safety of the deposits of members of the Group placed with the Finance Company, and the Finance Company shall provide full assistance and cooperation. In the event of a default where deposits placed with the Finance Company cannot be recovered, the Company is entitled to offset such unrecoverable deposits against the loans provided by the Finance Company to any member of the Group. At such time, the Finance Company, upon obtaining written consent from the relevant depositing unit and lending unit, shall cooperate with the relevant member of the Group to perform the aforementioned offset by fulfilling corresponding procedures and signing relevant legal documents as required by the Company.
- (13) During the annual audit period for the Company, the external auditors shall review and issue opinions on the connected transactions of both parties, and the Company fulfills its information disclosure obligations in a timely manner in accordance with the requirements of the listing rules of the places where the shares of the Company are listed. The Finance Company shall provide necessary cooperation, including but not limited to providing information such as the amount and balance of relevant financial services.
- (14) The Company and the Finance Company agree to adjust the risk control measures mentioned above, including, but not limited to, adding and modifying relevant risk control measures, upon mutual agreement following consultation, based on the requests and recommendations of the securities regulatory authorities of the places where the shares of the Company are listed, the independent non-executive Directors of the Company, and the independent financial adviser (if any).

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### Proposed Annual Caps and Historical Transactions

The Company proposes that the annual caps for the maximum daily balance (including interest accrued thereon) of deposits placed by members of the Group with the Finance Company, and for the total amount of agency fees, handling fees, consultation fees and other service fees charged by the Finance Company for providing members of the Group with financial services (including but not limited to consultation, agency, settlement, transfer, letters of credit, online banking, entrusted loans, non-financing guarantees, bill acceptance and other services) under the New Financial Services Agreement for the years ending 31 December 2027, 31 December 2028 and 31 December 2029, respectively, be set as follows. The Company also sets out below the historical transaction amounts under the same categories for the years ended 31 December 2024 and 31 December 2025.

#### *Maximum daily balance (including interest accrued thereon) of deposits placed by members of the Group with the Finance Company*

(1) *Historical annual caps and actual transaction amounts*

For the year ended 31 December 2024	Transaction amount (Audited) (RMB million)	For the year ended 31 December 2025	Transaction amount (Audited) (RMB million)	For the year ending 31 December 2026	Annual cap (RMB million)
75,000	74,919	75,000	74,887	75,000	75,000

(2) *Proposed annual caps*

Annual cap for the year ending 31 December 2027 (RMB million)	Annual cap for the year ending 31 December 2028 (RMB million)	Annual cap for the year ending 31 December 2029 (RMB million)
70,000	70,000	70,000

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*Total amount of agency fees, handling fees, consultation fees and other service fees charged by the Finance Company for providing members of the Group with financial services (including but not limited to consultation, agency, settlement, transfer, letters of credit, online banking, entrusted loans, non-financing guarantees, bill acceptance and other services)*

(1) *Historical annual caps and actual transaction amounts*

<b>For the year ended 31 December 2024</b>		<b>For the year ended 31 December 2025</b>		<b>For the year ending 31 December 2026</b>	
<b>Annual cap (RMB million)</b>	<b>Transaction amount (Audited) (RMB million)</b>	<b>Annual cap (RMB million)</b>	<b>Transaction amount (Audited) (RMB million)</b>	<b>Annual cap (RMB million)</b>	
300	7	300	5	300	

(2) *Proposed annual caps*

<b>Annual cap for the year ending 31 December 2027 (RMB million)</b>	<b>Annual cap for the year ending 31 December 2028 (RMB million)</b>	<b>Annual cap for the year ending 31 December 2029 (RMB million)</b>
100	100	100

In respect of comprehensive credit provided by the Finance Company to members of the Group, it would amount to a provision of financial assistance by a connected person for the benefit of the Group and would therefore be exempt under Rule 14A.90 of the Hong Kong Listing Rules from all reporting, announcement and Independent Shareholders' approval requirements since no security over the assets of the Group has been or will be granted by the Group in respect of such financial assistance. Nevertheless, the Company is required, by its business needs, to propose and set the maximum daily balance of comprehensive credit provided by the Finance Company to members of the Group for the years ending 31 December 2027, 31 December 2028 and 31 December 2029 respectively, as set out below. The Company also sets out below the historical transaction amounts under the same categories for the years ended 31 December 2024 and 31 December 2025.

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***Maximum daily balance of comprehensive credit provided by the Finance Company to members of the Group (including loans, credit facilities, bill acceptance and discounting, non-financing guarantees, overdrafts, letters of credit, etc., including relevant interest accrued thereon)***

*(1) Historical annual caps and actual transaction amounts*

<b>For the year ended 31 December 2024</b>	<b>Transaction amount (Audited) (RMB million)</b>	<b>For the year ended 31 December 2025</b>	<b>Transaction amount (Audited) (RMB million)</b>	<b>For the year ending 31 December 2026</b>	<b>Annual cap (RMB million)</b>
Annual cap (RMB million)	14,023	Annual cap (RMB million)	17,106	Annual cap (RMB million)	100,000
100,000		100,000		100,000	

*(2) Proposed annual caps*

<b>Annual cap for the year ending 31 December 2027 (RMB million)</b>	<b>Annual cap for the year ending 31 December 2028 (RMB million)</b>	<b>Annual cap for the year ending 31 December 2029 (RMB million)</b>
80,000	80,000	80,000

The terms of the New Financial Services Agreement have been reached after arm's length negotiation between the Company and the Finance Company.

The proposed annual caps of the New Financial Services Agreement have been determined taking into account the following factors:

- (a) The coal, power, and coal chemical industries are important basic energy and material industries in China. The Company has fully leveraged its integrated synergistic advantages and maintained stable operating results, with various businesses continuing to develop in a healthy manner. As at the end of 2023, 2024 and 2025, the balance of the Company's monetary funds was RMB150 billion, RMB143.8 billion and RMB96.8 billion, respectively. The Company completed the issuance of shares and payment of cash in March 2026 to purchase the target assets directly or indirectly held by China Energy, and the relevant business of the Company will achieve significant development. The scale of funds from 2026 to 2029 will experience certain growth compared to the level at the end of 2025, and is expected to be maintained at RMB120 billion to RMB140 billion. Although the total amount of monetary funds will decrease slightly compared to the previous three years, it will remain at a high level. With reference to the utilization rates of the annual caps in recent years, future business development, and the scale of funds for the Acquired Assets, it is proposed that the annual cap for the maximum daily deposit balance (including interests accrued thereon) of the members of the Group with the Finance Company for each of the years from 2027 to 2029 shall be RMB70 billion.

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- (b) Pursuant to the Financial Services Agreement, for each of the years ending 31 December 2027, 31 December 2028 and 31 December 2029, the annual cap for the daily deposit balance (including interests accrued thereon) of members of the Group with the Finance Company shall be RMB70 billion, representing approximately 72% of the total cash position of the Company as at the end of 2025, which is lower than the average ratio of approximately 111.9% to 116.2% of the deposit caps of other A+H share listed companies in the energy sector with their respective corporate group finance companies for each of the years from 2026 to 2029 to their corresponding total cash position as at the end of 2025.
- (c) The Finance Company plays an important supporting role in the development of the Group. The Finance Company has established a long-term and stable business cooperative relationship with the Company in areas such as deposits and loans, settlement, and bills. It is able to proactively engage with the members of the Group, understand their financial needs and operational status, and provide unique, timely, and comprehensive financial services to meet their needs. This helps the Company achieve sound cash flow management and improve capital efficiency, which is in line with the needs of the business development and operational management of the Company.
- (d) Deposits made by members of the Group in the Finance Company are conducive to effectively improving the investment income of the Company. The Company and the Finance Company will regularly monitor the changes in the market rates, and ensure that the deposit interest rates at the Finance Company are not lower than the interest rates for the same type of deposit service provided by Major Commercial Banks to members of the Group, which is beneficial for the Group to obtain a deposit interest income not lower than that from Major Commercial Banks. In addition, the Company, as an important shareholder of the Finance Company, holds 40% of the equity interest in the Finance Company, and can share the investment returns brought about by the increase in the business scale and operating profit of the Finance Company.
- (e) Members of the Group will obtain funds from the Finance Company through comprehensive credit services, which is conducive to supporting the business development of the Group. It is proposed that the annual cap for the comprehensive credit to be provided by the Finance Company to the members of the Group shall be RMB80 billion. The high-quality development of the Group's various businesses requires the continuous provision of service support by the Finance Company in areas such as loans, settlement, and bills. The Group's total capital expenditure for 2025 was approximately RMB44.7 billion (excluding expenditures for mining rights) and the Group's capital expenditure plan for 2026 (excluding expenditures for mining rights and equity investments) is approximately RMB56.0 billion. From 2027 to 2029, coal projects such as the Xinjie Taigemiao Mining Area and Hangjin Energy Tarangaole Mine, power generation projects such as the Wanzhou Power Plant Phase II, transportation projects such as the Dongyue Railway, and coal

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chemical projects such as the Baotou Coal Chemical Coal-to-Olefins Upgrading Demonstration will continue to be under construction. It is expected that relevant capital expenditure will remain at a high level. A higher limit for comprehensive credit facilities will help secure the financing needs for the Group's business development and project construction. As of the end of 2025, the total assets of the Finance Company were approximately RMB210.9 billion, and the balance of loans and advances granted was approximately RMB140.3 billion. The Finance Company has the capacity to provide large-scale funding support to the members of the Group. The Finance Company shall provide members of the Group with comprehensive credit facilities in the amount of RMB80 billion, covering businesses including loans, bill acceptance and discounting, non-financing guarantees, overdrafts, and opening of letters of credit, and no mortgage or guarantee is required to be provided by the members of the Group.

- (f) Members of the Group can obtain flexible and convenient financial services from the Finance Company. It is proposed that the annual cap for the service fees of various financial services to be provided by the Finance Company to the members of the Group shall be RMB100 million. By providing financial services to the members of the Group, the Finance Company gives full play to its functions as a financial platform. By carrying out entrusted loans, syndicated loans, issuing non-financing guarantees, issuing letters of credit, international exchange, financial consulting and other services, it will play an important role in ensuring the efficient operation of the Group's business, ensuring energy supply, implementing the "dual-carbon" strategy, and preventing and defusing major risks, thereby providing enhanced financial support for the real economy enterprises. Therefore, it is proposed that the annual cap for the total amount of agency fees, handling fees, consulting fees or other service fees charged by the Finance Company for providing financial services to members of the Group from 2027 to 2029 be set at RMB100 million. With regard to this proposed annual cap, since the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules) are less than 0.1%, it is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.
- (g) The Finance Company has strict risk control measures in place and is subject to supervision by various internal and external parties. As a large-scale domestic licensed non-bank financial institution, the Finance Company operates in strict accordance with the risk monitoring indicators and risk detection indicators required by national laws and regulations. Meanwhile, the Company and the Finance Company have agreed upon a series of strict risk assessment and control measures to ensure the security of the funds deposited by the members of the Group with the Finance Company. Historically, the Finance Company has not experienced any risk events. The deposits, loans and other financial businesses of the members of the Group with the Finance Company have been conducted on the basis of equality and voluntariness.

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- (h) The proposing of annual caps for continuing connected transactions shall be flexible so as to accommodate the maximum limits after considering various possibilities. Even if the Company sets the annual caps for continuing connected transactions, it does not mean that members of the Group and the Finance Company will transact such amounts, and the proposed annual caps are not an indication of the actual transaction amounts. Members of the Group and the Finance Company will conduct continuing connected transactions in strict accordance with the actual transaction volume and transaction price required. The Company will disclose, at the beginning of each year, the estimated status of continuing connected transactions with the Finance Company and the range of deposit and loan interest rates for that year, and announce the actual transaction amounts during the reporting period in the annual report of each year. The Board of Directors reviews annual reports containing the implementation of connected transactions on an annual basis, and the independent non-executive Directors and auditors of the Company will continue to express opinions on connected transactions, so as to be subject to the supervision of Independent Shareholders. The Company will also periodically disclose information regarding the operation and management, risk indicators, and internal control of the Finance Company through the “Risk Continuous Assessment Report on China Energy Finance Co., Ltd.”, and provide an explanation of the status of the Company’s financial businesses such as deposits and loans with the Finance Company during the reporting period.
- (i) In determining the proposed annual caps, the Board has taken into account the historical actual transaction amounts. As the comprehensive credit facilities are standby financing arrangements, the Group will coordinate its fund-raising arrangements based on actual funding requirements, financing costs and market conditions; therefore, the actual amount utilized may not necessarily reflect the Group’s future requirements for available financing facilities.

In addition, as a large-scale integrated energy enterprise, the Group has a relatively large scale of capital expenditure and will still need to reserve sufficient financing space for its coal, power generation, transportation and coal chemical businesses in the future to meet the requirements for project construction, production and operation, and working capital. The interest rate on the loans provided by the Finance Company to the Group is not higher than the loan prime rate for the same period as announced by the People’s Bank of China, and not higher than the interest rate for similar loan services provided by Major Commercial Banks to the Group, and no mortgage or guarantee is required, which is conducive to maintaining the stability, cost-effectiveness and flexibility of the Group’s financing arrangements.

In conclusion, the Board considers that the annual caps currently set for the maximum daily balance of the comprehensive credit facilities are fair and reasonable.

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### **Implementation Agreements and Payment**

Members of the Group may, from time to time and as necessary, enter into separate implementation agreements with the Finance Company for each specific transaction contemplated under the New Financial Services Agreement. Each implementation agreement shall set out the specifications for the particular transaction. The implementation agreements provide for the financial services contemplated to be provided under the New Financial Services Agreement, and as such, they do not constitute new categories of connected transactions. Any such implementation agreements will stay within the bounds of the New Financial Services Agreement and the annual caps.

All payments made pursuant to the New Financial Services Agreement and its implementation agreements will be by electronic transfer or other payment methods agreed by both parties.

### **Reasons for and Benefits of Entering into the New Financial Services Agreement**

Members of the Group have established long-term and stable cooperation with the Finance Company, and have formed relatively stable business relationships in areas such as deposits, loans, bills, settlement, and agency services. The Finance Company is a state-approved, licensed non-bank financial institution and the financial services platform of the China Energy Group. The Company entered into the New Financial Services Agreement with the Finance Company, pursuant to which the Finance Company will continue to provide financial services to members of the Group. This is conducive to maintaining the continuity of financial services received by members of the Group, optimizing the financial management of the Group, enhancing the efficiency of capital utilization, reducing financing costs, and improving the Company's return on investment in the Finance Company. The details are set out as follows:

- (1) Realizing centralized treasury management and improving treasury management efficiency: the Finance Company provides deposit and other financial services to members of the Group to facilitate settlement among members of the Group and between members of the Group and members of China Energy Group and shorten the time required for the transfer and turnover of funds. Compared with members of China Energy Group and members of the Group opening bank accounts separately in independent commercial banks, direct clearing and settlement between both parties would be more efficient. The Finance Company has reduced the financing costs for the Group through measures such as improving the efficiency of internal settlement, which helps to achieve the maximization of cost and operational efficiency. In addition, deposits placed by members of the Group with the Finance Company would be conducive to realizing centralized treasury management, as members of the Group will be able to withdraw funds to satisfy their flexible treasury requirements in a timely manner at any time without limitation. Meanwhile, members of the Group are also entitled to choose to withdraw their deposits placed

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with the Finance Company in full or in part from time to time. Members of the Group may, at their sole discretion, deposit their funds into the Finance Company or other independent commercial banks without any restrictions.

- (2) Being familiar with the Group's business, more flexible and convenient services can be provided: As the Finance Company primarily provides financial services to China Energy and its subsidiaries, it has developed an in-depth understanding of the industries in which the members of the Group operate over the years. The Finance Company is familiar with the capital structure, business operations, funding needs and cash flow patterns of the members of the Group, which enables it to better foresee the funding needs of the members of the Group. As a result, the Finance Company is well positioned to provide members of the Group with flexible, convenient and cost-efficient services at any time, which would be difficult for independent commercial banks to provide at an equivalent level.
- (3) Being able to provide fair commercial terms and obtain investment interests: Pursuant to the New Financial Services Agreement, the interest rates for deposits of the members of the Group with the Finance Company shall be no lower than the interest rates determined by Major Commercial Banks for the provision of the same type of deposit services to the members of the Group; an increase in deposits with the Finance Company by the members of the Group is beneficial for the members of the Group to obtain deposit interest income no lower than that from Major Commercial Banks. In addition, the Company, as an important Shareholder of the Finance Company, holds 40% of the equity of the Finance Company and can share in the return on investment brought about by the increase in the business scale of the Finance Company.

### **Hong Kong Listing Rules Implications**

As at the Latest Practicable Date, the Finance Company was held as to 60% by China Energy, which held, directly and indirectly, approximately 70.02% of the shares of the Company and was the controlling shareholder of the Company. Therefore, the Finance Company is a connected person of the Company as defined under the Hong Kong Listing Rules. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

In respect of the proposed annual caps for the maximum daily deposit balance (including interest accrued thereon) of the members of the Group in the Finance Company, as one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules) exceed 5% but all such percentage ratios are less than 25%, the transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules, and also constitute a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules.

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With regard to the proposed annual caps on the total amount of fees for financial services provided by the Finance Company to members of the Group, since all relevant percentage ratios (as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules) are less than 0.1%, the transactions are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### **Approval by the Board**

The Directors (including the independent non-executive Directors) consider that the New Financial Services Agreement (including its terms, annual caps and pricing) is fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its Shareholders as a whole.

The Board resolved and approved the New Financial Services Agreement and the proposed annual caps thereunder on 24 April 2026. Of the Directors attending the Board meeting, the Abstained Directors were considered to have a material interest by virtue of being employed by China Energy, and thus abstained from voting on the Board resolution in respect of the New Financial Services Agreement and the proposed annual caps thereunder. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, none of the Directors has any material interest in the New Financial Services Agreement and the proposed annual caps thereunder.

### **Procedures and Internal Control Mechanisms Related to the Pricing and Terms of Continuing Connected Transactions**

The Company has established a series of procedures and internal control systems in order to ensure that the pricing mechanism and terms of the continuing connected transactions are fair and reasonable and no less favorable than those of independent third parties, as well as in the interest of the Company and its Shareholders as a whole. Such systems and internal control measures mainly include:

- (1) The transactions under the continuing connected transactions agreements are conducted on a non-exclusive basis.
- (2) The Company has adopted internal control rules such as its connected transaction decision making system and its connected transaction management measures.

### ***Management Measures for Connected Transactions of China Shenhua Energy Company Limited***

The Management Measures for Connected Transactions of China Shenhua Energy Company Limited (the "**Management Measures**") consist of thirty-six articles divided into nine chapters. The Management Measures define the manner of constitution of the connected transactions group and the scope of responsibilities of the Company's management and

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respective departments, confirming the duties of branches and subsidiaries when conducting connected transactions. The Management Measures also prescribe rules for information collection, identification and management in respect of connected persons, confirming the system governing the responsibilities of connected persons for timely and voluntary reporting. As for continuing connected transactions, the Management Measures confirm that the key management focus is to ensure that continuing connected transactions do not exceed the annual caps, with detailed management procedures included. As for non-continuing connected transactions, the Management Measures point out that prior approval and disclosure (where necessary) are required before conducting the transactions, with management procedures also included. The Management Measures also provide for matters concerning the supervision and inspection of branches and subsidiaries.

- (1) Under the leadership of the Board, the Company has set up a connected transaction group headed by the chief accountant. The connected transaction group is responsible for managing the daily affairs of the Company's connected transactions, guiding, supervising and inspecting the management of connected transactions of its subsidiaries and branches, regularly monitoring and reviewing the implementation of connected transactions (including but not limited to the implementation of agreed pricing policies and transaction amounts, etc.), regularly organizing training on connected transactions across the Group and periodically conducting supervision and inspection of the connected transactions.
  
- (2) Each subsidiary of the Group has established a connected transaction team or relevant management team and has arranged specialized personnel to be responsible for the pricing of continuing connected transactions, and requires such specialized personnel to determine the price of each transaction strictly in accordance with the pricing principles and policies for each continuing connected transaction disclosed in this circular. (i) In respect of the New Mutual Coal Supply Agreement, the specialized personnel will actively obtain coal spot market price information through various channels; (ii) in respect of the New Mutual Supplies and Services Agreement, in accordance with the procurement and sales systems of the Group, if there is no applicable government-prescribed price or government-guided price, the Company actively obtains market price information through various channels, such as by referring to the prices of comparable transactions between the Company and independent third parties during the same period (referring to at least two), the prices of comparable transactions between independent third parties during the same period, conducting price surveys through other independent industry information providers such as industry websites, and participating in activities organized by leading industry associations. Such price is determined by both parties to the contract (namely the subsidiaries of the Group and the subsidiaries of China Energy Group) on normal commercial terms with reference to the information obtained as mentioned above. Where a tender and bidding process is required under applicable laws and regulations, the Group or China Energy Group will engage professional tender and bidding companies to organize tender and bidding procedures, and the subsidiaries of the Group or China Energy Group shall participate fairly. For

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products and services with prices to be agreed upon, the supplier shall provide a cost list and the purchaser shall compare the comparable average cost of similar enterprises in adjacent areas or the costs of similar products to ascertain the reasonable cost and thereby confirm the price of the connected transaction. Once executed, unilateral change to the price is prohibited.

- (3) The Group has adopted a legal management system and other systems. The connected transaction groups or relevant management team and finance departments of the subsidiaries of the Group to determine the pricing. The connected transaction groups or relevant management team and finance departments of each subsidiary of the Group also manage the pricing of connected transactions through the system to ensure that the implementation price of continuing connected transactions is consistent with the determined pricing.
- (4) The internal control and risk management departments of the Company also conduct regular internal control tests on an annual basis to ensure that the internal control measures in respect of connected transactions remain complete and effective. The legal departments of the Company and its subsidiaries conduct a prudent review of the connected transaction agreements, the finance departments manage the pricing of the connected transactions, and the contract implementation departments monitor the connected transaction amounts in a timely manner.
- (5) Connected transactions of the Company are conducted in accordance with the Company's internal control procedures, and all of the Company's subsidiaries are required to submit implementation reports on connected transactions on a monthly basis. The Company shall thereupon consolidate, review, summarize and analyze the data so collected in order to monitor the transaction amounts concerned and ensure that they are controlled within the annual caps, and recommend improvement measures for any issues identified.
- (6) The Board of the Company reviews the implementation of the continuing connected transactions on an annual basis and reviews the periodic reports containing the implementation of continuing connected transactions on a half-yearly basis. Matters under review shall mainly include: whether the Company and the connected person(s) have performed the continuing connected transaction agreement during the relevant year or half-year; whether the amounts of the connected transactions incurred between the Company and the connected person(s) are within the caps approved at the general meeting. The independent non-executive Directors shall report to the general meeting annually on their performance of duties during the relevant year, in which they shall express opinions on the continuing connected transactions as to (i) whether the transactions were entered into in the ordinary course of business of the Group; (ii) whether they were conducted on normal commercial terms or better; and (iii) whether the transactions are fair and reasonable, and in the interests of the Shareholders of the Company as a whole.

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## LETTER FROM THE BOARD

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- (7) The Audit and Risk Committee of the Board of the Company reviews the annual reports and interim reports which contain the implementation of the continuing connected transactions each year, and opines on the connected transactions during the reporting periods on matters mainly including: whether the connected transactions are fair and impartial, and whether the transaction amounts are within the caps.
- (8) The external auditor of the Company conducts annual audit for each financial year, and issues its opinions and a letter to the Board in relation to whether the continuing connected transactions are (i) conducted in accordance with the pricing policy of the Group in all material respects, (ii) in non-compliance with the agreements for the relevant transactions in any material respect, and (iii) in excess of the annual caps, pursuant to the Hong Kong Listing Rules.

The Company has also taken necessary and additional measures to strengthen the reporting and documentation system of the Company and its subsidiaries including:

- (a) After considering the development of the Group and market conditions, the connected transactions group monitors and updates coal price trends and assesses market expectations on a weekly basis. When any adjustment to the annual caps of the continuing connected transactions becomes foreseeable, the Company will make an announcement in a timely manner and seek prior approval from the Independent Shareholders.
- (b) Based on the status of connected transaction business, the Company has continuously strengthened various control measures at meetings of the connected transaction group, and further clarified the periodic update mechanism for the list of connected persons and the periodic meeting mechanism. In particular, the list of connected persons shall, in principle, be updated semi-annually; the finance and compliance departments shall, in principle, conduct discussions and follow-ups on connected transactions on a monthly basis in light of the implementation of continuing connected transactions, the utilisation of annual caps, and potential risk matters.
- (c) The Company engages external legal advisers from time to time to provide training on connected transactions to the Directors, senior management and relevant employees to enhance their familiarity with the Hong Kong Listing Rules, and to conduct frequent training and distribute compliance guidelines and training materials on a regular basis to remind and update them on their knowledge and understanding of the requirements of the Hong Kong Listing Rules and their awareness of compliance with internal control procedures in relation to the Group's continuing connected transactions to ensure that the Company will continue to comply with the Hong Kong Listing Rules in a timely manner.

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## LETTER FROM THE BOARD

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- (d) In planning and reviewing future transactions, the Company will consult professional advisers such as legal advisers in a timely manner as appropriate.

The Company undertakes that, in the event that it is necessary to adjust the annual caps under the continuing connected transaction agreements for any reasons, arrangements will be made in advance and the relevant requirements of the Hong Kong Listing Rules will be strictly complied with.

By implementing the above internal control systems and procedures, the Directors consider that the Company has established sufficient internal control measures to ensure the pricing of each transaction will be conducted in strict accordance with the various pricing principles and policies of continuing connected transactions as disclosed in this circular on normal commercial terms or better, and will be fair and reasonable to the Company and the Shareholders as a whole.

### **NEW FACTORING SERVICES AGREEMENT**

#### **Background**

The Company is the world's leading integrated coal-based energy company. The main business of the Group is the production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other related chemical processing business. As of the Latest Practicable Date, China Energy directly holds 15,175,957,642 A Shares of the Company and indirectly holds 11,593,528 A Shares of the Company through Capital Holdings, in aggregate representing approximately 70.02% of the total number of issued shares of the Company.

China Energy and its subsidiaries have various industrial sectors, including coal, thermal power, new energy, hydropower, transportation, chemical industry, technology and environmental protection and finance, and are principally engaged in coal production, power generation business, transportation, coal-based chemical processing business, as well as investment and finance activities. China Energy is the controlling shareholder of the Company. The ultimate beneficial owner of China Energy is the State-owned Assets Supervision and Administration Commission of the State Council.

The business scope of Guoneng Factoring mainly includes: factoring financing; sales ledger management; collection business related to the assigned accounts receivable; non-commercial bad debt guarantee; customer credit investigation and evaluation; consulting services related to commercial factoring; other businesses approved and recognised by the relevant state authorities. As of the Latest Practicable Date, Capital Holdings holds 100% equity interest in Guoneng Factoring, and China Energy holds 100% equity interest in Capital Holdings.

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## LETTER FROM THE BOARD

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As disclosed in the announcements dated 22 March 2024 and 19 December 2025, the Company entered into the factoring services agreement with Guoneng Factoring, pursuant to which, Guoneng Factoring agreed to provide members of the Group with factoring services and factoring-related services such as consulting, agency, asset management and supply chain finance platform services. The factoring services agreement will expire on 31 December 2026.

The Company entered into the New Factoring Services Agreement with Guoneng Factoring, pursuant to which, Guoneng Factoring agreed to provide members of the Group with factoring services and factoring-related services such as consulting, agency, asset management and supply chain finance platform services. Upon approval by the AGM, the New Factoring Services Agreement will take effect on 1 January 2027, and will expire on 31 December 2029.

### **Major Terms**

#### *Date*

25 May 2026

#### *Parties*

The Company and Guoneng Factoring

#### *Details of the transaction*

According to the New Factoring Services Agreement, Guoneng Factoring will provide members of the Group with the following services:

- (1) providing members of the Group with factoring services; and
- (2) providing members of the Group with Other Factoring-related Services such as consulting, agency, asset management and supply chain finance platform services.

#### *Term and Termination*

The New Factoring Services Agreement shall come into force upon approval at the AGM and shall be effective from 1 January 2027 to 31 December 2029.

#### *Annual Caps and Historical Transactions*

The following table sets out the historical transaction amounts for the two financial years ended 31 December 2025, the annual caps per annum under the 2024 to 2025 factoring services agreement entered into on 22 March 2024 and 2026 factoring services agreement entered into on 19 December 2025 (“**2026 Factoring Services Agreement**”), and the annual caps under the New Factoring Services Agreement for the three financial years ending 31 December 2029 in respect of the provision of factoring services by Guoneng Factoring to members of the Group:

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## LETTER FROM THE BOARD

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### The Maximum Daily Balance (Including Interest, Factoring Service Fee and Other Related Financing Fees) for Providing Factoring Services by Guoneng Factoring to Members of the Group

*Historical annual caps and transaction amounts*

For the year ended 31 December 2024		For the year ended 31 December 2025		For the year ending 31 December 2026
Annual Cap (RMB million)	Transaction Amount (RMB million)	Annual Cap (RMB million)	Transaction Amount (RMB million)	Annual Cap (RMB million)
5,000	3,262	5,000	3,448	10,000

### *Proposed Annual Caps*

The Company proposes to set the annual cap for the maximum daily balance (including interest, factoring service fees and other related financing fees) of the factoring services to be provided by Guoneng Factoring to members of the Group at RMB15,000 million for each of the years ending 31 December 2027, 31 December 2028 and 31 December 2029.

The annual caps on the maximum daily balance for providing factoring services by Guoneng Factoring to members of the Group under the New Factoring Services Agreement are determined by taking into account the following factors:

- (1) Factoring services play a positive role in supporting the funding needs and business development of the members of the Group. The members of the Group also have strong demand for factoring services. In 2024 and 2025, the maximum daily balance of factoring services provided by Guoneng Factoring to the members of the Group amounted to RMB3.262 billion and RMB3.448 billion, respectively. With the continued development of the Company's various businesses, it is expected that factoring business will continue to be utilised from 2027 to 2029.
- (2) The Company has completed the issuance of shares and payment of cash to acquire the equity interests in 12 companies (the "**Target Companies**") directly or indirectly held by China Energy. In 2025, Guoneng Factoring has provided factoring services to the Target Companies, with a maximum daily balance of approximately RMB7.670 billion. It is expected that such business will continue in the future.
- (3) The Company plans to develop a series of coal, power plant and coal chemical projects, with annual capital expenditure expected to exceed RMB50 billion for each of the years from 2027 to 2029. Certain projects may utilise reverse factoring arrangements to support short-term working capital needs. It is expected that the maximum daily balance of factoring services for new projects will be approximately RMB2.0 billion per year from 2027 to 2029.

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## LETTER FROM THE BOARD

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- (4) On a prudent basis, taking into account potential fluctuations in the Company's future business volume and financing needs, a buffer of approximately 15% has been built into the annual cap for the maximum daily balance of factoring services.

### **Other Related Services (Including but not Limited to Providing Consulting, Agency, Management and Other Services) Provided by Guoneng Factoring to Members of the Group**

Taking into account factors such as the business development needs of the Group, the Company expects the total amount for Other Factoring-related Services provided by Guoneng Factoring to the Group to be approximately RMB20 million. In respect of the proposed annual caps for the provision of Other Factoring-related Services by Guoneng Factoring to the members of the Group, all of the applicable percentage ratios (calculated under Rule 14.07 of the Hong Kong Listing Rules) are less than 0.1%. Therefore, these transactions are fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at 31 March 2026, the total amount for providing other related services (including but not limited to providing consulting, agency, management and other services) by Guoneng Factoring to members of the Group under the 2026 Factoring Services Agreement has not exceeded the annual cap disclosed by the Company.

### ***Price Determination***

The pricing principles for the provision of factoring and other related services by Guoneng Factoring to the members of the Group are as follows:

- (1) For the provision of factoring services by Guoneng Factoring to members of the Group, subject to compliance with the laws and regulations of relevant regulatory authorities and relevant requirements, the financing fee shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to members of the Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the People's Bank of China for the same period.
- (2) For the service fee charged from the provision of other relevant services by Guoneng Factoring to members of the Group, the service fee shall not be higher than that charged by an independent third-party factoring company for providing the same kind of services to members of the Group, and it should be determined on normal commercial terms. When the service fee charged by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall be determined at the cost plus a reasonable profit margin (around 10%).

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## LETTER FROM THE BOARD

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### *Implementation Agreements and Payment*

Members of the Group may, from time to time and as necessary, enter into separate implementation agreements with Guoneng Factoring for each specific transaction contemplated under the New Factoring Services Agreement, but they shall not conflict with the New Factoring Services Agreement. Each implementation agreement shall set out the specific circumstances for the transaction. The implementation agreements provide for the services as contemplated under the New Factoring Services Agreement, as such, they do not constitute new categories of connected transactions. Any of these implementation agreements will not exceed the scope of the New Factoring Services Agreement and annual caps thereunder.

All payments made pursuant to the New Factoring Services Agreement and its implementation agreements will be by electronic transfer or other payment methods agreed by both parties.

### *Risk Control Measures*

- (1) Guoneng Factoring shall dispatch personnel with financial service experience and sense of responsibility to carry out the service work with diligence to ensure the smooth operation of the relevant business of members of the Group.
- (2) Guoneng Factoring shall assist in monitoring the maximum daily balance of factoring services (including related financing fees) of members of the Group and the total amount of agency fee, handling fee, consulting fee or other service fees charged for factoring-related services (including but not limited to providing consulting, agency, management and other services) per annum, and within 15 working days after the end of each month, notify the Company in writing of the maximum daily balance of factoring services (including related financing fees) for the year and the total amount of agency fee, handling fee, consulting fee or other service fees charged for factoring-related services (including but not limited to providing consulting, agency, management and other services) per annum to ensure that the relevant amount does not exceed the annual caps of connected transactions as approved by the internal decision-making procedures of the Company. If the relevant cap for the year is reached, members of the Group shall discontinue the engagement in such services with Guoneng Factoring for the rest of the year unless otherwise approved by the Board and the general meeting of the Company (if applicable).
- (3) During the annual audit period for the Company, the external auditors shall review and issue opinions on the connected transactions of both parties, and the Company shall fulfil its information disclosure obligations in a timely manner in accordance with the requirements of the listing rules of the places where the shares of the Company are listed. Guoneng Factoring shall provide necessary cooperation, including but not limited to providing information such as the amount and balance of relevant services.

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## LETTER FROM THE BOARD

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- (4) Both parties agree to, under the requests and recommendations of relevant securities regulatory authorities of the places where the shares of the Company are listed, independent non-executive Directors of the Company and independent financial adviser (if any), adjust risk control measures mentioned above, including but not limited to adding and modifying relevant risk control measures, upon mutual agreement following consultation.

### **BACKGROUND TO, REASONS FOR AND BENEFITS TO THE COMPANY OF ENTERING INTO THE NEW FACTORING SERVICES AGREEMENT**

The Group has established a long-term and stable cooperation with Guoneng Factoring. With an understanding of the development needs of the Group's coal, power, transportation and other industries, Guoneng Factoring is able to provide high-quality, multi-dimensional and innovative full-cycle factoring products and services. As each business segment of the Group continues to maintain a certain level of receivables, the members of the Group have long-term demand for carrying out factoring and related businesses. The continued provision of factoring services by Guoneng Factoring for the Group is conducive to meeting the business development needs of the Group, revitalising accounts receivable, reducing capital occupancy, actively broadening financing channels, mitigating the pressure on accounts receivable collection through the use of commercial factoring, enhancing capital efficiency, and reducing financing costs.

### **HONG KONG LISTING RULES IMPLICATIONS**

As at the Latest Practicable Date, Guoneng Factoring was an indirect wholly-owned subsidiary of China Energy. China Energy held, directly and indirectly, approximately 70.02% of the Shares of the Company and was the controlling shareholder of the Company. Accordingly, Guoneng Factoring is a connected person of the Company as defined under the Hong Kong Listing Rules. The New Factoring Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

In respect of the proposed annual caps under the New Factoring Services Agreement for the provision of factoring services by Guoneng Factoring to members of the Group, as one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules) exceed 0.1% but all are less than 5%, the provision of factoring services by Guoneng Factoring to members of the Group under the New Factoring Services Agreement is subject to the reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

In respect of the expected aggregate amount of Other Factoring-related Services under the New Factoring Services Agreement, as all of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules) are less than 0.1%, the provision of Other Factoring-related Services by Guoneng Factoring to the members of the Group under

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## LETTER FROM THE BOARD

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the New Factoring Services Agreement are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to the Shanghai Listing Rules, the New Factoring Services Agreement and the transactions thereunder are subject to approval at the general meeting.

### **APPROVAL BY THE BOARD**

The Board resolved and approved the New Factoring Services Agreement and the proposed annual caps thereunder on 24 April 2026. Of the Directors attending the Board meeting, the Abstained Directors were considered to have a material interest in the transactions contemplated under the New Factoring Services Agreement by virtue of being employed by China Energy, and thus abstained from voting on the relevant resolution. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, none of the Directors has any material interest in the New Factoring Services Agreement or the proposed annual caps thereunder.

The Directors (including independent non-executive Directors) consider that the New Factoring Services Agreement and the transactions contemplated thereunder will be entered into in the ordinary and usual course of business of the Group; will be conducted on normal commercial terms or better; and the agreement terms, the pricing principles and the annual caps are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

### **PROPOSAL ON GENERAL MANDATE TO REPURCHASE H SHARES**

The Company Law of the People's Republic of China provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered capital; (b) merging with other companies that hold shares in the company; (c) allocating shares for the purpose of the employee stock ownership plan or share option incentive; (d) shareholders objecting to resolutions of the general meeting of shareholders concerning merger or division of the company, requiring the company to buy their shares; (e) allocating shares for the conversion of corporate bonds which are convertible into shares issued by the company; or (f) as necessary for maintaining the value of the company and safeguarding the rights and interests of shareholders.

PRC laws and regulations and the Hong Kong Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the directors to repurchase H shares of such company that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of a special resolution passed by its shareholders in a general meeting and special resolutions passed by holders of domestic shares and overseas-listed foreign shares in separate class meetings.

As H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars and the price payable by the Company upon any repurchase of H Shares will be paid in Hong Kong dollars, the approval of the Beijing Branch of SAFE will be required for the Company to repurchase H Shares.

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## LETTER FROM THE BOARD

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In accordance with the requirements of the Articles of Association applicable to a reduction of capital, the Company shall notify its creditors of the passing of the resolution for the reduction of the registered capital of the Company at a general meeting within 10 days from the date of the passing of such resolution and also by way of publication in a newspaper within 30 days from the date of the passing of the resolution. Creditors have a period of 30 days from receipt of the Company's notification or, if no such notification has been received, 45 days from the date of the newspaper announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

Accordingly, approval is being sought from the Shareholders for a general mandate to repurchase H Shares in issue. In accordance with the legal and regulatory requirements described herein, the Directors will convene the AGM, the A Share Class Meeting and the H Share Class Meeting. A special resolution will be proposed at the AGM, the A Share Class Meeting and the H Share Class Meeting to grant the Board the H Share Repurchase Mandate, details of which will be set out in the notice of the AGM and the notice of the H Share Class Meeting. The H Shares which may be repurchased pursuant to the H Share Repurchase Mandate shall not exceed 10% of the total number of H Shares in issue of the Company (excluding treasury shares, if any) as at the date of passing of the resolution(s) approving the H Share Repurchase Mandate at the AGM and the class meetings. The H Share Repurchase Mandate shall not exceed the relevant period (the "**Relevant Period**"). The Relevant Period commences from the date on which the authority conferred by this special resolution is approved by a special resolution of Shareholders at a general meeting, a class meeting of holders of A Shares and a class meeting of holders of H Shares and ends at the earlier of: (a) the conclusion of the 2026 annual general meeting; or (b) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution at a general meeting, a class meeting of holders of A Shares and a class meeting of holders of H Shares.

An explanatory statement giving certain information regarding the H Share Repurchase Mandate is set out in Appendix II to this circular.

### **PROPOSAL ON GENERAL MANDATE TO ISSUE SHARES**

To ensure the sustainable development of the Company's business operations and the long-term interests of the Shareholders, the Board has resolved to propose a special resolution to the annual general meeting for consideration and approval of a general mandate to issue certain shares in accordance with relevant requirements under the Company Law, the Securities Law of the People's Republic of China, the Hong Kong Listing Rules and the Articles of Association. Pursuant to the general mandate (if granted), the Board shall, in light of market conditions and the needs of the Company, separately or concurrently issue A Shares and/or H Shares not exceeding each of 20% of the issued A Shares or H Shares of the Company (excluding treasury shares, if any) at the time the resolution granting the mandate is approved by the general meeting.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the issued share capital of the Company comprised 18,311,952,304 A Shares and 3,377,482,000 H Shares. Subject to the approval of the grant of the general mandate by the Shareholders and on the basis that no further share will be issued before the annual general meeting, the Board will have the power to issue up to 3,662,390,460 A Shares and 675,496,400 H Shares.

The specific contents of the general mandate shall include but not limited to the following:

- (i) Subject to the conditions set out in paragraph (ii) below, to grant a general mandate to the Board during the Relevant Period (as defined below) to, having regard to market conditions and the needs of the Company, resolve to issue, either separately or concurrently, additional shares of the issued A shares and/or H shares of the Company, and to resolve, or to delegate authority to resolve, on such matters as may be required for the exercise of such mandate (including authorising the Board, during the Relevant Period, to resolve, or to delegate authority to resolve, on such matters for the exercise of such mandate which may need to be exercised after the expiry of the Relevant Period).
- (ii) The aggregate number of A shares and/or H shares which the Board may resolve to issue, either conditionally or unconditionally (whether pursuant to the exercise of share options or otherwise), shall not in each case exceed 20% of the total number of the relevant class of shares of the Company in issue (excluding treasury shares, if any) as at the date of passing of this proposal by the general meeting.
- (iii) To authorise the Board, when exercising the aforesaid general mandate, to formulate and implement specific issuance plans, including but not limited to: (1) the class and number of shares to be issued; (2) the pricing method and/or issue price (including any price range); (3) the commencement and termination dates of the issue; (4) the specific use of proceeds; (5) the power to resolve, or to delegate authority to resolve, such matters as may be required for the exercise of the aforesaid mandate; and (6) any other matters which are required to be included in a specific issuance plan pursuant to applicable laws, regulations, other normative documents, and the requirements of the relevant regulatory authorities and stock exchanges of the places of listing.
- (iv) To authorise the Board to approve and execute all acts, documents, and other matters necessary for, or in connection with, the issuance; and to consider, approve, and execute on behalf of the Company agreements relating to the issuance, including but not limited to subscription agreements and underwriting agreements.
- (v) To authorise the Board to consider, approve, and execute on behalf of the Company the statutory documents required to be submitted to the relevant regulatory authorities in connection with the issuance, to complete the relevant approval procedures in accordance with the requirements of regulatory authorities and the

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## LETTER FROM THE BOARD

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Company's places of listing, and to handle all necessary filings, registrations, and filing procedures with the relevant government authorities in Hong Kong of the PRC and/or in any other relevant regions and jurisdictions (as applicable).

- (vi) To authorise the Board to make such amendments to the agreements and statutory documents referred to in paragraphs (iv) and (v) above as may be required by the domestic and overseas regulatory authorities.
- (vii) To authorise the Board to approve the increase of the Company's registered capital following the issuance of new shares, to make such appropriate and necessary amendments to the Articles of Association relating to the total share capital, shareholding structure, and other related matters, to complete the statutory approval, registration, and filing procedures domestically and abroad, and to take any other necessary actions and handle any necessary formalities to implement the share issuance and the increase of the Company's registered capital pursuant to this proposal.
- (viii) To approve that the Board, subject to obtaining the aforesaid mandate, may, unless otherwise required by laws and regulations, sub-delegate the aforesaid mandate to authorised person(s) of the Board to jointly or severally sign, execute, amend, complete, and deliver all agreements, contracts, and documents in relation to the issuance of shares under the general mandate.
- (ix) The Board may only exercise the aforesaid mandate in accordance with all applicable laws, regulations, and rules, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Hong Kong Listing Rules, and the requirements of any other government or regulatory authority.

Save where the Board has resolved, or has delegated authority to resolve, during the Relevant Period, on matters in relation to the issuance of A shares and/or H shares for the exercise of such mandate and such resolutions may need to continue to be carried out or implemented after the expiry of the Relevant Period, the aforesaid mandate shall only be valid during the Relevant Period. The "Relevant Period" as referred to in this proposal shall be the period commencing from the date of passing of this proposal by the general meeting by way of a special resolution until the earlier of the following dates:

- (a) the conclusion of the annual general meeting for 2026;
- (b) the date on which the mandate set out in this proposal is revoked or varied by a special resolution passed at any general meeting of the Company.

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## LETTER FROM THE BOARD

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If, during the Relevant Period, the Board or its authorised person(s) has signed necessary documents, completed necessary procedures or taken the relevant actions, and such documents, procedures or actions may need to be performed, carried out or continued at or after the end of the aforesaid Relevant Period until completion, the Relevant Period shall be extended accordingly.

The proposed general mandate has been considered and approved by the Board, and will be proposed at the annual general meeting for the Shareholders' consideration and approval by way of a special resolution.

### THE AGM AND THE CLASS MEETINGS

The AGM will be convened and held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People's Republic of China at 2:30 p.m. on 26 June 2026 (Friday) for the purposes of, among others:

- (1) to consider and approve by the Independent Shareholders by way of ordinary resolutions the entering into of the New Coal Mutual Supply Agreement, the entering into of the New Mutual Supplies and Services Agreement, the New Financial Services Agreement and the New Factoring Services Agreement;
- (2) to consider and approve the H Share Repurchase Mandate by a special resolution by the Shareholders;
- (3) to consider and approve the general mandate to issue shares by a special resolution by the Shareholders.

The A Share Class Meeting will be convened and held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People's Republic of China at 3:30 p.m. on Friday, 26 June 2026 for the purpose of considering and approving, by a special resolution by the A Shareholders, the H Share Repurchase Mandate.

The H Share Class Meeting will be convened and held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People's Republic of China at 3:45 p.m. on Friday, 26 June 2026 for the purpose of considering and approving, by a special resolution by the H Shareholders, the H Share Repurchase Mandate.

Voting at the AGM, the A Share Class Meeting and the H Share Class Meeting shall be taken by way of poll. Pursuant to the Hong Kong Listing Rules, China Energy and its associates will abstain from voting on all resolutions relating to the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement, the New Financial Services Agreement and the New Factoring Services Agreement to be proposed, considered and

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## LETTER FROM THE BOARD

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voted on at the AGM. As at the Latest Practicable Date, China Energy and its associates held in aggregate 15,187,551,170 shares of the Company, representing approximately 70.02% of the total issued shares of the Company.

Save as set out above, as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the connected persons of the Company, Shareholders or their respective associates (other than China Energy and its associates) had a material interest in the other resolutions to be proposed, considered and approved at the AGM and/or the H Share Class Meeting that would require them to abstain from voting at the AGM and/or the H Share Class Meeting.

The reply slips and forms of proxy for use at the above meetings are enclosed herewith. Shareholders who intend to attend the meetings shall complete and return the reply slips in accordance with the instructions printed thereon before Tuesday, 23 June 2026.

### RECOMMENDATION

Based on the relevant information disclosed herein, the Directors (including all the independent non-executive Directors) believe that the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement, the New Financial Services Agreement and the New Factoring Services Agreement set out herein are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole, and the general mandate to repurchase H Shares and general mandate to issue shares mentioned above are also in the best interests of the Company and its Shareholders as a whole, and recommend that all Shareholders, A Shareholders and H Shareholders should vote in favour of the relevant resolutions to be proposed at the AGM, the A Share Class Meeting and the H Share Class Meeting.

The Board has resolved and approved the resolutions in respect of the above matters. Of the Directors attending the Board meeting, the Abstained Directors were considered to have material interests by virtue of being employed by China Energy, and thus abstained from voting on the Board resolutions in respect of the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement, the New Financial Services Agreement and the New Factoring Services Agreement.

Accordingly, the Board recommends that all Shareholders, A Shareholders and H Shareholders vote in favor of the relevant resolutions to be proposed at the AGM, the A Share Class Meeting and the H Share Class Meeting.

Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the resolutions in relation to the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement and the New Financial Services Agreement.

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## LETTER FROM THE BOARD

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Having considered the advice given by the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving at its advice, as well as the factors for determining the annual caps and the pricing policies for the entering into of the New Factoring Services Agreement, the Independent Board Committee is of the opinion that the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement, the New Financial Services Agreement and the New Factoring Services Agreement set out herein are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favor of the resolutions in relation to the entering into of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement, the New Financial Services Agreement and the New Factoring Services Agreement to be proposed at the AGM.

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 58 to 59, the letter from the Independent Financial Adviser set out on pages 60 to 106 and the other information set out in the appendices to this circular.

Yours faithfully,

By order of the Board

*Chief Financial Officer and Secretary to the Board*

**Song Jinggang**



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

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 01088)**

4 June 2026

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**  
**CONTINUING CONNECTED TRANSACTIONS**  
**ENTERING INTO THE NEW MUTUAL COAL SUPPLY AGREEMENT, THE**  
**NEW MUTUAL SUPPLIES AND SERVICES AGREEMENT**  
**AND THE NEW FINANCIAL SERVICES AGREEMENT**

We refer to the circular of the Company dated 4 June 2026 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, entering into the New Mutual Coal Supply Agreement, entering into the New Mutual Supplies and Services Agreement and entering into the New Financial Services Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, are in the interests of the Company and its Shareholders as a whole and how to vote.

Having considered the above and the advice of the Independent Financial Adviser in relation thereto as set out on pages 60 to 106 of this circular, we are of the opinion that the entering into the New Mutual Coal Supply Agreement, entering into the New Mutual Supplies and Services Agreement and entering into the New Financial Services Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of and approve all resolution(s) in relation to the entering into the New Mutual Coal Supply Agreement, entering into the New Mutual Supplies and Services Agreement, and entering into the New Financial Services Agreement to be proposed at the AGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Dr. Yuen Kwok Keung**

*Independent non-executive*

*Director*

**Dr. Chen Hanwen**

*Independent non-executive*

*Director*

**Mr. Wang Hong**

*Independent non-executive*

*Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Somerley Capital Limited prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions.*



**SOMERLEY CAPITAL LIMITED**

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

4 June 2026

*To: The Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
RENEWAL OF THE MUTUAL COAL SUPPLY AGREEMENT AND  
THE MUTUAL SUPPLIES AND SERVICES AGREEMENT, AND RENEWAL OF  
THE FINANCIAL SERVICES AGREEMENT WITH THE FINANCE COMPANY  
WITH CHINA ENERGY**

### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and Independent Shareholders in connection with (i) the New Mutual Coal Supply Agreement and the proposed annual caps; (ii) the New Mutual Supplies and Services Agreement and the proposed annual caps; and (iii) the services in relation to the deposits placed by members of the Group with the Finance Company (the “**Deposit Services**”) contemplated under the New Financial Services Agreement and the respective proposed annual caps (collectively, the “**Continuing Connected Transactions**”). Details of the Continuing Connected Transactions are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) to its shareholders dated 4 June 2026, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, China Energy holds approximately 70.02% of the shares of the Company and is the controlling shareholder of the Company, and the Finance Company was held as to 60% by China Energy. As such, China Energy and the Finance Company are connected persons of the Company under the Hong Kong Listing Rules, and the Continuing Connected Transactions constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

In respect of the annual caps under the New Mutual Coal Supply Agreement and the New Mutual Supplies and Services Agreement, as one or more of the applicable percentage ratios exceed 5% as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, the New Mutual Coal Supply Agreement and the New Mutual Supplies and Services Agreement and the transactions contemplated thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In respect of the proposed annual caps of the Deposit Services, as one or more of the applicable percentage ratios exceed 5% but all such percentage ratios are less than 25% as calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, it is thereby subject to reporting, announcement, and the approval of Independent Shareholders requirements under Chapter 14A of the Hong Kong Listing Rules. This transaction also constitutes a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules.

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

We are not associated or connected with the Company, China Energy, Finance Company or their respective close associates or core connected persons and, accordingly, are considered eligible to give independent advice on the Continuing Connected Transactions and the proposed annual caps. In the two years prior to this appointment, we did not have other engagement with the Company or its associates except for having acted as the independent financial adviser to the Company in relation to the acquisition of the Target Assets by the Company as defined and disclosed in the circular of the Company dated 24 December 2025 (the “**Major Acquisition**”). We do not consider the past engagement as independent financial adviser to give rise to any conflict for us to act as the Independent Financial Adviser for the Continuing Connected Transactions. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, China Energy, Finance Company or their respective close associates or core connected persons. Accordingly, we are independent pursuant to Rule 13.84 of the Hong Kong Listing Rules and are considered eligible to give independent advice on the Continuing Connected Transactions.

In formulating our advice and recommendation, we have reviewed the information of the Company, including, among other things, (i) the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement, and the New Financial Services Agreement; (ii) the annual reports of the Company for the year ended 31 December 2024 (“**FY2024**”) (the “**2024 Annual Report**”) and 31 December 2025 (“**FY2025**”) (the “**2025 Annual Report**”); (iii) the announcement of the Company in relation to the Continuing Connected Transactions; and (iv) other information contained in the Circular.

In addition, we have relied on the information and facts supplied, and the opinions expressed by the Directors and management of the Company (collectively, the “**Management**”), which we have assumed to be true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete in all material aspects up to the date of the AGM. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group, China Energy and Finance Company, nor have we carried out any independent verification of the information supplied.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Continuing Connected Transactions, we have considered the following principal factors and reasons:

#### 1. Information on the Group

The Company is the world's leading integrated coal-based energy company. The main business of the Group is the production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other related chemical processing business. As of the Latest Practicable Date, China Energy directly held 15,175,957,642 A Shares of the Company and indirectly held 11,593,528 A Shares of the Company through Capital Holdings, in aggregate representing approximately 70.02% of the total number of issued shares of the Company.

Set out below is the summary of the financial information of the Group for FY2024 and FY2025 as extracted from the 2025 Annual Report:

	For the year ended 31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>
		<i>(Restated)</i>
<b>Revenue</b>		
– Coal	182,874	223,409
– Power	88,914	95,769
– Others	23,128	20,610
<b>Revenue</b>	<b>294,916</b>	<b>339,788</b>
<b>Gross profit</b>	<b>88,196</b>	<b>102,058</b>
<b>Profit for the year attributable to equity holders of the Company</b>	<b>54,218</b>	<b>59,544</b>

Revenue of the Group for FY2025 was approximately RMB294,916 million, representing a year-on-year decrease of approximately 13.2% as compared with approximately RMB339,788 million in FY2024. Such decrease was mainly due to (i) the decrease in revenue from coal sales affected by factors such as the supply-demand relationship in the coal market, leading to the decrease in sales volume and average sales price by 6.4% and 12.1% respectively; and (ii) the decrease in revenue from power sales affected by factors such as the decline in utilisation hours of coal power equipment and the decrease in electricity price, leading to the decrease in electricity sales and average electricity sales price by 3.9% and 4.0% respectively. Gross profit of the Group for FY2025 amounted to approximately RMB88,196 million, representing a decrease of approximately 13.6% as compared to that of approximately RMB102,058 million for FY2024. Such decrease was mainly due to the decrease in gross profit margin for coal segment. Profit for the year attributable to equity holders of the Company amounted to approximately RMB54,218 million for FY2025, representing a decrease of approximately 8.9% compared with that of approximately RMB59,544 million for FY2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is the summary of the financial position of the Group as at 31 December 2024, 31 December 2025 as extracted from the 2025 Annual Report:

	As at 31 December	
	2025	2024
	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>
		<i>(Restated)</i>
Total assets	631,777	671,639
Total liabilities	146,310	171,377
Equity attributable to equity holders of the Company	412,576	422,595

As at 31 December 2025, the Group's total assets amounted to approximately RMB631,777 million, mainly comprised of (i) property, plant and equipment of approximately RMB310,849 million; (ii) interests in associates of approximately RMB62,108 million; and (iii) time deposits of approximately RMB55,847 million.

As at 31 December 2025, the Group's total liabilities amounted to approximately RMB146,310 million, mainly comprised of (i) accounts and bills payable of approximately RMB41,513 million; (ii) borrowings of approximately RMB34,900 million; and (iii) accrued expenses and other payables of approximately RMB30,661 million.

As 31 December 2025 and 31 December 2024, the Group's total equity attributable to equity holders of the Company amounted to approximately RMB412,576 million and RMB422,595 million, respectively, representing a slight decrease of approximately 2.4%.

### 2. Information on China Energy

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

### 3. Information on the Finance Company

The business scope of the Finance Company includes: licensed items: service of a finance company for an enterprise group (items that require approval according to law can only be carried out with the approval of relevant authorities, and specific business items shall be subject to the approval documents or licenses of relevant authorities). As at the Latest Practicable Date, China Energy held 60% of the equity interest of the Finance Company, and the Company held 40% of the equity interest of the Finance Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Regulatory environment of the Finance Company*

The Finance Company is a major domestic non-banking financial institution providing financial services to members of the Group and is subject to compliance with relevant rules and regulations as promulgated by the national financial regulatory agency including compliance with the 《企業集團財務公司管理辦法》 (Administrative Measures for the Group Finance Companies) (the “**Administrative Measures**”) which is to regulate the operation of group finance companies and reduce the possible financial risk, and other regulations promulgated by the PBOC and the NFRA.

We have discussed with the Management and understand that the Administrative Measures imposes certain requirements on finance companies such as the Finance Company, including but not limited to, maintaining capital adequacy, cash balance and certain liquidity ratios. Set out below are the major regulatory ratio requirements confirmed by the Company to be applicable the relevant ratios of the Finance Company as at 31 December 2025:

<b>Major regulatory ratio</b>	<b>Requirements</b>	<b>The Finance Company As at 31 December 2025</b>
Capital adequacy ratio	Not lower than 10.5%	19.55%
Investment ratio	Not higher than 70%	62.17%
Loan ratio	Not higher than 80%	75.74%
Current ratio	Not lower than 25%	59.69%
Self-owned fixed assets to total capital ratio	Not higher than 20%	0.01%

As shown in the table above, we note that all applicable ratios of the Finance Company are in compliance with the regulatory requirements as promulgated by the CBIRC. As confirmed by the Finance Company, the NFRA has not taken any disciplinary actions, or imposed penalties or fines on the Finance Company since its incorporation. We have further discussed and confirmed with the Company that, the Company is not aware of any record of non-compliance with the relevant rules and regulations by the Finance Company during the past three years.

We further noted from the New Financial Services Agreement that there are relevant risk assessment and control measures in place which are targeted to safeguard members of the Group’s deposits, including but not limited to, (i) members of the Group will be able to withdraw cash to satisfy the flexible requirements of treasury timely at any time without limitation, and may, from time to time, transfer its deposit placed with Finance Company in full or in part to test and ensure the security and liquidity of the relevant deposits; (ii) Finance Company guarantees that Members of the Company will be informed in a timely manner upon occurrence of any event that may imperil or bring potential risk to the deposit safety of members of the Group; (iii) the Company has the right to examine operation status and financial position of Finance Company on a regular or non-regular basis and Finance Company will provide its financial reports, regulatory indicators and any other necessary information and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the latest financial license and business license to the Company's finance department by 15 February of the year after the end of each year and within 20 calendar days after the end of each half year and will provide various regulatory indicators to the Company's finance department within 20 calendar days after the end of each quarter; and (iv) in the event of default where the deposits become unable to be withdrawn, members of the Group are entitled to set off the amount of unrecovered deposits with the loan provided by Finance Company. Details of the capital risk control measures are set out in the section headed "Risk Assessment and Control Mechanism and Measures in Relation to the New Financial Services Agreement" in the letter from the Board of the Circular.

In addition, we have also discussed with the Company and noted from the letter from the Board of the Circular that, China Energy has provided undertaking (the "**Undertaking**") in the Finance Company Capital Increase Agreement that, in case of an emergency where Finance Company has difficulties making payments, China Energy shall, in accordance with the actual needs to address payment difficulties, satisfy the payment needs of Finance Company through various channels including, among others, the increase of capital and the provision of liquidity support to Finance Company in conformity with laws, regulations and internal regulations such as the Articles of Association of Finance Company.

#### **4. Reasons for and benefits of entering into of the Continuing Connected Transactions**

##### *(i) The New Mutual Coal Supply Agreement*

We have discussed and understand from the Management that the Group and China Energy has been supplying coal on a mutual basis prior to the Group's listing in Hong Kong in 2005. The New Mutual Coal Supply Agreement and the continuation of which are regarded as crucial to the carrying out of the businesses of both the Group and the China Energy Group in terms of facilitating business growth and development.

As disclosed in the letter from the Board of the Circular, the Group has long-standing experience in mutual coal supply with China Energy Group. To further deepen their long-term and stable cooperative relationship, the Company has entered into a new mutual coal supply agreement with China Energy Group, pursuant to which the Group will continue to sell various types of thermal coal with different calorific values to China Energy Group and collect consideration thereon on normal commercial terms, while China Energy Group will continue to sell various types of thermal coal with different calorific values to the Group for coal blending and resale purposes. The conclusion of the new mutual coal supply agreement ensures that the Group maintains stable coal sales customers and market position, secures a reliable and quality-assured coal supply, achieves both convenience and economic efficiency, and safeguards the Group's normal production and operation while reducing operational risks and costs.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the 2025 Annual Report, the mutual supply and purchase of coal between the Group and China Energy Group under the existing Mutual Coal Supply Agreement has been overall revenue generating to the Group. For FY2024 and FY2025, revenue generated from sales of coal by the Group to China Energy Group represented around 42.7% and 42.5% of the Group's revenue from the same type of transactions, respectively. Based on the 2025 Annual Report, the purchase of coal by the Group from China Energy Group under the existing Mutual Coal Supply Agreement represented 21.1% and 38.0% of the same type of transactions for each of FY2024 and FY2025 respectively.

*(ii) The New Mutual Supplies and Services Agreement*

We have discussed and understand from the Management that the Group and China Energy has been executing transactions under the Mutual Supplies and Services Agreement prior to the Group's listing in Hong Kong in 2005. As with the New Mutual Coal Supply Agreement discussed above, the New Mutual Supplies and Services Agreement and the continuation of which are regarded as crucial to the carrying out of the businesses of both the Group and the China Energy in terms of facilitating business growth and development.

As disclosed in the letter from the Board of the Circular, the Group and China Energy Group have long-standing cooperation experience in the mutual provision of products and services, and the entering into of this agreement aims to continue the long-term and stable cooperative relationship between both parties. The Company entered into the New Mutual Supplies and Services Agreement with China Energy, pursuant to which the Group continues to provide products and services such as chemical products and railway transportation to China Energy Group on an arm's length basis, and China Energy Group continues to provide products and services such as refined oil and engineering construction to the Group on an arm's length basis. The entering into of the agreement, while taking into consideration both convenience and cost-effectiveness, is conducive to the Group's continued access to a stable, reliable, and quality-assured supply of materials and services, ensuring the normal production and business activities of the Group and promoting the business development and operational growth of the Group.

Based on the 2025 Annual Report, the mutual supplies and purchases of products and services between the Group and China Energy Group under the existing Mutual Supply and Services Agreement has been revenue generating to the Group, for which in FY2024 and FY2025, revenue generated from (i) sales of products provided to China Energy represented around 7.0% and 7.4% of the same type of transactions entered into by the Group, respectively; and (ii) sales generated from services provided to China Energy represented around 39.8% and 45.4% of the same type of transactions entered into by the Group, respectively. Based on the 2025 Annual Report, the purchase of (i) products from China Energy Group represented around 2.9% and 3.8% of the same type of transactions entered into by the Group, respectively; and (ii) services from China Energy Group represented around 22.6% and 28.0% of the same type of transactions entered into by the Group, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of:

- (a) the long-established existing cooperation relationship between the Group and the China Energy Group;
- (b) as discussed above, the New Mutual Coal Supply Agreement and the New Mutual Supplies and Services Agreement are essential for maintaining business stability and ensuring operational efficiency for the Group, and China Energy Group on a mutual basis;
- (c) the supply of coal and other products and services by the Group to China Energy Group under the New Mutual Coal Supply Agreement and the New Mutual Supplies and Services Agreement, in particular, has brought a positive contribution to the Group;

we agree with the Directors and consider that the entering into of the New Mutual Coal Supply Agreement and the New Mutual Supplies and Services Agreement are in the interests of the Company and the Shareholders.

### *(iii) The New Financial Services Agreement*

As disclosed in the announcement dated 28 April 2023, and the circular dated 17 May 2023, the Company and the Finance Company have entered into the Financial Services Agreement on 28 April 2023, pursuant to which the Finance Company agreed to provide financial services. The Financial Services Agreement will expire on December 31, 2026.

As discussed in the letter from the Board of the Circular, members of the Group have established long-term and stable cooperation with the Finance Company, and have formed relatively stable business relationships in areas such as deposits, loans, bills, settlement, and agency services. The Finance Company is a state-approved, licensed non-bank financial institution and the financial services platform of the China Energy Group. The Company entered into the New Financial Services Agreement with the Finance Company, pursuant to which the Finance Company will continue to provide financial services to members of the Group. This is conducive to maintaining the continuity of financial services received by members of the Group, optimizing the financial management of the Group, enhancing the efficiency of capital utilization, reducing financing costs, and improving the Company's return on investment in the Finance Company.

Based on our discussions with the Management, as part of the ordinary and usual course of business, a number of transactions have conducted among members of the Group and between members of the Group and Members of China Energy Group. The aforementioned transactions and balances among members of the Group and between members of the Group and Members of China Energy Group are mainly settled through their respective accounts maintained with the Finance Company. The Finance Company provides deposits and other financial services to members of the Group to facilitate settlement between members of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Group and Members of China Energy Group and shorten the time required for transfer and turnover of funds. Compared with opening bank accounts by Members of China Energy Group and members of the Group separately in independent commercial banks, direct clearing and settlement between both sides would be more efficient. The Finance Company also enables members of the Group to lower the cost by improving the efficiency of the internal settlement and help to realise optimisation of cost and operational efficiency. In addition, deposits placed by members of the Group with Finance Company would be conducive to realising centralised treasury management as members of the Group will be able to withdraw cash to satisfy their flexible requirements of treasury timely at any time without limitation. Meanwhile, members of the Group will also be entitled to withdraw its deposit placed with Finance Company in full or in part from time to time. members of the Group may, at its sole discretion, deposit funds with the Finance Company or other independent commercial banks without any restrictions.

According to the letter from the Board of the Circular, the Finance Company is a state-approved, licensed non-bank financial institution and the financial services platform of the China Energy Group and its services are provided subject to compliance with the relevant rules and operational requirements promulgated by the national financial regulatory agency and PBOC. Further details of the Finance Company's background and regulatory requirements are set out in the sections headed "3. Information on the Finance Company" above.

In light of (i) the long-established existing cooperation relationship between the Group and China Energy Group and the stable business relationship members of the Group has maintained with the Finance Company; and (ii) that members of the Group can utilize the services of the Finance Company on a voluntary, non-exclusive basis and is not obliged to engage the Finance Company for any particular service and, the Finance Company represents an additional, reliable and stable source of financial services for members of the Group to choose from, which in turn serves to enhance flexibility for members of the Group's capital management, we agree with the Directors of the Company and consider the Deposit Services contemplated under the New Financial Services Agreement to be in the interests of the Company and the Shareholders.

### **5. The New Mutual Coal Supply Agreement**

#### *(i) Principal terms of the New Financial Services Agreement*

Services provided	(1) the Group has agreed to supply coal to China Energy Group; and (2) China Energy Group has agreed to supply coal to the Group.
Term and termination	The New Mutual Coal Supply Agreement shall come into force upon approval at the AGM and shall be effective from 1 January 2027 to 31 December 2029.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Price determination policy	<p>The transaction amount for the mutual supply of coal under the New Mutual Coal Supply Agreement is the product of the unit price in RMB/ton multiplied by the actual weight. The unit price shall be determined by both parties after arm's length negotiations with reference to the then market price and conditions and the following factors, provided that the transaction terms shall not be less favorable than those provided by independent third parties:</p> <ol style="list-style-type: none"><li>(1) the national industrial policy as well as industry and market conditions in the PRC;</li><li>(2) the specified guidelines issued by NDRC setting out the coal purchase prices (if any);</li><li>(3) the current coal market trading prices in the regional coal exchange or market in the PRC, i.e., the price of coal of comparable grade that is offered to or by independent third parties under normal market conditions and normal commercial terms in the same or nearby regions. For local spot coal price, reference is generally made to (i) the spot price index of the local coal exchange or market in the Bohai Rim region or nearby provinces as published on the website of China Coal Market (<a href="http://www.cctd.com.cn">www.cctd.com.cn</a>) organized by the China Coal Transportation and Distribution Association (中國煤炭運銷協會) in the PRC; (ii) the sale price of local large coal enterprises as published on various coal industry websites (if any); and/or (iii) price quotations from several other enterprises with comparable quality, quantity and location;</li><li>(4) the quality of the coal (including the estimated calorific value of coal as required by different coal-fired power generating units);</li><li>(5) the quantity of coal; and</li><li>(6) transportation fees. In most cases, the transaction amounts of the mutual coal supply transactions include transportation fees. The relevant transportation fees are determined separately based on the actual modes of transportation. Among these, for railway transportation involving national railways, the relevant national railway charging standards shall apply; for railway transportation involving the Group's internal railways, the government-guided prices shall apply in principle; for a small number of railway transportation businesses to which market adjustment mechanisms apply, the prices determined through negotiation by the relevant parties shall apply, and the transaction amounts shall be calculated based on the transportation distance, transportation volume and applicable freight rate standards; Port charges include operating service charges subject to government-set prices, government-guided prices and market-adjusted prices, and the transaction amounts are calculated based on the freight rate standards and handling volume of the port where the coal is shipped. Ocean freight charges are determined with reference to factors including the China Coastal Coal Freight Index published by the Shanghai Shipping Exchange and historical freight rate levels, and the transaction amounts are settled based on the transportation distance, transportation volume and applicable freight rates.</li></ol>
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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To ascertain the fairness and reasonableness of the terms to the New Mutual Coal Supply Agreement, which are substantially on the same terms as the existing mutual coal supply agreement, we have requested and were provided with (i) 4 samples of transactions entered into between the Group as the purchaser and China Energy Group as the supplier during 2024 to 2025; (ii) 4 samples of transactions entered into between the Group as the purchaser and independent third party during 2024 to 2025; (iii) 4 samples of transactions entered into between the Group as the supplier and China Energy Group as the purchaser during 2024 to 2025; (iv) 4 samples of transactions entered into between the Group as the supplier and independent third party as the purchaser during 2024 to 2025 (collectively, the “**Coal Transaction Samples**”). We have discussed and understood from the Management that the Coal Transaction Samples entered into with China Energy Group were considered as comparable with those Coal Transaction Samples entered into with independent third parties as the counterparties. Given that the Coal Transaction Samples covered the primary type of transactions conducted during 2024 and 2025 under the Mutual Coal Supply Agreement as mentioned in the table above, we consider such samples fair and representative for the purpose of our analysis on whether the relevant pricing policies were adhered to.

Based on our review of the Coal Transaction Samples, we noticed that terms of the transactions, in particular, (i) the price of same/similar coal offered by the Group to China Energy Group were not less favourable to the Group than those offered to independent third parties; and (ii) the price of same/similar coal offered by the China Energy Group to the Group were no less favourable to the Group than those offered by independent third parties.

Additionally, as discussed in the section headed “8. Procedures and Internal Control Mechanisms Related to the Pricing and Terms of Continuing Connected Transactions” below, the Company has established a series of procedures and internal control measures in order to ensure that the pricing mechanism and terms of the transactions with connected persons are fair and reasonable and no less favorable to the Group than the terms offered to/provided by any independent third party. Such internal control measures include (i) the Company has set up a connected transaction group headed by the chief accountant. The connected transaction group is responsible for managing the daily affairs of the Company’s connected transactions, guiding, supervising and inspecting the management of the connected transactions of its subsidiaries, regularly monitoring and reviewing the implementation of connected transactions (including but not limited to the implementation of agreed pricing policies and transaction amounts etc.), regularly organising the trainings on connected transactions and regularly conducting supervision and inspection of the connected transactions across the Group. In particular, as mentioned in the letter from the Board in the Circular, the connected transaction group will, amongst other things, frequently monitor and update the trend of coal prices on a weekly basis by taking into account the Group’s development and market conditions for a more accurate assessment of market expectations. As and when any adjustments to the annual caps of the continuing connected transaction become foreseeable, the Company will promptly make necessary announcement and seek prior approval from independent shareholders; (ii) subsidiaries of the Group also has its individual connected transaction group or relevant management team with a specialised personnel arranged to be in charge of the pricing of the continuing connected transactions and required to strictly observe the pricing principles and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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policies for the continuing connected transaction disclosed in the Circular to determine the price for each transaction; (iii) the Group has in place legal management and other systems where personnel who recommends the pricing of continuing connected transactions shall submit such recommendation for the relevant connected transaction groups and finance departments of the subsidiaries of the Group for approval and confirmation. The connected transaction groups and finance departments also monitor the pricing through such systems and ensure that the implementation price of continuing connected transactions is consistent with the agreed price; (iv) the Company's internal control and risk management departments conduct regular internal control assessments on an annual basis to verify the completeness and effectiveness of internal control measures related to connected transactions.

Taking into account the above internal control measures adopted by the Group which ensure transactions under the New Mutual Coal Supply Agreement are conducted on terms no less favourable to the Group than those between the Group and independent third parties and our review of the Coal Transaction Samples, in which the terms are in accordance with the agreements governing them and the prices were no less favorable to the Group than those with independent third parties, we consider the effective implementation of the internal control system will provide an additional layer of comfort to ensure fair pricing for transactions under the New Mutual Coal Supply Agreement. Having considered the above factors, including the results from our review of the Coal Sample Transactions and the internal control mechanisms adopted by the Group as outlined above, we are of the view that the terms of the New Mutual Coal Supply Agreement are on normal commercial terms and are fair and reasonable.

***(ii) Proposed annual caps under the New Mutual Coal Supply Agreement***

*Supply of coal by the Group to China Energy Group*

The following tables sets out (i) the actual historical transaction amounts and the existing annual caps in respect of supply of coal by the Group to China Energy Group; and (ii) the proposed annual caps for the three years ending 31 December 2029:

	<b>For the year ended 31 December</b>		
	<b>2024</b>	<b>2025</b>	
	<i>(RMB million)</i>	<i>(RMB million)</i>	
<b>Historical Transaction Amount</b>	93,203	75,884	
<b>Existing annual cap</b>	110,000	110,000	
<b>Utilisation</b>	84.7%	69.0%	
	<b>For the year ending 31 December</b>		
	<b>2027</b>	<b>2028</b>	<b>2029</b>
	<i>(RMB million)</i>		
<b>Proposed annual cap</b>	126,500	131,000	133,000

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With reference to the letter from the Board in the Circular, in summary, the proposed annual caps of the New Mutual Coal Supply Agreement for the supply of coal by the Group to the China Energy Group have been set taking into account the following factors:

- (a) In recent years, the overall operation of China's domestic coal market has been stable. Influenced by factors such as international trade frictions, geopolitical conflicts, and climate change, coal still plays a pivotal role in China's energy security. The comprehensive price indices of Bohai Bay Thermal Coal (5,500 kcal) at the end of 2023, end of 2024, and end of 2025 stood at RMB732/tonne, RMB703/tonne, and RMB693/tonne, respectively. In recent years, the National Development and Reform Commission has continuously guided coal prices to operate within a reasonable range through the medium- and long-term contract mechanism. As the transaction volume of coal under medium- and long-term contracts accounts for a high proportion of the market transaction volume, the relevant long-term contract prices serve as an important reference and play a stabilizing role for market coal prices. The average annual long-term contract prices for 5,500 kcal thermal coal from 2023 to 2025 were approximately RMB714/tonne, RMB701/tonne, and RMB680/tonne, respectively, with relatively limited overall fluctuations. Meanwhile, market prices of thermal coal have experienced a significant recovery since 2026. The Board is of the view that, against the backdrop of continued guidance from relevant national policies, steady implementation of the medium- and long-term contract mechanism, and overall balanced supply and demand for coal, coupled with the impact of volatile international developments on coal supply, demand and prices, coal prices are expected to remain within a reasonable and relatively stable range over the next three years.

The sales prices of commercial coal realized by the Group are exclusive of tax and are correlated with the actual calorific value of coal and the place of sale. The average selling prices of coal of China Shenhua (excluding tax, the same hereinafter) were RMB584/tonne, RMB564/tonne and RMB495/tonne in 2023, 2024 and 2025 respectively, with the average selling price from 2023 to 2025 being RMB548/tonne. China is expected to continue to guide and promote the operation of coal prices within a reasonable range, and the coal price centre is expected to remain stable within a reasonable range from 2027 to 2029. The Group implements the same pricing policy for internal and external customers, and the sales prices of coal supplied by the Group to China Energy Group are expected to remain relatively stable, with the average selling price maintained at approximately RMB548/tonne.

- (b) In 2025, the national power generation by industrial thermal power enterprises above designated size reached 6,294.55 billion kWh, accounting for 64.8% of the total national power generation. Coal-fired power remains the dominant source of power supply in China at present. Advanced national coal production capacity has been released in an orderly manner, while coal imports decreased

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year-on-year. The annual raw coal output of industrial enterprises above designated size stood at 4.83 billion tonnes, representing a year-on-year increase of 1.2%. National coal production capacity is expected to remain at a high plateau during the “15th Five-Year Plan” period.

As the world’s largest coal-fired power generation company, China Energy Group had an installed capacity of 220 million kilowatts for coal-fired power generation at the end of 2025, with a number of coal-fired power generation projects still under construction. Coal demand is expected to continue to increase in the future. As one of the most important thermal coal suppliers to China Energy Group, the Group expects that its coal supply to China Energy Group will continue to occur.

- (c) To implement the national energy supply guarantee arrangements and continuously consolidate the competitive advantages of the Group’s integrated industrial chain operation, the Group’s total coal sales volume in 2025 amounted to 430.9 million tonnes. On a comparable basis, the planned total coal sales volume for 2026 is 434.9 million tonnes, representing an increase of 0.9% from 2025. Such growth rate is expected to be maintained from 2027 to 2029. Assuming the volume of coal supplied by the Group to China Energy Group increases at the same rate each year, and the supply price is generally consistent with the average selling price of coal for the period from 2023 to 2025 and based on the amount of coal sales by the Group to China Energy Group for 2027, 2028 and 2029 are approximately RMB85.5 billion, RMB86.3 billion and RMB87.1 billion, respectively, which are lower than the actual amounts of coal sales by the Group to China Energy Group of RMB93.9 billion and RMB93.2 billion in 2023 and 2024, respectively.

In March 2026, the Company completed the issuance of shares and payment of cash to purchase the equity interests in 12 target companies directly or indirectly held by China Energy. Since April 2026, 11 companies (the “**Acquired Assets**”) of the 12 target companies, other than the investee company Shanxi Province Jinshen Energy Co., Ltd., have become subsidiaries of the Company and ceased to be connected persons of the Company. Accordingly, the mutual supply of coal between the Acquired Assets and China Energy Group will constitute connected transactions. In 2025, the Acquired Assets sold a total of RMB39 billion of coal to China Energy Group (excluding the Group and the Acquired Assets). It is estimated that their coal production related to the Acquired Assets from 2027 to 2029 will maintain steady annual growth compared to 2025, and the estimated sales of coal to China Energy Group (excluding the Group) are expected to continue to increase during the same period. In 2025, the Group sold a total of RMB17.7 billion of coal to the Acquired Assets, which were then connected persons of the Company. Since April 2026, such coal sales will no longer constitute connected transactions.

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In summary, it is estimated that the annual amounts of coal sales by the Group to China Energy Group from 2027 to 2029 will be approximately RMB110.0 billion, RMB113.8 billion, and RMB115.3 billion, respectively. With a 15% buffer margin reserved, it is proposed that the annual caps for the supply of coal by the Group to China Energy Group from 2027 to 2029 be RMB126.5 billion, RMB131 billion, and RMB133 billion, respectively.

As disclosed in the table above, the actual transacted amount for FY2025 was approximately RMB75,884 million, representing approximately 69.0% of annual cap of RMB110,000 million.

We note the annual cap for year ending 31 December 2027 (“**FY2027**”) of RMB126,500 million represents a growth of approximately 66.7% and 15.0% respectively compared to the actual transacted amount in FY2025 and the annual cap for the year ending 31 December 2026 (“**FY2026**”). In ascertaining the fairness and reasonableness of the annual for FY2027, we have reviewed the following factors:

*(i) Average selling price*

We have discussed and understood from the Management that although coal selling price declined in FY2023, it is expected that coal prices will remain high in FY2026 and fluctuated in FY2027. We have reviewed the 2024 Annual Report and the 2025 Annual Report and noticed that the average selling prices of coal from FY2023 to FY2025 were RMB584/tonne (exclusive of tax), RMB564/tonne (exclusive of tax) and RMB495/tonne (exclusive of tax), respectively. The average selling price of coal in the past three years was RMB548/tonne (exclusive of tax).

We have also discussed and understood from the Management that the comprehensive price indices of Bohai Bay Thermal Coal (5,500 kcal) (the “**Bohai Index**”) provides indicative pricing for steam-coal, and as quoted in the letter from the Board of the Circular, would serve as a meaningful indicator for the selling price of coal since it is one of the key steam-coal indexes in the PRC. As such, we have reviewed the Bohai Index movements over the recent six months prior to the date of the agreements of the Continuing Connected Transactions. Based on our review, the Bohai Index averaged an approximate RMB691/tonne (inclusive of tax), or approximately RMB612/tonne (exclusive of tax) for the relevant review period, representing approximately 11.7% higher than the average selling price of coal reported by the Company over the past three years. Therefore, the Company’s projection that the average coal price for FY2027 to FY2029 will increase by 10.7% compared to that of FY2025 is a prudent estimate.

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### *(ii) Coal sales volume*

The Management expects that the coal sales volume will increase by 0.9% annually from 2027 to 2029. We have reviewed the 2025 Annual Report and noticed that the Group's total coal sales volume for FY2025 was 430.9 million tonnes. The planned total coal sales volume for FY2026 will be 434.9 million tonnes, representing a 0.9% increase over FY2025. We have also reviewed the 2024 Annual Report which showed that the Group's actual total coal sales volume was approximately 6% higher than the planned total coal sales volume for FY2024; therefore, it is prudent to assume an annual increase in coal sales volume of approximately 0.9%. At the same time, we have learned from the Management that the Acquired Assets sold a total of RMB39 billion worth of coal to the China Energy Group in FY2025, which is expected to continue to increase in 2027 to 2029. We understood that such figures was estimated based on the Group's internal projection.

Furthermore, prior to the Major Acquisition, the Group sold a total of RMB17.7 billion worth of coal to those related assets during FY2025. For prudence, such transaction amount has not been included in the estimated annual cap.

### *(iii) Buffer*

We note that the Company has applied a buffer of 15% when estimating the proposed annual cap on coal supply for FY2027 to address uncertainties that may lead to an increase in transaction amounts, such as future price fluctuations of coal and related products and services, changes in transportation costs, shifts in market demand, extreme weather conditions, and energy supply guarantee arrangements. According to our review of the annual report for the year ended December 31, 2023 (the "**2023 Annual Report**"), the 2024 Annual Report, and the 2025 Annual Report, the labor cost for the coal segment of the Group increased by 23.0% and 12.1% year for 2024 and 2025, respectively. Given the historical fluctuations in operating costs of the Group, we consider that a buffer of 15% is prudent in light of the unanticipated fluctuations.

We note that the Company has assumed that the proposed annual caps on coal supply for the year ending 31 December 2028 (the "**FY2028**") and the year ending 31 December 2029 (the "**FY2029**") will increase by approximately 3.6% and 5.1%, respectively, compared to the proposed annual cap on coal supply for FY2027. As discussed above, this growth has taken into account (i) a 0.9% increase in future coal sales; and (ii) the growth rate of production from the Acquired Assets subsequent to the Major Acquisition, assuming that coal price remain constant for the three years ending 31 December 2027.

Based on factors discussed above, we are of the view that the proposed annual cap on coal supply were arrived at after due and careful consideration, and is fair and reasonable.

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### *Supply of coal by China Energy Group to the Group*

The following tables sets out (i) the actual historical transaction amounts and the existing annual caps in respect of supply of coal by China Energy Group to the Group; and (ii) the proposed annual caps for the three years ending 31 December 2029:

	For the year ended 31 December	
	2024	2025
	(RMB million)	(RMB million)
<b>Historical Transaction Amount</b>	13,843	15,289
<b>Existing annual cap</b>	27,000	27,000
<b>Utilisation</b>	51.3%	56.6%

	For the year ending 31 December		
	2027	2028	2029
	(RMB million)		
<b>Proposed annual cap</b>	27,000	27,000	27,000

With reference to the letter from the Board in the Circular, in summary, the proposed annual caps of the New Mutual Coal Supply Agreement for the supply of coal by China Energy Group to the Group have been set taking into account the following factors:

- (a) In recent years, the overall operation of China's domestic coal market has been stable. Coal still plays an irreplaceable role as a "ballast stone" and "stabilizer" in China's energy security. The comprehensive price indices of Bohai Bay Thermal Coal (5,500 kcal) at the end of 2023, end of 2024, and end of 2025 stood at RMB732/tonne, RMB703/tonne, and RMB693/tonne, respectively. It is expected that coal prices will remain generally stable over the next three years. The commercial coal purchased by the Group includes coal with different calorific values, which is used for external sales and self-use. The purchase price varies depending on factors such as calorific value and mode of transportation. Given the relative stability of the Group's power generation and coal chemical project layouts, as well as transportation conditions, it is expected that the price of coal to be purchased by the Group from China Energy Group will remain relatively stable.
- (b) In 2025, coal-fired power units such as Jiujiang Phase II and Beihai Phase II have successively commenced operation, and the Group's installed capacity of coal-fired power generation has exceeded 49,000MW. Coal-fired power units such as Dingzhou Phase III and Cangdong Phase III are under construction, and it is expected that the Group's installed capacity of coal-fired power generation will exceed 52,000 MW in 2027, 2028, and 2029. Taking into comprehensive consideration the geographical locations of the power plants

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under the Group and the convenience and economy of coal procurement, as well as the fact that the procurement of coal from China Energy Group will help the Group to continuously obtain a reliable and quality-assured coal supply, it is expected that the procurement of coal from China Energy Group will continue.

- (c) The Board has taken into account the historical actual transaction amounts in determining the proposed annual caps. Following the completion of the acquisition of a partial equity interest in Zhunge'er Energy by China Energy in July 2025, Zhunge'er Energy will thereby become a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the coal procurement transactions with Zhunge'er Energy for the year 2025 only reflected the transaction amounts for the second half of the year and did not fully reflect the scale of transactions for a full year.

In addition, upon completion of the acquisition of equity interests in 12 target companies directly or indirectly held by China Energy through the issuance of shares and payment of cash, certain coal procurement transactions newly included within the scope of continuing connected transactions are expected to continue to occur. The installed capacity of coal-fired power generation of the Group is also expected to continue to grow in the future, and the demand for coal procurement will increase accordingly.

- (d) In the second half of 2025, the Group's amount for coal procurement from Zhunge'er Energy was approximately RMB5 billion. It is expected that the production volume of Zhunge'er Energy will remain stable from 2027 to 2029, and with reference to its average selling price of coal from 2023 to 2025, it is estimated that the amount of the Group's this coal procurement from Zhunge'er Energy will be approximately RMB11.1 billion per year from 2027 to 2029.

Since April 2026, the Group's procurement of coal from the Acquired Assets will no longer constitute connected transactions, whereas the Acquired Assets' procurement of coal from China Energy Group will constitute connected transactions. The amount of the Group's coal purchased from China Energy Group in 2025 was approximately RMB15.3 billion, of which the amount of coal purchased from the Acquired Assets was approximately RMB2.3 billion. The Acquired Assets purchased approximately RMB2.6 billion from China Energy Group (excluding the Group and the Acquired Assets), which is expected to continue from 2027 to 2029. Taking into account price elasticity (with the increase in coal procurement prices benchmarked against the increase in coal selling prices, the same below), it is expected that the Acquired Assets will procure coal of approximately RMB2.9 billion from China Energy Group (excluding the Group) each year from 2027 to 2029.

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Excluding Zhunge'er Energy and the Acquired Assets, the Group's coal procurement from China Energy Group in 2025 was approximately RMB8 billion. Considering the future growth in the scale of coal-fired power units and coal price elasticity, it is estimated that the Group's coal procurement from China Energy Group from 2027 to 2029 will be approximately RMB9.4 billion.

In summary, it is estimated that the amount for the supply of coal by China Energy Group to the Group from 2027 to 2029 will be approximately RMB23.3 billion per annum. With a 15% buffer reserved, it is proposed that the annual caps for the supply of coal by China Energy Group to the Group from 2027 to 2029 be RMB27 billion per annum. The aforementioned 15% buffer is primarily intended to address uncertainties that may lead to an increase in transaction amounts, such as future price fluctuations of coal and related products and services, changes in transportation costs, shifts in market demand, extreme weather conditions, and energy supply guarantee arrangements. In determining the relevant buffer level, the Board has taken into account the historical fluctuations of relevant operating costs of the Group, such as past coal procurement costs and labor costs, on a comprehensive basis. Based on the historical annual operating data of the Company, the aforementioned costs have experienced certain fluctuations across different years, reflecting that the operating environment and market supply and demand conditions of the coal industry may change in accordance with market changes. The Board considers that a buffer of 15% can satisfy the needs of the Group's normal operations and business development, while avoiding the actual transaction amounts exceeding the annual caps due to changes in the market environment. Accordingly, the Board considers that it is fair, reasonable and appropriate to maintain the annual caps for the supply of coal by China Energy Group to the Group for the years from 2027 to 2029 at RMB27 billion per annum.

As disclosed in the table above, the actual transacted amount for FY2025 was approximately RMB15,289 million, representing approximately 56.6% of annual cap for FY2025 of RMB27,000 million. We note that the utilisation rate of the annual cap for FY2024 was approximately 51.3%. We have discussed and noted from the Management that the recent utilisation rates was particularly due to the market price of coal has been on a continuous downward trend over the preceding two years.

We note that while the annual cap for FY2027 remained unchanged as compared to the annual cap for FY2026, it represented an increase of approximately 76.6% to the actual transacted amount in FY2025. In ascertaining the fairness and reasonableness of the annual cap for FY2027, we have reviewed the following factors:

As disclosed in the section headed "4. Reasons for and benefits of entering into of the Continuing Connected Transactions – (i) New Mutual Coal Supply Agreement" above, the key reasons for entering into the Mutual Coal Supply Agreement is for both the Group and China Energy Group to ride on each other's resources, if and where necessary, particularly considering the distance costs between coal mines, power plants, coal-to-liquid and coal-to-chemicals where purchasing from nearby mines owned by the other

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party may sometimes be more convenient and beneficial for business needs. In addition, the Mutual Coal Supply Agreement is also intended to ensure each party would be able to purchase required coal supply from the other if and where necessary to meet the gap between demand and supply. This can ensure that both parties can obtain sufficient coal supply and avoid business losses due to the gap between demand and supply.

As disclosed in the letter from the Board in the Circular, the Group's procurement of coal from the China Energy is mainly for coal blending and resale. Due to (i) the geographical location of the power plants under the Group; and (ii) the convenience and economy of coal procurement, the procurement of coal from China Energy will help the Group to continuously obtain a reliable and quality-assured coal supply. We have reviewed the Company's power plant investment plan, and the installed capacity of coal-fired power generation has exceeded 49,000 megawatts by 2025. By FY2027, the company will increase its production capacity by 3,640 megawatts to 52,640 megawatts, an increase of about 7.4%, representing an average annual growth rate of 3.7%. Based on a review of statistical data disclosed by the National Energy Administration of the PRC, we observe that the installed capacity of coal-fired power generation increased by 3.8% and 6.3% year-on-year in 2024 and 2025, respectively. Taking into account such growth rates, we are of the view that the projected annual growth rate in the Company's plant investment plan is prudent. According to discussions with Management, the new coal purchased from China Energy Group will be mainly used for new coal-fired power plants. Excluding Zhunge'er Energy and the Acquired Assets, China Shenhua's coal procurement from connected persons in 2025 was approximately RMB8 billion. Considering the future growth in the scale of coal-fired power units and price elasticity, it is estimated that the annual coal procurement from connected parties from 2027 to 2029 will be approximately RMB9.4 billion. China Energy completed the acquisition of a partial equity interest in Zhunge'er Energy in July 2025. In the second half of 2025, the Company's newly added connected transaction amount for coal procurement from Zhunge'er Energy was approximately RMB5 billion. It is expected that the production volume of Zhunge'er Energy will remain stable from 2027 to 2029. As mentioned above, the Company expects the average coal price in fiscal 2027 to rise by 10.7% compared to 2025. It is estimated that the amount of this coal procurement connected transaction will be approximately RMB11.1 billion per year from 2027 to 2029. Meanwhile, in 2025, the Acquired Assets purchased approximately RMB2.6 billion of coal from connected parties, and it is expected that such purchases will continue from 2027 to 2029. Taking into account price flexibility, it is expected that approximately RMB2.9 billion of coal will be purchased from connected parties each year from 2027 to 2029.

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### *Buffer*

We note that the Company has applied a buffer of 15% when estimating the annual cap on coal supply for FY2027. According to our review of the 2023 Annual Report, 2024 Annual Report, and 2025 Annual Report, the cost of coal purchased of the Group decreased by 3.3% and 38.7% year-on-year for 2024 and 2025, respectively. For the same period, as mentioned above, we also observed that the labor cost for the coal segment of the Group increased by 23.0% and 12.1% year-on-year for 2024 and 2025, respectively. Given the historical fluctuations in operating costs of the Group, we consider that a buffer of 15% is prudent in light of possible unanticipated fluctuations.

Based on the factors discussed above, we are of the view that the proposed annual cap on coal supply for FY2027 is fair and reasonable.

We note that the Company assumed the expected proposed annual cap FY2028 and FY2029 to be the same as that for FY2027. As discussed above, coal sales volume and purchase volume and average selling price are the two key inputs when estimating the annual cap on coal supply. Based on the disclosures in the 2023 Annual Report, the 2024 Annual Report and the 2025 Annual Report, we noticed that the maximum annual growth rate of coal sales volume for the last three financial years ranged from approximately -6.18% to 7.71%, and as such, we consider it prudent not to factor in a growth rate for the annual cap on coal supply for FY2028 and FY2029.

## **6. The New Mutual Supplies and Services Agreement**

### *(i) Principal terms of the New Mutual Supplies and Services Agreement*

Services  
provided

Pursuant to the New Mutual Supplies and Services Agreement:

- (a) The products and services that the Group has agreed to provide to China Energy Group include:
  - (i) Production: power trading and other related or similar services;
  - (ii) Supplies: sale of refined oil products and chemical products, sale or lease of production equipment and spare parts, office products and other related or similar products and services;
  - (iii) Ancillary production: rail, shipping and port transportation services, sales and related technical services of hardware and software, information technology services, logistics services, training and other related or similar products services;
  - (iv) Administrative services: various daily administrative services to China Energy Group (exclusive of financial management and services).

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- (b) The products and services that China Energy Group has agreed to provide to the Group include:
- (i) Production: power trading and other related or similar services;
  - (ii) Supply: sales of refined oil products and chemical products, sales or leasing of production equipment and spare parts, office products and other related or similar products and services;
  - (iii) Ancillary production: shipping and port services, construction, logistics and support services, training, bidding agency services, information technology services, technical consultancy, and other related or similar services;
  - (iv) Administrative services: basic pension insurance management services and employee personnel file management services.

Term and termination            The New Mutual Supplies and Services Agreement is conditional on the approval at the AGM, and is effective from 1 January 2027 and will expire on 31 December 2029.

Price determination policy            The pricing of the products and services provided under the New Mutual Supplies and Services Agreement shall be determined in accordance with the following general principles and in the following order:

- (a) Government-prescribed price and government-guided price: if at any time, the government prescribed price is applicable to any particular product or service, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price will be agreed within the range of the government guided price. The government-prescribed prices and government-guided prices referenced by the Group primarily include the relevant regulations and policy documents such as the Catalog of Government-set Fees for Operating Services (2024 Edition), the Notice of the State Council on Implementing the Reform of Refined Oil Prices and Taxes and Fees, and the Measures for the Administration of Petroleum Prices.

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- (b) Tender and bidding price: where tender and bidding process is necessary under applicable laws, regulations and rules, the price ultimately determined in accordance with the tender and bidding process. Generally, when a tender notice is first issued, the number of qualified bidders is required to be no less than three. When reviewing tenders and competitive bids, the Group will comprehensively consider whether the commercial and technical proposals of the bidders meet the requirements of the tender project. Among these, commercial factors primarily include the bidder's qualifications, financial position, and past performance; technical factors primarily include the project's technical proposal, service proposal, and project implementation capability.
  
- (c) Market price: the price is determined on normal commercial terms and based on the following: the price of the same or similar products or services provided by an independent third party during the ordinary course of business on normal commercial terms. The management shall consider at least two comparable deals with independent third parties for the same period when determining whether the price for any product transaction under the Mutual Supplies and Services Agreement is the market price.

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- (d) Agreed price: to be determined by adding a reasonable profit margin over a reasonable cost. The management shall consider at least two comparable deals with independent third parties for the same period when determining the reasonable profit of any product transaction under the New Mutual Supplies and Services Agreement. In determining the reasonable profit for the relevant products or services under the New Mutual Supplies and Services Agreement, the management shall refer to at least two contemporaneous comparable transactions conducted with independent third parties. Furthermore, the management shall comprehensively consider factors such as the nature, complexity, professional capability requirements, resource input, and market conditions of the relevant services, while also referring to public industry benchmarks such as the Standard Values for Enterprise Performance Evaluation (2025) issued by the State-owned Assets Supervision and Administration Commission of the State Council, to ensure that the relevant profit levels comply with the operational performance management requirements for state-owned enterprises. Among these, technical consulting services involve professional technical support and implementation scheme design, which impose relatively high requirements on professional capabilities and technical input; therefore, prices are generally determined based on cost plus a profit margin of approximately 10%. Logistics services, training services, daily administrative management services, basic endowment insurance management services and employee personnel file management services primarily fall under the category of daily operational support services. As the relevant service content and cost structures are relatively stable, prices are generally determined based on cost plus a profit margin of approximately 5%. The Board is of the view that the aforementioned profit levels of approximately 5% and 10% are consistent with the business nature and resource input of the relevant services, and are overall in line with the reasonable profit levels of state-owned enterprises as reflected in the Standard Values for Enterprise Performance Evaluation (2025), and are fair and reasonable.

On the basis of the above, for specific types of products or services, the following pricing policies are adopted:

- (a) Rail transportation services: price approved by NDRC and other relevant competent government authorities.

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- (b) Engineering construction: where a bidding process is required under applicable laws and regulations, the bidding price will be adopted; where a bidding process is not required under applicable laws and regulations, the market price will be adopted.
- (c) Oil products: government-guided price.
- (d) Power trading: the government-guided price shall be adopted if available; the uniform clearing price shall be adopted in centralized bidding transactions; independently negotiated transactions shall refer to the transaction prices of recent comparable market transactions.
- (e) Hardware and software equipment and related services: market price (including bidding price).
- (f) Chemical products: market price.
- (g) Production equipment and spare parts, office products: market price.
- (h) Tendering agency services: charged in accordance with the relevant regulations of the NDRC.
- (i) Technical consulting services: agreed price with a profit margin of approximately 10%.
- (j) Information technology services: according to relevant national and industrial rules and regulations on construction cost, pricing methods and fee standards, with reference to the market practices of the information technology industry, de facto standards and market prices, and taking into account the actual situation of the Company's information technology construction, the budget is reviewed and determined by a professional institution with cost review qualifications, and both parties shall negotiate and agree on the service price within the scope of the budget.
- (k) Logistics and support services and training services: agreed price (cost plus a profit margin of approximately 5%).

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- (l) Basic pension insurance management services and employee personnel file management services: agreed price (cost plus a profit margin of approximately 5%).
- (m) Various daily administrative services to the headquarters of China Energy (exclusive of financial management and services): agreed price (cost plus a profit margin of approximately 5%).

### *Government Prescribed Pricing*

To ascertain the fairness and reasonableness of the terms of the New Mutual Supplies and Service Agreement, which is substantially on the same terms as the existing mutual supplies and services agreement and in particular, the pricing mechanism associated for each type of products (details of which are set out in the letter from the Board of the Circular), we have requested and the Company has provided 2 transaction samples in respect of the Group's provision of services to China Energy Group and 2 transaction samples in respect of the Group's provision of services to independent third parties under similar circumstances, which were priced using the government-prescribed pricing (the "**Government Prescribed Pricing Samples**"). Given that the Government Prescribed Pricing Samples covered the primary type of transactions under the Mutual Supplies and Services Agreement conducted using the government-prescribed pricing during 2024 and 2025, we consider such samples fair and representative for the purpose of our analysis on whether the relevant pricing policies were adhered to.

Given such pricing terms of such transactions were determined with reference to government prescribed prices, the Company also provided us with the government prescribed price/government-guided price documents considered at the time of entering into the transactions. Based on our review, we noticed that the service prices were in line with relevant government-prescribed price.

### *Market Pricing (including tendering)*

We also obtained 4 services transaction samples from the Group, where such service fees were determined by way of public tender (the "**Market Pricing Samples**"). Given that the Market Pricing Samples covered the primary type of transactions using the market pricing conducted during 2024 and 2025 under the Mutual Supplies and Services Agreement, we consider such samples fair and representative for the purpose of our analysis on whether the relevant pricing policies were adhered to.

Based on our review, we noticed that the price of each sample was determined in accordance with the tender and bidding process. Among which, China Energy Group was selected as the service provider for two of the samples, and the services fee offered was more favorable to the Group than the services fees proposed by independent third parties.

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### *Agreed-pricing*

The Company provided us with two sample contracts in respect of the mutual provision of services between the Group and China Energy Group, with service fees based on agreed-pricing (the “**Agreed Pricing Samples**”). As advised by the Management, the service fees for such contracts were determined based on cost-plus basis with the specific profit margin depending on the products and services provided as set out in the table above. As set out in the letter from the Board of the Circular, in determining the reasonable profit for the relevant products or services under the New Mutual Supplies and Services Agreement, the management shall refer to at least two contemporaneous comparable transactions conducted with independent third parties, and consider other factors comprehensively. We have compared the profit margin of the Agreed Pricing Samples to two comparable transactions conducted by the Group with independent third parties and noted that the profit margins of the Agreed Pricing Samples were comparable with those between the Group and independent third parties. We further noted such profit margins were generally in line with the Standard Values for Enterprise Performance Evaluation (2025) (企業績效評價標準值) issued by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國資委考核分配局), which were set to ensure the relevant profit levels comply with the operational performance management requirements for state-owned enterprises.

As discussed under the section headed “8. Procedures and Internal Control System for Pricing and Terms of the Continuing Connected Transactions” below, the Company has established a series of procedures and internal control measures in order to ensure that the pricing mechanism and conditions of the transactions are fair and reasonable and no less favourable to the Group than the terms provided by any independent third party. We note that in addition to the internal control procedures such as the setting up of connected transaction group or relevant management team on the Group level and subsidiary levels, and the need for internal approval process to have been completed prior to entering into any transactions, for the New Mutual Supplies and Services Agreement, when complying with the regulations and the Group’s internal rules for procurement and sales, where the government-prescribed price or government-guided price is absent, the Company will seek to obtain information about market price through various channels, for example, considering at least two comparable transactions with independent third parties for the same period, comparable transactions among independent third parties for the same period, conducting market price research through various independent industry information vendors (e.g., industry websites), and participating in activities organised by leading industry organisations. Such price is determined by the contracting parties (i.e., the subsidiaries of the Group on the one hand and the subsidiaries of the China Energy Group on the other hand) on normal commercial terms with reference to the information obtained as mentioned above. Where tender and bidding process is necessary under applicable laws, regulations and rules, the Group and the China Energy Group shall entrust professional tender and bidding companies to organise tender and bidding procedures, and the subsidiaries of the Group or the subsidiaries of China Energy Group shall participate fairly.

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Having considered the above factors, we concur with the Management that the terms of the New Mutual Supplies and Services Transaction are on normal commercial terms and are fair and reasonable.

**(ii) Proposed annual caps under the New Mutual Supplies and Services Agreement**

*Provision of supplies and services by the Group to China Energy Group*

The following tables sets out (i) the actual historical transaction amounts and the existing annual caps in respect of provision of supplies and services by the Group to China Energy Group; and (ii) the proposed annual caps for the three years ending 31 December 2029:

	For the year ended 31 December	
	2024	2025
	(RMB million)	(RMB million)
<b>Historical Transaction Amount</b>	17,277	19,346
<b>Existing annual cap</b>	35,000	35,000
<b>Utilisation</b>	49.4%	55.3%

	For the year ending 31 December		
	2027	2028	2029
	(RMB million)		
<b>Proposed annual cap</b>	22,500	24,500	27,000

With reference to the letter from the Board in the Circular, in summary, the proposed annual caps of the New Mutual Supplies and Services Agreement for the supply of products and provision of services by the Group to the China Energy Group have been set taking into account the following factors:

- (a) The products and services provided by the Group to China Energy Group include transportation services, power trading, information services, sales of chemicals, etc. China Energy Group is one of the Group's important long-term customers, and the two parties have a stable cooperative relationship. With the development of the Group's business, the amount of products and services provided by the Group to China Energy Group in 2023, 2024 and 2025 was RMB18.15 billion, RMB17.28 billion and RMB19.35 billion, respectively, with a compound annual growth rate of 3.3%.

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- (b) China Energy completed the acquisition of a portion of the equity interest in Zhunge'er Energy in July 2025. Accordingly, Zhunge'er Energy became a connected person of the Company under the Hong Kong Listing Rules. In the second half of 2025, the Group's revenue from the mutual provision of products and services with Zhunge'er Energy was approximately RMB780 million, and it is expected that the relevant business will continue to occur in the future.
- (c) Since April 2026, the Acquired Assets have become subsidiaries of the Company and ceased to be connected persons of the Company. Accordingly, the mutual provision of supplies and services between the Acquired Assets and China Energy Group will constitute connected transactions. In 2025, the Group provided products and services of approximately RMB6.13 billion to the Acquired Assets. Since April 2026, these transactions will no longer constitute connected transactions. In 2025, the Acquired Assets provided products and services of approximately RMB2.08 billion to China Energy Group (excluding the Group and the Acquired Assets), which are expected to continue to occur in the future.
- (d) In the future, the Group will continue to promote the investment and construction of railway capacity expansion and upgrading, dedicated coal transport lines, intelligent information, and modern coal chemical industries. Its advantages in areas such as railway transportation will continue to be strengthened, and its capacity to provide transportation services, information services, chemical products, and other services and products to China Energy Group will continue to be enhanced. Although the compound annual growth rate of the amount of products and services provided by the Group to China Energy Group from 2023 to 2025 is approximately 3.3%, the Group will continue to promote the expansion and transformation of railway capacity, the construction of dedicated coal transportation lines, and the investment and construction of the modern coal chemical industry in the future. It is expected that China Energy Group's demand for transportation services and related products and services will further increase. In addition, upon completion of the acquisition of equity interests in 12 target companies directly or indirectly held by China Energy by way of issuance of shares and payment of cash, certain transactions related to the Acquired Assets will be newly included in the scope of continuing connected transactions, among which the shipping business within the acquired assets has experienced rapid growth in recent years. According to public information from the Ministry of Transport and the Shanghai Shipping Exchange, the demand for coastal bulk cargo and coal transportation in China has generally shown a steady growth trend in recent years. The revenue of the China Energy Shenhua Shipping (Beijing) Co., Ltd. (formerly known as China Energy Shipping Co., Ltd., as part of the Acquired Assets) for the year ended 31 December 2023 was approximately RMB2.466 billion, and the revenue for the year ended 31 December 2024 was approximately RMB4.16 billion, representing a year-on-year increase of approximately 68.7%; the revenue for the seven months ended 31 July 2025 was approximately RMB2.858 billion, and based on an annualised basis, such revenue is expected to continue to grow. Taking into account the impact of business growth and

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the increase in prices and labor costs, as well as the rapid development of chemical and shipping businesses within the Acquired Assets in recent years, the compound annual growth rate of the amount of products and services to be provided by the Group to China Energy Group from 2026 to 2029 is expected to be 10%, which is comparable to that of the compound annual growth rate from 2023 to 2025. It is estimated that the amounts of products and services to be provided by the Group to China Energy Group for each year from 2027 to 2029 will be approximately RMB19.5 billion, RMB21.4 billion, and RMB23.5 billion, respectively. With a 15% buffer reserved, it is proposed that the annual caps of products and services to be provided by the Group to China Energy Group from 2027 to 2029 be RMB22.5 billion, RMB24.5 billion, and RMB27 billion, respectively, representing a significant decrease compared to the annual transaction caps from 2024 to 2026.

The 15% buffer is primarily intended to address uncertainties that may lead to an increase in transaction amounts, such as future price fluctuations of relevant products and services, the impact of business volume growth, increases in commodity prices and labor costs, and changes in market demand. The Board considers that a buffer ratio of 15% is reasonable and appropriate as it can satisfy the needs of the Group's normal operations and business development while avoiding the actual transaction amounts exceeding the annual caps due to changes in the market conditions. According to our review of the 2023 Annual Report, the 2024 Annual Report, and the 2025 Annual Report, the cost of external transportation business of the Group increased by 22.9% and 15.5% year for 2024 and 2025, respectively. Given the historical fluctuations in operating costs of the Group, we consider that a buffer of 15% is prudent in light of the unanticipated fluctuations.

As disclosed in the table above, the actual transacted amount for FY2025 was approximately RMB19,346 million, representing approximately 55.3% of annual cap of RMB35,000 million. We note that the utilization rate of the annual cap in FY2024 was approximately 49.4%. We have discussed with the Management and noted that the low utilization rate of the proposed annual cap for FY2025 is due to the fact that the actual transaction volume of some items is lower than expected.

The Group has determined the proposed annual caps of the New Mutual Supplies and Services Agreement for the supply of products and provision of services to China Energy Group based on their long-term partnership and steady business growth, taking into account recent corporate changes, such as the addition of Zhunge'er Energy as a connected person and the acquisition of the Acquired Assets that will continue trading with China Energy. To support future expansions in railway, technology, and chemical sectors, the Group expects its sales to grow by 10% annually through 2029. By factoring in rising costs and adding a 15% buffer, the Group has set the annual caps at RMB22.5 billion, RMB24.5 billion, and RMB27 billion for 2027 to 2029, respectively, which represents a decrease from the annual cap for FY2026.

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We note that the annual cap for FY2027 represents an increase of approximately 16.3% as compared with the actual transacted amount in FY2025 and a decrease of approximately 35.7% as compared to the annual cap for FY2026. We have discussed and understand from the Company that the key consideration factor for the determination of the annual cap for FY2027 was with reference to the historical growth rate in actual transacted amount involving purchase of supplies and services by the Group from China Energy Group and a 15% buffer to cater for unforeseeable changes to business needs.

We have discussed and understood from the Management that the demand from China Energy Group for the supply of products and provision of services by the Group under the New Mutual Supplies and Services Agreement can be reflected by the average annual growth rate of 3.3% of the operating income throughout the years between 2023 and 2025 as disclosed in the above. Despite the historical growth rate, we understand the Company has considered business growth and the impact of rising prices and labour costs in a prudent way, and based on internal estimates, the Company has adopted a growth rate of approximately 10.0% in estimating its proposed annual cap for FY2027. Based on discussions with the Management, growth in core services for FY2027 will primarily come from one of the Acquired Assets, namely China Energy Shenhua Shipping (Beijing) Co., Ltd. We have reviewed its management accounts of such company for FY2023 to FY2025, which showed a compound annual growth rate of approximately 48%. Further, we have also reviewed the “Action Plan for Promoting In-depth Integrated Development of Container Rail-water Intermodal Transport under the Policy of One Port, One Scheme (2025–2027)” (《「一港一策」推進集裝箱鐵水聯運深度融合發展行動計劃(2025–2027年)》) published by the Ministry of Transport in September 2025 and noted the annual average growth rate of container rail-water intermodal transport volume will reach about 15% by 2027. We therefore believe that adopting the aforementioned annual growth rate of 10% is prudent.

According to relevant estimates, including (i) the actual transacted amount for FY2025 of RMB19.35 billion; (ii) the revenue from the mutual supply of products and services with Zhunge'er Energy of approximately RMB780 million in the second half of 2025, and it is expected that such business will continue in the future; (iii) the provision of products and services to the Acquired Assets valued at approximately RMB6.13 billion, which will no longer constitute a connected transaction in the future; and (iv) in 2025, the Acquired Assets provided products and services to China Energy Group of approximately RMB2.08 billion, which is expected to continue in the future, the Company estimates that the value of products and services provided by the Group to China Energy Group for each of the years from 2027 to 2029 will be approximately RMB19.5 billion, RMB21.4 billion, and RMB23.5 billion, respectively, including a 15% buffer. We have been informed that such data was based on the Group's internal budget and relevant estimations.

We also noted that the increase in transactions amounts is mainly driven by one of the Acquired Assets, namely China Energy Shenhua Shipping (Beijing) Co., Ltd. As the ocean freight charges are determined based on a comprehensive consideration of factors

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such as the China Coastal Coal Freight Index published by the Shanghai Shipping Exchange, we have reviewed the trend of the index for the period from January 2024 to April 2026 and noted that the average full-year freight index in 2025 rose by approximately 10% compared with that in 2024. Moreover, since the outbreak of the Iran war in February 2026, the index has nearly doubled as compared to that in January 2026. Given the uncertainties in geographical tensions, we are of the view that the 15% buffer is reasonable.

### *Purchase of supplies and services by the Group from China Energy Group*

The following tables sets out (i) the actual historical transaction amounts and the existing annual caps in respect of purchase of supplies and services by the Group from China Energy Group; and (ii) the proposed annual caps for the three years ending 31 December 2029:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2025</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>
<b>Historical Transaction Amount</b>	9,061	10,283
<b>Existing annual cap</b>	17,000	17,000
<b>Utilisation</b>	53.3%	60.5%

	<b>For the year ending 31 December</b>		
	<b>2027</b>	<b>2028</b>	<b>2029</b>
	<i>(RMB million)</i>		
<b>Proposed annual cap</b>	18,000	20,000	23,000

With reference to the letter from the Board in the Circular, in summary, the proposed annual caps of the New Mutual Supplies and Services Agreement for the supply of products and provision of services by China Energy Group to the Group have been set taking into account the following factors:

- (a) The products and services provided by China Energy Group to the Group include engineering construction services, technical consulting services, sale or lease of production equipment and spare parts, etc. In view of the long-term cooperative relationship between the Group and China Energy Group, China Energy Group's business advantages, good reputation, and its ability to provide production materials and ancillary services to the Group at fair and reasonable prices, the amounts of products and services provided by China Energy Group to the Group for 2023, 2024, and 2025 were RMB7.36 billion, RMB9.06 billion, and RMB10.28 billion respectively, representing a compound annual growth rate of 18.1%.

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- (b) China Energy Group completed the acquisition of a portion of the equity interest in Zhunge'er Energy in July 2025. Accordingly, Zhunge'er Energy became a connected person of the Company under the Hong Kong Listing Rules. In the second half of 2025, the Group's expenditure on the procurement of products and services from Zhunge'er Energy amounted to approximately RMB770 million, and it is expected that such business will continue to occur in the future.
- (c) Taking into account the circumstances of the Acquired Assets, the Group's procurement of products and services from the Acquired Assets in 2025 was approximately RMB4.66 billion. Since April 2026, these transactions will no longer constitute connected transactions. However, the Acquired Assets' procurement of products and services from China Energy Group (excluding the Group and the Acquired Assets) in 2025 was approximately RMB5.49 billion, which is expected to continue in the future. As the transaction amounts of the newly included continuing connected transactions are higher than the relevant amounts that no longer constitute continuing connected transactions, the overall transaction amounts for the provision of products and services by China Energy Group to the Group will continue to maintain growth in the future.
- (d) During the "15th Five-Year Plan" period, the Group will continue to promote the clean and efficient mining and utilization of coal, construct clean and efficient power generation units, and promote the high-end, diversified, and low-carbon development of the coal chemical industry. It is expected that the procurement of products and services such as materials and equipment, engineering construction, and technical services from China Energy Group will increase. Taking into account the impact of business growth and increases in prices and labor costs, it is expected that the relevant transaction amounts will continue to grow from 2026 to 2029. However, as certain transactions originally within the scope of continuing connected transactions will no longer constitute continuing connected transactions upon completion of the acquisition of the Acquired Assets, it is expected that the growth rate of the relevant transaction amounts in the future will slow down compared to the period from 2023 to 2025. Therefore, the compound annual growth rate from 2026 to 2029 is expected to be 15%, which is slightly lower than that of the compound growth rate from 2023 to 2025. It is expected that the annual amounts of products and services to be purchased by the Group from China Energy Group from 2027 to 2029 will be approximately RMB15.7 billion, RMB18.1 billion, and RMB20.8 billion, respectively. With a 15% buffer reserved, it is proposed that the annual caps of products and services purchased by the Group from China Energy Group from 2027 to 2029 be RMB18 billion, RMB20 billion, and RMB23 billion, respectively, representing a slight increase compared to the annual transaction caps from 2024 to 2026.

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As disclosed in the table above, the actual transacted amount for FY2025 was approximately RMB10,283 million, representing approximately 60.5% of annual cap of RMB17,000 million. We note that the utilisation rate of the annual cap in FY2024 was approximately 53.3%.

We note that the annual cap for FY2027 represents an increase of approximately 75.0% as compared with the actual total transacted amount in FY2025 and an increase of approximately 5.9% as compared to the proposed annual cap for FY2026. We have discussed with the Management and noticed that the key consideration factor for the determination of the proposed annual cap for FY2027 was with reference to the historical growth rate based on actual transacted amount involving supply of products and services to the Group from China Energy Group and a 15% buffer to cater for unforeseeable changes to business needs.

We have discussed with the Management and understood that the Group's demand for the products and services provided by China Energy Group under the New Mutual Supplies and Services Agreement can be reflected by the growth rate of historical transaction amounts related to such products and services provided by China Energy Group to the Group. As disclosed in the above paragraphs and the letter from the Board of the Circular, the compound growth rate for FY2023 to FY2025 was 18.1%. We have also reviewed the annual reports for the years ended 31 December 2021 and 2022 (the "FY2021" and "FY2022"), the 2023 Annual Report, the 2024 Annual Report and the 2025 Annual Report, and noticed that the growth rates in the actual transacted amounts for the provision of products and services by China Energy Group to the Group were approximately 18%, -5%, 23% and 13%, respectively, for FY2022, FY2023, FY2024 and FY2025, with an average growth rate of 12%. We understand that the Group has prudently considered the Company's business plans for FY2027 to FY2029 and based on its internal situation, the Group has adopted a growth rate of approximately 15% in estimating the proposed annual cap for FY2027. In light of the above discussion, we believe such growth rate is reasonable.

According to relevant estimates, including (i) the actual transacted amount for FY2025 was RMB10.28 billion; (ii) the new expenditures on the mutual supply of products and services with Zhunge'er Energy amounted to approximately RMB770 million in the second half of 2025, and it is expected that such business will continue in the future; (iii) the purchase of products and services from the Acquired Assets of approximately RMB4.66 billion, which will no longer constitute a connected transaction in the future; and (iv) in 2025, the Acquired Assets purchased products and services from China Energy Group valued at approximately RMB5.49 billion, which is expected to continue in the future, the Company estimates that the value of products and services provided by China Energy Group to the Group for each of the years from 2027 to 2029 will be approximately RMB15.7 billion, RMB18.1 billion, and RMB20.8 billion, respectively. We have been informed that such data was based on the Group's internal budget and relevant estimations.

Considering the above, in particular the historical growth rates as described above, we consider the proposed annual cap for FY2027 to be not unreasonable.

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### 7. The New Financial Services Agreement

#### (i) *Principal terms of the Deposit Services under the New Financial Services Agreement*

Pursuant to the New Financial Services Agreement, the Finance Company will provide the following financial services in domestic and foreign currencies as approved by the regulatory authorities to members of the Group:

- (1) provision of non-financing guarantee services to members of the Group;
- (2) provision of bill acceptance and discounting services to members of the Group;
- (3) taking deposits from members of the Group;
- (4) granting loans, consumer credit and buyer's credit to members of the Group;
- (5) provision of financial advisory, credit verification and other relevant advisory and agency services to members of the Group;
- (6) provision of assistance to members of the Group to receive and pay transaction proceeds;
- (7) internal transfer and settlement services and design of corresponding settlement and clearing plans for members of the Group;
- (8) provision of comprehensive credit facilities to members of the Group, including loans, bill acceptance and discount services;
- (9) provision of financial training and consultation services;
- (10) foreign exchange settlement and sale services;
- (11) provision of other financial services with regulatory approval (letters of credit, online banking, entrusted loans, etc.) to members of the Group and charging of agency fees, handling fees, consulting fees or other service fees;
- (12) provision of foreign exchange deposits, foreign exchange loans, and approved international business to members of the Group in accordance with approvals by the regulatory authorities.

Please refer to the letter from the Board of the Circular for more details on the terms of the New Financial Services Agreement.

The New Financial Services Agreement shall, upon approval at the AGM, become effective from 1 January 2027 and expire on 31 December 2029.

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### *Price determination*

Subject to compliance with the relevant rules and regulations of PBOC, NFRA and other relevant regulatory authorities and relevant requirements:

- (a) The interest rates for deposits placed by members of the Group with the Finance Company shall be no less than the interest rate offered by major commercial banks for the same type of deposit services provided to members of the Group, and shall be determined on normal commercial terms;
- (b) The interest rates for loans granted by the Finance Company to members of the Group shall be no more than the loan prime rate for the corresponding period announced by the PBOC and no more than the interest rate offered by major commercial banks for the same type of loan services provided to members of the Group, and shall be determined on normal commercial terms.

When conducting interest rate inquiries, the Group generally seeks quotations from five major commercial banks (including Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, and Bank of Communications, collectively, the “**Major Commercial Banks**”) to ensure that the interest rate terms provided by the Finance Company are no less favorable than those for similar services provided by the Major Commercial Banks.

With respect to the deposit interest rate offered by the Finance Company for deposits placed by members of the Group, the Finance Company will pay close attention to the deposit interest rates of Major Commercial Banks on a regular basis, to ensure the interest rates for deposits placed by members of the Group with the Finance Company shall be no less than the interest rate paid by Major Commercial Banks for the same type of deposit services provided to the Group. In addition, the Company will also strictly monitor the pricing of deposits with the Finance Company and perform the Company’s corresponding internal approval procedures; for details, please refer to the section headed “The Company’s internal approval procedures for the price determination process”.

In this regard, we have obtained and reviewed the Financial Services Agreement and have also requested and the Company has provided 4 sample implementation agreements and a monthly current deposits report relating to the Deposit Services entered into between members of the Group and the Finance Company in 2024 and 2025 (the “**Deposit Samples**”). Given that the Deposit Samples and the monthly report reviewed represent all the fixed-term and current deposit transactions conducted during 2024 and 2025, respectively, we consider such samples fair and representative for the purpose of our analysis on whether the relevant pricing policies were adhered to. Based on our discussion with the Management and the supporting documents

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provided by the Company illustrating the then market interest rates offered by independent third party financial institutions and noted that the interest rates offered by the Finance Company were higher than those offered by independent third party financial institutions.

With a view to strengthening holistic control of deposits and loans and ensuring implementation of pricing policies in conformity with laws and regulations, measures pertaining to centralized fund management, centralized financing approval and centralized business decision-making are adopted by the Company during the ordinary course of business, which is principally reflected in the following aspects:

- (1) **Reinforcing centralized financing control.** Finance department of the Group is accountable for the centralized review of the annual financing needs of members of the Group. members of the Group shall, while submitting a loan application to the Finance Company, provide relevant information such as the purpose, amount, term and interest rate of the loan. Upon review of the aforementioned matters, finance department of the Company shall report to the management of the Company to reach a decision.
- (2) **Real-time monitoring on market price level.** In light of the funding requirements, finance department of the Company monitors the benchmark deposit rates publicized by the PBOC on a monthly basis, and conducts business inquiries periodically and publicly with Major Commercial Banks in the PRC and the Finance Company, primarily focusing on factors relating to interest rates for deposits, scale, term, service fee and preconditions. In view of ensuring prices are determined in conformity with the relevant rates, consolidated inquiry results shall be reported to the management of the Company.
- (3) **Establishing monthly review mechanism.** The fund balance meeting of the Company, chaired by the chief accountant of the Company with the attendance of audit, legal, finance and other related departments, is convened on a monthly basis by the Company, to review the deposits placed with the Finance Company by members of the Group, to keep abreast of the loans granted by the Finance Company in a timely manner and to reasonably formulate recommendations on deposit and financing arrangements of the Company for the next month, which shall also be reported to the management of the Company.
- (4) **Persisting in legal and compliance implementation.** Following the approval of the abovementioned deposit and financing arrangements, the implementation by the person in charge shall be strictly in compliance with relevant procedures and finance approval authority level-by-level of the Company. Upon completion, sustained supervision shall be conducted by relevant review departments of the Company.

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As also disclosed in the letter from the Board of the Circular, the Company has also adopted risk assessment and control mechanism and measures in relation to the New Financial Services Agreement including, but not limited to, that members of the Group are entitled to review the Finance Company's audited annual financial report for the latest financial year, risk indicators and other necessary information, as well as the latest and valid financial license and business license and the Company has the right to examine the operation status and financial position of the Finance Company on a regular or non-regular basis. Please refer to the paragraphs headed "Risk Assessment and Control Mechanism and Measures in Relation to the New Financial Services Agreement" in the letter from the Board for the full details.

Taking into account the above internal control measures adopted by the Group which ensure transactions under the Deposit Services are conducted on terms no less favourable to the Group than the then market interest rates and our review of the Deposit Samples, in which the interest rates offered by the Finance Company were higher than those offered by independent third party financial institutions, we consider the effective implementation of the internal control system will provide an additional layer of comfort to ensure fair pricing for the Deposit Services.

Having considered all the above factors, we are of the view that the terms of the Deposit Services under the New Financial Services Agreement are on normal commercial terms and are fair and reasonable.

*(ii) Proposed annual caps for the Deposit Services*

The following tables sets out (i) the historical actual amount and existing annual caps of maximum daily balance (including accrued interest thereon) of deposit placed by members of the Group with the Finance Company pursuant to the Deposit Services under the Existing Financial Services Agreement; and (ii) the proposed annual caps for the three years ending 31 December 2029:

	For the year ended 31 December		
	2024	2025	
	(RMB million)	(RMB million)	
<b>Highest daily balance</b>	74,919	74,887	
<b>Existing annual cap</b>	75,000	75,000	
<b>Utilisation</b>	99.9%	99.8%	

  

	For the year ending 31 December		
	2027	2028	2029
	(RMB million)		
<b>Proposed annual cap</b>	70,000	70,000	70,000

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the letter from the Board of the Circular, in summary, and among other things, the proposed annual caps of the Deposit Services under the New Financial Services Agreement have been set taking into account of factors including:

- (a) The coal, power, and coal chemical industries are important basic energy and material industries in China. The Company has fully leveraged its integrated synergistic advantages and maintained stable operating results, with various businesses continuing to develop in a healthy manner. As at the end of 2023, 2024 and 2025, the balance of the Company's monetary funds was RMB150 billion, RMB143.8 billion and RMB96.8 billion, respectively. The Company completed the issuance of shares and payment of cash in March 2026 to purchase the Acquired Assets directly or indirectly held by China Energy, and the relevant business of the Company will achieve significant development. The scale of funds from 2026 to 2029 will experience certain growth compared to the level at the end of 2025, and is expected to be maintained at RMB120 billion to RMB140 billion. Although the total amount of monetary funds will decrease slightly compared to the previous three years, it will remain at a high level. With reference to the utilization rates of the annual caps in recent years, future business development, and the scale of funds for the Acquired Assets, it is proposed that the annual cap for the maximum daily deposit balance (including accrued interest) of the members of the Group with the Finance Company for each of the years from 2027 to 2029 shall be RMB70 billion.
- (b) Pursuant to the Financial Services Agreement, for each of the years ending 31 December 2027, 31 December 2028 and 31 December 2029, the annual caps for the daily deposit balance (including accrued interest incurred) of the member of the Group with the Finance Company shall be RMB70 billion, representing approximately 72% of the total cash position of the Company as at the end of 2025, which is lower than the average ratio of approximately 111.9% to 116.2% of the deposit caps of other A+H share listed companies in the energy sector with their respective corporate group finance companies for each of the years from 2026 to 2029 to their corresponding total cash position as at the end of 2025.
- (c) The Finance Company plays an important supporting role in the development of the Group. The Finance Company has established a long-term and stable business cooperative relationship with the Company in areas such as deposits and loans, settlement, and bills. It is able to proactively engage with the members of the Group, understand their financial needs and operational status, and provide unique, timely, and comprehensive financial services to meet their needs. This helps the Company achieve sound cash flow management and improve capital efficiency, which is in line with the needs of the business development and operational management of the Company.
- (d) Deposits made by members of the Group in the Finance Company are conducive to effectively improving the investment income of the Company. The Company and the Finance Company will regularly monitor the changes in the market rates, and ensure

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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that the deposit interest rates at the Finance Company are not lower than the interest rates for the same type of deposit service provided by Major Commercial Banks to members of the Group, which is beneficial for the Group to obtain a deposit interest income not lower than that from Major Commercial Banks. In addition, the Company, as an important shareholder of the Finance Company, holds 40% of the equity interest in the Finance Company, and can share the investment returns brought about by the increase in the business scale and operating profit of the Finance Company.

As discussed in the letter from the Board of the Circular, in determining the proposed annual caps for the three years ending 31 December 2029, the Company has considered, among other things, utilisation rate of existing annual caps, growth in the level of monetary capital held by the Group and the historically stable cooperative business relationship with the Finance Company.

We note that the utilisation rate of the annual cap for FY2024 and FY2025 were approximately 99.9% and 99.8% respectively. We note that the Company proposed annual cap for each of FY2027, FY2028 and FY2029 of RMB70,000 million, representing a decrease of approximately 6.7% than the existing annual cap for FY2026.

In assessing the fairness and reasonableness of the proposed revised annual cap for FY2027, we have carried out the following independent analyses:

- (i) As discussed in the paragraph above, we noticed that the utilisation rate of the annual caps exceeded 99% for both FY2024 and FY2025.
- (ii) We noted from the 2024 Annual Report and the 2025 Annual Report of the Company that, the Group's reported total balances of cash and cash equivalent, time deposits with original maturity over three months and restricted bank deposits ("**Total Cash Position**") were approximately RMB149,959 million, RMB143,845 million and RMB96,772 million as at 31 December 2023, 31 December 2024 and 31 December 2025, respectively, although showing a decrease in FY2025, this was mainly due to the payment of dividends to shareholders. We have reviewed the pro forma financial statements set out in Appendix III to the circular published by the Company on 24 December 2025 in relation to the major and connected transaction relating to the acquisition of the target assets. As of 31 July 2025, the Total Cash Position of the acquired assets amounted to approximately RMB37,857 million. Meanwhile, as disclosed by the announcement of the Company dated 8 April 2026, the raising of supporting funds, amounting to approximately RMB20,000 million, by way of issuance A shares for the Major Acquisition has been completed. Therefore, we believe that Management's expectation that the scale of funds will remain between RMB120 billion and RMB140 billion from 2026 to 2029 is not unreasonable.

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- (iii) We noted that the proposed annual cap of RMB70,000 million represents only approximately 48.7% and 72.3% of Total Cash Position of the Group as at 31 December 2024 and 31 December 2025, respectively. Shareholders should also note that the proposed annual cap represents a flexibility, and not an obligation, for the Group to deposit funds with the Financed Company at market rates or better while enjoying services from a provider that is familiar with its business needs.
- (iv) As disclosed in the letter from the Board of the Circular, proposed annual cap of RMB70,000 million represents approximately 72% of the Total Cash Position, which is below the average percentage reported by other A+H dual listed energy companies (the “**Comparable Companies**”). We have obtained the list of the Comparable Companies identified by the Company and discussed the selection criteria and results with the Management. The selection criteria are: (i) central state-owned enterprises listed as A+H shares in the energy industry; and (ii) companies whose deposit services under the financial services agreement have previously been considered and approved at general shareholders’ meetings. In view of China Shenhua’s listing status, industry positioning, and transaction scale of the deposits services under the New Financial Services Agreement, we consider the aforesaid selection criteria reasonable and appropriate. Based on the same selection criteria, we also independently re-performed the research and identified the same set of Comparable Companies. The table below sets out the list of Comparable Companies which we would consider as exhaustive, fair and representative based on the selection criteria which are A+H dual listed companies engaged in the energy related business.



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As shown in the table, the ratios for the Comparable Companies, as represented by the Comparable Companies' maximum daily deposit balance (the annual cap) over the Cash Balance as at 31 December 2025 (the “**Comparable Ratios**”) are higher than those of the Company. We further note that if we further refine the list of Comparable Companies generated by the Company to include only A+H dual listed companies specifically engaged in power generation/coal trading, namely Datang, Huadian and Huaneng, their average Comparable Ratios are even higher.

In light of the above, and given the proposed annual caps for FY2028 and FY2029 is expected to be the same as that for FY2027, we consider the Company's proposed annual caps the three years ending FY2029 to be prudent.

### **8. Procedures and Internal Control Mechanisms Related to the Pricing and Terms of the Continuing Connected Transactions**

The Company has established a series of procedures and internal control measures in order to ensure that the pricing mechanism and terms of the transactions are fair and reasonable and no less favourable than the terms provided by any third party, so as to ensure that they serve the interests of the Company and its Shareholders as a whole. Such procedures and internal control measures mainly include:

- (1) The transactions contemplated under the connected transactions agreements are conducted on a non-exclusive basis.
- (2) The Company has adopted internal control rules such as its connected transaction decision making system and its connected transaction management measures.

#### ***Connected Transaction Management Measures of China Shenhua Energy Company Limited***

Connected Transaction Management Measures (the “**Management Measures**”) consist of thirty six articles divided into nine chapters. The Management Measures define the manner of constitution of the connected transaction group and the scope of responsibilities of the Company's management and respective departments, confirming duties of branches and subsidiaries when conducting connected transactions. Rules are also prescribed by the Management Measures for information collection and management in respect of connected persons, confirming the system governing the Company's responsibilities on information collection, identification, and management and that of connected persons on timely, voluntary reporting. As for connected transactions which have been disclosed, the Management Measures confirms that the key of management thereof is to ensure that continuing connected transactions do not exceed the annual caps, with detailed management procedures included. As for non-continuing connected transactions, prior to disclosure (where necessary), approval are necessary before conducting the transaction, with management procedures also being included. What also being regulated by the Management Measures are matters pertaining to self-assessment and the supervising and reviewing of branches and subsidiaries.

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- (1) Under the leadership of the Board, the Company has set up a connected transaction group headed by the chief accountant. The connected transaction group is responsible for managing the daily affairs of the Company's connected transactions, guiding, supervising and inspecting the management of connected transactions of its subsidiaries, and regularly reviewing the implementation of connected transactions (including but not limited to the implementation of agreed pricing policies and transaction amounts etc.), regularly organising the training of connected transactions across the Group and periodically conducting supervision and inspection of the connected transactions.
  
- (2) Each subsidiary of the Group has established a connected transaction team or relevant management team and has arranged specialized personnel to be responsible for the pricing of continuing connected transactions, and requires such specialized personnel to determine the price of each transaction strictly in accordance with the pricing principles and policies for each continuing connected transaction disclose in the Circular. (i) In respect of the New Mutual Coal Supply Agreement, the specialized personnel will actively obtain coal spot market price information through various channels; (ii) in respect of the New Mutual Supplies and Services Agreement, in accordance with the procurement and sales systems of the Group, if there is no applicable government-prescribed price or government-guided price, the Company actively obtains market price information through various channels, such as by referring to the prices of comparable transactions between the Company and independent third parties during the same period (referring to at least two), the prices of comparable transactions between independent third parties during the same period, conducting price surveys through other independent industry information providers such as industry websites, and participating in activities organized by leading industry associations. Such price is determined by both parties to the contract (namely the subsidiaries of the Group and the subsidiaries of China Energy Group) on normal commercial terms with reference to the information obtained as mentioned above. Where a tender and bidding process is required under applicable laws and regulations, the Group or China Energy Group will engage professional tender and bidding companies to organize tender and bidding procedures, and the subsidiaries of the Group or China Energy Group shall participate fairly. For products and services with prices to be agreed upon, the supplier shall provide a cost list and the purchaser shall compare the comparable average cost of similar enterprises in adjacent areas or the costs of similar products to ascertain the reasonable cost and thereby confirm the price of the connected transaction. Once executed, unilateral change to the price is prohibited.
  
- (3) The Group has adopted the legal management and other systems. The connected transaction groups or relevant management team and finance departments of the subsidiaries of the Group to determine the pricing. The connected transaction groups or relevant management team and finance departments of each subsidiary of the Group also manage the pricing of connected transactions through the system to ensure that the implementation price of continuing connected transactions is consistent with the determined pricing.

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- (4) The Company's internal control and risk management departments also conduct regular internal control tests on an annual basis to ensure that the internal control measures in respect of connected transactions remain complete and effective. Further, the legal departments of the Company and its subsidiaries conduct a prudent review of the connected transaction agreements, the financial departments manage pricing of the connected transactions and the contract implementation departments monitor the connected transaction amounts in a timely manner.
- (5) Connected transactions of the Company are conducted in accordance with the Company's internal control procedures, and all of the Company's subsidiaries are required to submit implementation reports on connected transactions on a monthly basis. The Company shall thereupon consolidate, review, summarize and analyze the data so collected in order to monitor the transaction amounts concerned and ensure that they are controlled within the annual caps, and recommend improvement measures for any issues identified.
- (6) The Board of the Company reviews the implementation of the continuing connected transactions on an annual basis and reviews the periodic reports containing the implementation of the continuing connected transactions on a half-yearly basis on matters mainly including: whether the Company and the connected person(s) have performed the continuing connected transaction agreement during the relevant year or half-year; whether the amounts of the connected transactions incurred between the Company and the connected person(s) are within the caps as approved at the general meeting. The independent non-executive Directors shall report to the general meeting of shareholders on their performance of duties for the current year annually, in which they shall express opinions on the continuing connected transactions as to (i) whether the transactions were entered into in the ordinary and usual course of business of the Group; (ii) whether they were conducted on normal commercial terms or better; and (iii) whether the conduct of the transactions pursuant to the agreements were on terms that are fair and reasonable, and in the interests of the Shareholders of the Company as a whole.
- (7) The Audit and Risk Committee of the Board of the Company reviews the annual reports and interim reports which contain the implementation of the continuing connected transactions each year, and opines on the connected transactions during the reporting periods on matters mainly including: whether the connected transactions are fair and impartial, and whether the transaction amounts are within the caps.
- (8) The external auditor of the Company conducts year-end audit for each financial year, and issues its opinions and a letter to the Board in relation to whether the continuing connected transactions were (i) conducted in accordance with the pricing policy of the Group, (ii) in non-compliance with the agreements for the relevant transactions in any material respect, and (iii) in excess of the annual caps, pursuant to the Hong Kong Listing Rules and submits the same to the Hong Kong Stock Exchange.

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To ensure compliance with the relevant requirements of connected transactions under the Listing Rules, the Company has also taken necessary and additional measures to strengthen the reporting and documentation system of the Company and its subsidiaries including:

- (a) After considering the development of the Group and market conditions, the connected transactions group regularly monitors and updates coal price trends and assess market expectations on a weekly basis. Based on the results of coal price monitoring, market expectations are more accurately analyzed and judged. When any adjustment to the annual caps of the continuing connected transactions becomes foreseeable, the Company will make an announcement in a timely manner and seek prior approval from the Independent Shareholders.
- (b) Based on the status of connected transaction business, the Company has continuously strengthened various control measures at meetings of the connected transaction group, and further clarified the periodic update mechanism for the list of connected persons and the periodic meeting mechanism. In particular, the list of connected persons shall, in principle, be updated semi-annually; the finance and compliance departments shall, in principle, conduct discussions and follow-ups on a monthly basis in light of the implementation of continuing connected transactions, the utilisation of annual caps, and potential risk matters.
- (c) The Company has reviewed and strengthened the Group's internal control policies and measures on continuing connected transactions, increased the frequency of regular meetings between the Group's finance and compliance departments to discuss potential issues, and streamlined the internal reporting process.
- (d) The Company has engaged external legal advisers to provide training on connected transactions to the Directors, senior management and relevant employees to enhance their familiarity with the Hong Kong Listing Rules, and to conduct frequent training and distribute compliance guidelines and training materials on a regular basis to remind and update them on their knowledge and understanding of the requirements of the Hong Kong Listing Rules and their awareness of compliance with internal control procedures in relation to the Group's continuing connected transactions to ensure that the Company will continue to comply with the Hong Kong Listing Rules in a timely manner.
- (e) In planning and reviewing future transactions, the Company will consult professional advisers such as legal advisers in a timely manner as appropriate.

As stated in the letter from the Board of the Circular, the Company undertakes that, in the event that it is necessary to adjust the annual caps under the continuing connected transaction agreements for any reasons, arrangements will be made in advance and the relevant requirements of the Hong Kong Listing Rules will be strictly complied with.

In light of (a) the aforementioned comprehensive internal control measures adopted by the Group which ensure the Continuing Connected Transactions are conducted on terms no less favourable to the Group than those between the Group and independent third parties; (b) our review of the Coal Transaction Samples, the Government Prescribed Pricing Samples, the

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Market Pricing Samples, and the Deposits Samples, in which the terms are in accordance with the agreements governing them and the prices were no less favorable to the Group than those with independent third parties; and (c) the reporting requirements attached to the Continuing Connected Transactions under the Listing Rules, in particular, (i) the restriction of the transaction value by way of annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the relevant agreements in relation to the transactions and the respective proposed annual caps not being exceeded, we are of the view that appropriate and effective internal control measures will be in place to govern the conduct of the Continuing Connected Transactions and assist in safeguarding the interests of the Company and the Independent Shareholders as a whole.

We consider the above measures to be reasonable for the Company to assess the then prevailing market terms of the products and services provided/purchased under the New Mutual Coal Supply Agreement and the New Supplies and Services Agreement. Together with the “Risk Assessment and Control Mechanism and Measures in Relation to the New Financial Services Agreement” set out in the letter from the Board of the Circular, we are also of the view that the Company have demonstrated the Group’s practices of getting access to market information and having regular assessment on the terms of the Deposit Services under the New Financial Services Agreement so as to make sure that its terms will be no less favourable to the Group than those prevailing in the market for similar transactions.

### OPINION AND RECOMMENDATION

Having considered the principal factors and reasons set out above we are of the view that the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement and the Deposit Services under the New Financial Services Agreement are entered into in the ordinary and usual course of business of the Group and, the terms of the New Mutual Coal Supply Agreement, the New Mutual Supplies and Services Agreement and the Deposit Services under the New Financial Services Agreement (and their respective proposed annual caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole are concerned. Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to be proposed at the AGM to approve the Continuing Connected Transactions.

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

*Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 21 years of experience in the corporate finance industry.*

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**DISCLOSURE OF INTERESTS****Shares of the Company held by the Directors and Chief Executive of the Company**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company held any shares of the Company, or had any interests or short positions in the shares, or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong)) which were required to be recorded in the register referred to in Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Hong Kong Listing Rules.

**Interests and Short Positions of Substantial Shareholders in the Shares of the Company**

As at the Latest Practicable Date, according to the register of interests and/or short positions in the shares which was required to be kept under section 336 of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong), persons set out in the table below had an interest and/or short position in the shares or underlying shares of the Company:

Name of Shareholder	Capacity	H Shares/ A Shares	Nature of Interest	Number of H Shares/A Shares held (shares)	Percentage of	
					H Shares/ A Shares held to the total issued H Shares/ A Shares of the Company (%)	Percentage to the total number of all issued shares of the Company (%)
China Energy Investment Corporation Limited	Beneficial owner	A Shares	Long position	15,175,957,642	82.87	69.97
	Interest of corporation controlled by the substantial shareholder	A Shares	Long position	11,593,528	0.06	0.05

Name of Shareholder	Capacity	H Shares/ A Shares	Nature of Interest	Number of H Shares/A Shares held (shares)	Percentage of H Shares/ A Shares held to the total issued H Shares/ A Shares of the Company (%)	Percentage to the total number of all issued shares of the Company (%)
BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	H Shares	Long position	184,040,736	5.45	0.85
	Interest of corporation controlled by the substantial shareholder	H Shares	Short position	10,973,000	0.3249	0.0506
Ruizhong Life Insurance Co., Ltd.	Interest of corporation controlled by the substantial shareholder	H Shares	Long position	203,502,000	6.03	0.94

The information disclosed is based on the information available on the website of the Hong Kong Stock Exchange.

#### DIRECTORS' EMPLOYMENT WITH A SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, the following Directors were also employees of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder of the Company	Position held in the substantial shareholder of the Company
Kang Fengwei	China Energy	Assistant to the General Manager and Chief Engineer
Li Xinhua	China Energy	Director of Coal and Transportation Industry Management Department

#### Material Adverse Change

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or operating positions of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Group were made up.

**Consent and Qualification of Expert**

The following are the qualifications of the professional adviser who has given an opinion or advice which is contained in this circular:

<b>NAME</b>	<b>QUALIFICATION</b>
Somerley	A licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

The expert named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report or the references to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the experts mentioned above had any shareholding 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.

As at the Latest Practicable Date, the expert named above did not have any direct or indirect interest in any assets which had been, since 31 December 2025 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**OTHER INFORMATION RELATING TO THE DIRECTORS****Service Contracts**

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Group which are not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**Interest in a Competing Business**

As at the Latest Practicable Date, Mr. Kang Fengwei, a non-executive Director of the Company, was the assistant to the general manager and the chief engineer of China Energy. Mr. Li Xinhua, a non-executive Director of the Company, was the director of the Coal and Transportation Industry Management Department of China Energy.

Notwithstanding that such positions are held within China Energy, the Company considers that such positions do not involve any management responsibilities of the relevant Directors over the operations of the Group. The Board also noted that the positions they hold in China Energy may, in certain circumstances, exert an indirect influence on the transactions between the Company and China Energy and its subsidiaries (excluding the Group). However,

the Company believes that Mr. Kang Fengwei and Mr. Li Xinhua will act in the best interests of the Group at all times and exercise independent judgment in the decision-making process of the Board. The Company shall, in accordance with applicable laws, regulations, and the listing rules of the places where it is listed, ensure that the relevant Directors abstain from voting on any resolutions regarding relevant transactions where potential conflicts of interest may arise.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates (as defined under the Hong Kong Listing Rules) had any interests in the businesses, other than being a Director, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Hong Kong Listing Rules if they were controlling shareholders of the Company).

#### **Interests in the Group's Assets or Contracts or Agreements Significant to the Group**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors of the Company was materially interested in any existing contract or agreement which was significant in relation to the business of the Group.

#### **DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.shenhuachina.com>) for a period of not less than 14 days from the date of this circular:

- (i) the New Mutual Coal Supply Agreement;
- (ii) the New Mutual Supplies and Services Agreement;
- (iii) the New Financial Services Agreement;
- (iv) the letter from the Independent Financial Adviser, the text of which is set out in this circular; and
- (v) the written consent from the expert referred to in the section headed "Consent and Qualification of Expert" in this appendix.

In accordance with the Hong Kong Listing Rules, this appendix serves as an explanatory statement to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the special resolution(s) to be proposed at the AGM, the A Share Class Meeting and the H Share Class Meeting for the grant of the H Share Repurchase Mandate to the Directors.

## H SHARE REPURCHASE MANDATE

### Reasons for Repurchasing H Shares

To implement the Securities Law of the PRC, protect the interests of small and medium investors of the Company and respond to the requests of investors of the Company, the Directors believe that the flexibility afforded by the H Share Repurchase Mandate would be beneficial to and in the best interests of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

### Number of Issued Shares of the Company

As at the Latest Practicable Date, the total number of issued shares of the Company was 21,689,434,304, comprising 18,311,952,304 A Shares and 3,377,482,000 H Shares.

### Exercise of the H Share Repurchase Mandate

Subject to the passing of the relevant special resolution(s) set out in the notice of the AGM, and the special resolution(s) approving the grant to the Board of the H Share Repurchase Mandate at the A Share Class Meeting and the H Share Class Meeting respectively, the Board will be granted the H Share Repurchase Mandate until the earlier of (a) the conclusion of the 2026 annual general meeting; or (b) the date on which the authority conferred by this resolution is revoked or varied by a special resolution of Shareholders at a general meeting, an A Share class meeting and an H Share class meeting (the “**Relevant Period**”). The exercise of the H Share Repurchase Mandate is subject to relevant approval(s) of and/or filings with SAFE and/or any other regulatory authorities as required by the laws, rules and regulations of the PRC being obtained.

In accordance with the Hong Kong Listing Rules, the Company will not repurchase H Shares if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which H Shares were repurchased on the Hong Kong Stock Exchange.

The exercise in full of the H Share Repurchase Mandate (on the basis of 3,377,482,000 H Shares in issue as at the Latest Practicable Date and assuming there is no change to the total number of H Shares in issue on or prior to the date of the AGM, the A Share Class Meeting and the H Share Class Meeting) would result in a maximum of 337,748,200 H Shares that may be repurchased by the Company during the Relevant Period, being a maximum of 10% of the total number of H Shares in issue (excluding treasury shares, if any) as at the date of passing the relevant resolution(s).

The Company may cancel the shares bought back under the H Share Repurchase Mandate and/or hold them as treasury shares, depending on the circumstances at the time of the share repurchase (for example, market conditions, the purpose of the share repurchase and its capital management needs).

### **Funding of Repurchases**

In repurchasing its H Shares, the Company intends to apply funds from the Company's self-raised funds legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC. The Company may not purchase securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

### **General**

The Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company in the event that the H Share Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period (as compared with the position disclosed in the latest published audited accounts contained in the annual report of the Company for the year ended 31 December 2025). However, the Directors do not propose to exercise the H Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital needs or the gearing level of the Company. The number of H Shares to be repurchased, the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the market circumstances then prevailing, in the best interests of the Company.

The Directors will exercise the powers of the Company to make repurchases under the H Share Repurchase Mandate in accordance with the Hong Kong Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC, insofar as the same may be applicable.

Neither this explanatory statement nor the H Share Repurchase Mandate has any unusual features.

**H Share Prices**

The highest and lowest prices at which the H Shares were traded on the Hong Kong Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2025</b>		
June	35.45	30.15
July	36.00	30.55
August	38.44	32.48
September	38.98	34.46
October	43.22	37.02
November	43.84	39.44
December	41.00	38.20
<b>2026</b>		
January	44.24	38.70
February	44.96	39.94
March	49.62	43.66
April	49.34	44.32
May (up to the Latest Practicable Date)	49.30	42.86

**H Shares Repurchased by the Company**

No repurchase of H Shares has been made by the Company in the six months preceding the Latest Practicable Date (whether on the Hong Kong Stock Exchange or otherwise).

**Disclosure of Interests**

If as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and must make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, China Energy directly and indirectly through its wholly-owned subsidiary, China Energy Capital Holdings Co., Ltd., held approximately 70.02% of the total number of issued shares of the Company, and its interests in the Company are required to be disclosed in accordance with the provisions of Part XV (Disclosure of Interests) of the SFO. In the event that the Directors exercise in full the power to repurchase H Shares in accordance with the terms of the H Share Repurchase Mandate proposed at the AGM, the A Share Class Meeting and the H Share Class Meeting, the percentage of the total

number of issued shares of the Company held directly and indirectly by China Energy would increase to approximately 71.13%. The Directors are not aware of any consequences which will arise under the Takeovers Code and/or other similar applicable laws as a result of any repurchases to be made under the H Share Repurchase Mandate. Moreover, the Directors will not repurchase shares on the Hong Kong Stock Exchange if such repurchase would result in a breach of the requirements under Rule 8.08 of the Hong Kong Listing Rules.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their close associates (as defined in the Hong Kong Listing Rules) presently intends to sell H Shares to the Company under the H Share Repurchase Mandate in the event that the H Share Repurchase Mandate is approved by the Shareholders and the conditions (if any) to which the H Share Repurchase Mandate is subject are fulfilled.

The Company has not been notified by any core connected persons (as defined in the Hong Kong Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company, in the event that the H Share Repurchase Mandate is approved by its Shareholders and the conditions (if any) to which the H Share Repurchase Mandate is subject are fulfilled.

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## NOTICE OF ANNUAL GENERAL MEETING

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# 中国神华能源股份有限公司

## CHINA SHENHUA ENERGY COMPANY LIMITED

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 01088)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting for 2025 (the “**Annual General Meeting**”) of China Shenhua Energy Company Limited (the “**Company**”) will be held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People’s Republic of China at 2:30 p.m. on Friday, 26 June 2026 for the purpose of considering and, if thought fit, passing the following resolutions:

#### **AS ORDINARY RESOLUTIONS:**

1. To consider and, if thought fit, to approve the report of the board of directors of the Company (the “**Board**”) for the year ended 31 December 2025.
2. To consider and, if thought fit, to approve the audited financial statements of the Company for the year ended 31 December 2025.
3. To consider and, if thought fit, to approve the Company’s profit distribution plan for the year ended 31 December 2025: final dividend for the year ended 31 December 2025 in the amount of RMB1.03 per share (inclusive of tax) be declared and distributed, the aggregate amount of which is approximately RMB22,340 million (inclusive of tax) (“**2025 Final Dividend**”).

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## NOTICE OF ANNUAL GENERAL MEETING

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4. To consider and, if thought fit, to approve the resolution on the remuneration of the Directors and supervisors of the Company for the year ended 31 December 2025: (1) the aggregate remuneration of executive director and chief executive officer, Zhang Changyan, amounted to RMB1,018,323.28 (including performance-based remuneration for one month of 2024); the aggregate remuneration of former Chairman and executive director, Lv Zhiren for his term of office amounted to RMB816,889.60 (including performance-based remuneration for 12 months of 2024); the aggregate remuneration of employee director, Jiao Lei, amounted to RMB1,001,577.82; (2) the aggregate remuneration of Yuen Kwok Keung, Chen Hanwen and Wang Hong, all independent non-executive directors, amounted to RMB900,000.00; the non-executive directors (other than the independent non-executive directors) are remunerated by China Energy Investment Corporation Limited (“**China Energy**”) and are not remunerated by the Company in cash; (3) former chairman of the supervisory committee, Tang Chaoxiong, and former supervisor, Yuan Rui are remunerated by China Energy and its subsidiaries and are not remunerated by the Company in cash; the aggregate remuneration of former employee supervisor, Zhang Feng for his term of office, amounted to RMB748,076.24.
5. To consider and, if thought fit, approve the purchase of liability insurance for the directors and senior management of the Company and to authorize the chief executive officer to handle matters relating to the purchase of liability insurance for the directors and senior management.
6. To consider and, if thought fit, to approve the formulation of the Administrative Measures for the Remuneration of Directors and Senior Management of China Shenhua Energy Company Limited (for Trial Implementation).
7. To consider and, if thought fit, to approve the entering into of the 2027-2029 Mutual Coal Supply Agreement with China Energy.
8. To consider and, if thought fit, to approve the entering into of the 2027-2029 Mutual Supplies and Services Agreement with China Energy.
9. To consider and, if thought fit, to approve the entering into of the 2027-2029 Financial Services Agreement with China Energy Finance Co., Ltd.
10. To consider and, if thought fit, to approve the entering into of the 2027-2029 Factoring Services Agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd. (國能(北京)商業保理有限公司).

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## NOTICE OF ANNUAL GENERAL MEETING

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### AS SPECIAL RESOLUTIONS:

11. To consider and, if thought fit, to approve the proposal on the grant of the general mandate for the board of directors and the persons authorised by the board of directors to repurchase the Company's H shares:
  - (1) the board of directors be granted a general mandate, by reference to the requirements of the relevant laws and regulations, to repurchase the Company's H shares with self-raised funds on market of The Stock Exchange of Hong Kong Limited not exceeding 10% of the total number of the Company's H shares in issue (excluding treasury shares) at the time when this resolution is passed at the annual general meeting and the class meetings of shareholders, at a repurchase price of not exceeding 5% of the average closing price of the five trading days preceding each actual repurchase.
  - (2) the board of directors and the persons authorised by the board of directors be authorised to (including but not limited to the following):
    - (i) formulate and implement the specific repurchase plan, including but not limited to determining the time of repurchase, period of repurchase, repurchase price and number of shares to repurchase, etc.;
    - (ii) notify creditors and issue announcements pursuant to the requirements of the laws and regulations such as the Company Law of the People's Republic of China and the articles of association of the Company;
    - (iii) open overseas share accounts and money accounts and to carry out related change of foreign exchange registration procedures;
    - (iv) carry out relevant approval or filing procedures (if any) pursuant to the applicable laws, regulations and regulatory requirements;
    - (v) in accordance with applicable laws, regulations, securities regulatory requirements and listing rules of the places where the Company's shares are listed, as well as the actual circumstances of the repurchase, deal with the repurchased shares, handle the cancellation or transfer of the repurchased shares (as applicable), reduce the registered capital of the Company (if involved), amend the articles of association of the Company in relation to the total amount of share capital, the structure of the capital and other relevant contents, and handle domestic and overseas registration and filing of changes in relation to the repurchase;
    - (vi) execute and deal with any other documents and matters related to share repurchase.

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## NOTICE OF ANNUAL GENERAL MEETING

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(3) Authorisation period

The period of above general mandate shall not exceed the relevant period (the “**Relevant Period**”). The Relevant Period commences from the day when the authority conferred by this special resolution is approved by a special resolution at the annual general meeting, the class meeting of holders of A shares and the class meeting of holders of H shares and ends at the earlier of:

- (a) the conclusion of the annual general meeting for 2026; or
- (b) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution at a general meeting, a class meeting of holders of A shares and a class meeting of holders of H shares.

12. To consider and, if thought fit, to approve the proposal on the grant of the general mandate to issue shares to the Board and the authorised person(s) of the Board:

- (i) Subject to the conditions set out in paragraph (ii) below, to grant a general mandate to the Board during the Relevant Period (as defined below) to, having regard to market conditions and the needs of the Company, resolve to issue, either separately or concurrently, additional shares of the issued A shares and/or H shares of the Company, and to resolve, or to delegate authority to resolve, on such matters as may be required for the exercise of such mandate (including authorising the Board, during the Relevant Period, to resolve, or to delegate authority to resolve, on such matters for the exercise of such mandate which may need to be exercised after the expiry of the Relevant Period).
- (ii) The aggregate number of A shares and/or H shares which the Board may resolve to issue, either conditionally or unconditionally (whether pursuant to the exercise of share options or otherwise), shall not in each case exceed 20% of the total number of the relevant class of shares of the Company in issue (excluding treasury shares, if any) as at the date of passing of this proposal by the general meeting.
- (iii) To authorise the Board, when exercising the aforesaid general mandate, to formulate and implement specific issuance plans, including but not limited to: (1) the class and number of shares to be issued; (2) the pricing method and/or issue price (including any price range); (3) the commencement and termination dates of the issue; (4) the specific use of proceeds; (5) the power to resolve, or to delegate authority to resolve, such matters as may be required for the exercise of the aforesaid mandate; and (6) any other matters which are required to be included in a specific issuance plan pursuant to applicable laws, regulations, other normative documents, and the requirements of the relevant regulatory authorities and stock exchanges of the places of listing.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iv) To authorise the Board to approve and execute all acts, documents, and other matters necessary for, or in connection with, the issuance; and to consider, approve, and execute on behalf of the Company agreements relating to the issuance, including but not limited to subscription agreements and underwriting agreements.
- (v) To authorise the Board to consider, approve, and execute on behalf of the Company the statutory documents required to be submitted to the relevant regulatory authorities in connection with the issuance, to complete the relevant approval procedures in accordance with the requirements of regulatory authorities and the Company's places of listing, and to handle all necessary filings, registrations, and filing procedures with the relevant government authorities in Hong Kong of the PRC and/or in any other relevant regions and jurisdictions (as applicable).
- (vi) To authorise the Board to make such amendments to the agreements and statutory documents referred to in paragraphs (iv) and (v) above as may be required by the domestic and overseas regulatory authorities.
- (vii) To authorise the Board to approve the increase of the Company's registered capital following the issuance of new shares, to make such appropriate and necessary amendments to the articles of association of the Company relating to the total share capital, shareholding structure, and other related matters, to complete the statutory approval, registration, and filing procedures domestically and abroad, and to take any other necessary actions and handle any necessary formalities to implement the share issuance and the increase of the Company's registered capital pursuant to this proposal.
- (viii) To approve that the Board, subject to obtaining the aforesaid mandate, may, unless otherwise required by laws and regulations, sub-delegate the aforesaid mandate to authorised person(s) of the Board to jointly or severally sign, execute, amend, complete, and deliver all agreements, contracts, and documents in relation to the issuance of shares under the general mandate.
- (ix) The Board may only exercise the aforesaid mandate in accordance with all applicable laws, regulations, and rules, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the requirements of any other government or regulatory authority.

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## NOTICE OF ANNUAL GENERAL MEETING

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Save where the Board has resolved, or has delegated authority to resolve, during the Relevant Period, on matters in relation to the issuance of A shares and/or H shares for the exercise of such mandate and such resolutions may need to continue to be carried out or implemented after the expiry of the Relevant Period, the aforesaid mandate shall only be valid during the Relevant Period. The “Relevant Period” as referred to in this proposal shall be the period commencing from the date of passing of this proposal by the general meeting by way of a special resolution until the earlier of the following dates:

- (a) the conclusion of the annual general meeting for 2026;
- (b) the date on which the mandate set out in this proposal is revoked or varied by a special resolution passed at any general meeting of the Company.

If, during the Relevant Period, the Board or its authorised person(s) has signed necessary documents, completed necessary procedures or taken the relevant actions, and such documents, procedures or actions may need to be performed, carried out or continued at or after the end of the aforesaid Relevant Period until completion, the Relevant Period shall be extended accordingly.

By order of the Board

**China Shenhua Energy Company Limited**

**Song Jinggang**

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

Beijing, 4 June 2026

*Notes:*

### **1. ELIGIBILITY FOR ATTENDING THE ANNUAL GENERAL MEETING**

Holders of H shares of the Company whose names appear on the register of members of the Company kept by the share registrar of the Company, Computershare Hong Kong Investor Services Limited on 26 June 2026 (Friday) are entitled to attend the Annual General Meeting.

The register of members will be closed from 23 June 2026 (Tuesday) to 26 June 2026 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to attend and vote at the Annual General Meeting. In order to be eligible for attending and voting at the Annual General Meeting, transferees of H shares must lodge their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, the Company’s share registrar for H shares at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 22 June 2026 (Monday) to effect the transfer of shares.

### **2. PROXY**

- (1) Each shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more proxies in writing to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (2) The proxies shall be appointed in writing by shareholders. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other documents of authorisation must be notarised.
- (3) To be valid, the notarially certified power of attorney or other documents of authorisation, and the form of proxy must be delivered to the Office of the Board of Directors of the Company (at Room 1003, Block A, Shenhua Tower, 22 Andingmen Xibinhe Road, Dongcheng District, Beijing, the People's Republic of China, Postal Code: 100011) for holders of domestic shares and to the H share registrar of the Company for holders of H shares not less than 24 hours before the time fixed for convening the Annual General Meeting or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he/she so wishes. The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) A proxy may exercise the right to vote by showing his/her hand or by poll. However, if a shareholder appointed more than one proxy, such proxies shall only exercise the right to vote by poll.

### 3. REGISTRATION PROCEDURES FOR ATTENDING THE ANNUAL GENERAL MEETING

- (1) A shareholder or his proxy should produce proof of identity when attending the Annual General Meeting. If a corporate shareholder appoints its legal representative or other person authorised by the board of directors or other governing body to attend the meeting, such legal representative or the person shall produce a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (2) Shareholders who intend to attend the Annual General Meeting should return the reply slip of such meeting to the Company on or before 23 June 2026 (Tuesday).
- (3) Shareholders of the Company may return the reply slip personally, by post, email or by facsimile to the Company.
- (4) Non-registered H shareholders who hold shares of the Company through Hong Kong Securities Clearing Company Limited, banks, brokers or other custodians are advised to consult them directly for assistance in appointment of proxy.

### 4. CLOSURE OF REGISTER OF MEMBERS

- (1) The register of members will be closed from 23 June 2026 (Tuesday) to 26 June 2026 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to attend and vote at the Annual General Meeting (The record date is 26 June 2026). In order to be eligible for attending and voting at the Annual General Meeting, transferees of H shares must lodge their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 22 June 2026 (Monday) to effect the transfer of shares.
- (2) Holders of H shares of the Company whose names appear on the register of members of the Company kept by the share registrar of the Company, Computershare Hong Kong Investor Services Limited on 10 July 2026 (Friday) are entitled to the 2025 Final Dividend.

The register of members will be closed from 4 July 2026 (Saturday) to 10 July 2026 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to the 2025 Final Dividend (The record date is 10 July 2026). In order to be eligible for receiving the 2025 Final Dividend, transferees of H shares must lodge their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 3 July 2026 (Friday) to effect the transfer of shares.

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## NOTICE OF ANNUAL GENERAL MEETING

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### 5. PROCEDURES ON DEMANDING A POLL

According to the articles of association of the Company, voting at the Annual General Meeting shall be taken by way of poll (except where the chairman of the meeting decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands).

6. In accordance with the Company Law of the People's Republic of China and the articles of association of the Company, shareholder(s) individually or jointly holding more than 1% shares of the Company may submit provisional motions at a general meeting. The contents of the provisional motions shall meet the requirements of the articles of association of the Company and regulatory rules in the places where the shares are listed (including review on qualifications of serving as independent non-executive directors).

### 7. MISCELLANEOUS

- (1) The Annual General Meeting is expected to be held for less than half a day. Shareholders who attend the meeting, personally or by proxy, shall bear their own travelling and accommodation expenses.

- (2) The share registrar of the Company for H shares is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (3) The registered address of the Company:

22 Andingmen Xibinhe Road, Dongcheng District, Beijing, the PRC

Postal Code: 100011

Telephone: (+86) 10 5813 3355/(+86) 10 5813 3399

Facsimile: (+86) 10 5813 1814

- (4) Contact methods for the meeting of the Company:

Department: Office of the Board of Directors  
Room 1003, Block A, Shenhua Tower, 22 Andingmen Xibinhe Road  
Dongcheng District, Beijing, the PRC

Postal Code: 100011

Contact Person: Ms. Cheng

Telephone: (+86) 10 5813 1088

Facsimile: (+86) 10 5813 1814

Email: ir@csec.com

- (5) In this notice, the following expressions shall have the following meanings unless the context otherwise requires:

“PRC” the People's Republic of China

“RMB” Renminbi, the lawful currency of the PRC

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

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## NOTICE OF 2026 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

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# 中国神华能源股份有限公司

## CHINA SHENHUA ENERGY COMPANY LIMITED

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 01088)**

## NOTICE OF 2026 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

**NOTICE IS HEREBY GIVEN** that the 2026 first class meeting of the holders of H shares (the “**H Share Class Meeting**”) of China Shenhua Energy Company Limited (the “**Company**”) will be held at He Meeting Room, 2F, Gehua New Century Hotel, 19 Gulouwai Avenue, Chaoyang District, Beijing, the People’s Republic of China at 3:45 p.m. on Friday, 26 June 2026 for the purpose of considering and, if thought fit, passing the following resolution:

### **AS SPECIAL RESOLUTION:**

1. To consider and, if thought fit, to approve the proposal on the grant of the general mandate for the board of directors and the persons authorised by the board of directors to repurchase the Company’s H shares:
  - (1) the board of directors be granted a general mandate, by reference to the requirements of the relevant laws and regulations, to repurchase the Company’s H shares with self-raised funds on market of The Stock Exchange of Hong Kong Limited not exceeding 10% of the total number of the Company’s H shares in issue (excluding treasury shares) at the time when this resolution is passed at the annual general meeting and the class meetings of shareholders, at a repurchase price of not exceeding 5% of the average closing price of the five trading days preceding each actual repurchase.
  - (2) the board of directors and the persons authorised by the board of directors be authorised to (including but not limited to the following):
    - (i) formulate and implement the specific repurchase plan, including but not limited to determining the time of repurchase, period of repurchase, repurchase price and number of shares to repurchase, etc.;

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## NOTICE OF 2026 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

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- (ii) notify creditors and issue announcements pursuant to the requirements of the laws and regulations such as the Company Law of the People's Republic of China and the articles of association of the Company;
  - (iii) open overseas share accounts and money accounts and to carry out related change of foreign exchange registration procedures;
  - (iv) carry out relevant approval or filing procedures (if any) pursuant to the applicable laws, regulations and regulatory requirements;
  - (v) in accordance with applicable laws, regulations, securities regulatory requirements and listing rules of the places where the Company's shares are listed, as well as the actual circumstances of the repurchase, deal with the repurchased shares, handle the cancellation or transfer of the repurchased shares (as applicable), reduce the registered capital of the Company (if involved), amend the articles of association of the Company in relation to the total amount of share capital, the structure of the capital and other relevant contents, and handle domestic and overseas registration and filing of changes in relation to the repurchase;
  - (vi) execute and deal with any other documents and matters related to share repurchase.
- (3) Authorisation period

The period of above general mandate shall not exceed the relevant period (the “**Relevant Period**”). The Relevant Period commences from the day when the authority conferred by this special resolution is approved by a special resolution at the annual general meeting, the class meeting of holders of A shares and the class meeting of holders of H shares and ends at the earlier of:

- (a) the conclusion of the annual general meeting for 2026; or
- (b) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution at a general meeting, a class meeting of holders of A shares and a class meeting of holders of H shares.

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

Beijing, 4 June 2026

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# NOTICE OF 2026 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

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*Notes:*

## **1. ELIGIBILITY FOR ATTENDING THE H SHARE CLASS MEETING**

Holders of H shares of the Company whose names appear on the register of members of the Company kept by the share registrar of the Company, Computershare Hong Kong Investor Services Limited on 26 June 2026 (Friday) are entitled to attend the H Share Class Meeting.

The register of members will be closed from 23 June 2026 (Tuesday) to 26 June 2026 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to attend and vote at the H Share Class Meeting. In order to be eligible for attending and voting at the H Share Class Meeting, transferees of H shares must lodge their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 22 June 2026 (Monday) to effect the transfer of shares.

## **2. PROXY**

- (1) Each shareholder entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies in writing to attend and vote on his/her behalf. A proxy need not be a shareholder of the Company.
- (2) The proxies shall be appointed in writing by shareholders. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other documents of authorisation must be notarised.
- (3) To be valid, the notarially certified power of attorney, or other documents of authorisation, and the form of proxy must be delivered to the H share registrar of the Company not less than 24 hours before the time fixed for convening the H Share Class Meeting or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the H Share Class Meeting if he so wishes. The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) A proxy may exercise the right to vote by showing his hand or by poll. However, if a shareholder appointed more than one proxy, such proxies shall only exercise the right to vote by poll.

## **3. REGISTRATION PROCEDURES FOR ATTENDING THE H SHARE CLASS MEETING**

- (1) A shareholder or his proxy should produce proof of identity when attending the H Share Class Meeting. If a corporate shareholder appoints its legal representative or other person authorised by the board of directors or other governing body to attend the meeting, such legal representative or the person shall produce a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (2) Shareholders who intend to attend the H Share Class Meeting should return the reply slip of such meeting to the Company on or before 23 June 2026 (Tuesday).
- (3) Shareholders of the Company may return the reply slip personally, by post, email or by facsimile to the Company.
- (4) Non-registered H shareholders who hold shares of the Company through Hong Kong Securities Clearing Company Limited, banks, brokers or other custodians are advised to consult them directly for assistance in appointment of proxy.

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## NOTICE OF 2026 FIRST CLASS MEETING OF THE HOLDERS OF H SHARES

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### 4. CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 23 June 2026 (Tuesday) to 26 June 2026 (Friday) (both days inclusive) to determine the identity of the shareholders of H shares who are entitled to attend and vote at the H Share Class Meeting (The record date is 26 June 2026). In order to be eligible for attending and voting at the H Share Class Meeting, transferees of H shares must lodge their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, the Company's share registrar for H shares at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 22 June 2026 (Monday) to effect the transfer of shares.

### 5. PROCEDURES ON DEMANDING A POLL

According to the articles of association of the Company, voting at the H Share Class Meeting shall be taken by way of poll (except where the chairman of the meeting decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands).

### 6. MISCELLANEOUS

- (1) The H Share Class Meeting is expected to be held for less than half a day. Shareholders who attend the meeting, personally or by proxy, shall bear their own travelling and accommodation expenses.
- (2) The share registrar of the Company for H shares is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) The registered address of the Company:

22 Andingmen Xibinhe Road, Dongcheng District, Beijing, the PRC

Postal Code: 100011  
Telephone: (+86)10 5813 3355/(+86)10 5813 3399  
Facsimile: (+86)10 5813 1814

- (4) Contact methods for the meeting of the Company:

Department: Office of the Board of Directors  
Room 1003, Block A, Shenhua Tower, 22 Andingmen Xibinhe Road  
Dongcheng District, Beijing, the PRC  
Postal Code: 100011  
Contact Person: Ms. Cheng  
Telephone: (+86)10 5813 1088  
Facsimile: (+86)10 5813 1814  
Email: ir@csec.com

- (5) In this notice, the following expressions shall have the following meanings unless the context otherwise requires:

“PRC” the People's Republic of China

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