THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular or as to what action to take in relation to this circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Yankuang Energy Group Company Limited***, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.

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

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

(Stock Code: 01171)

(1) PROPOSED PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2022;
(2) PROPOSED ELECTION OF DIRECTORS OF THE NINTH SESSION OF THE BOARD;
(3) PROPOSED ELECTION OF SUPERVISORS OF THE NINTH SESSION OF THE SUPERVISORY COMMITTEE;
(4) PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS;
(5) PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2023;
(6) PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES;
(7) PROPOSAL FOR THE PROVISION OF FINANCING GUARANTEES TO THE CONTROLLED SUBSIDIARIES AND INVESTED COMPANIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA;
(8) PROPOSAL FOR THE GENERAL MANDATES TO ISSUE H SHARES AND REPURCHASE H SHARES;
(9) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RELEVANT RULES OF PROCEDURE;
(10) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES; AND
(11) CONTINUING CONNECTED TRANSACTIONS

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

富域 Donvex 富域資本

Donvex Capital Limited
富域資本有限公司

The notices convening the AGM and the H Shareholders' Class Meeting to be held at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m. and 11:00 a.m. respectively on Friday, 30 June 2023 were published on 1 June 2023.

Whether or not you are able to attend the respective meetings in person, you are strongly advised to complete and sign the form of proxy in accordance with the instructions printed thereon. The form of proxy shall be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC (for holders of A Shares) as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjourned meeting(s) (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting(s) or any adjourned meeting(s) should you so wish.

9 June 2023

CONTENTS

Page

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

"Acquisitions"	collectively the First Acquisition and the Second Acquisition
"AGM"	the 2022 annual general meeting of the Company to beheld at the headquarters of the Company, 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m. on Friday, 30 June 2023
"Articles of Association"	the articles of association of the Company
"A Shareholders"	holders of A Shares
"A Shareholders' Class Meeting"	the 2023 first class meeting of A Shareholders to be held at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 10:30 a.m. on Friday, 30 June 2023
"A Share(s)"	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"Asset Valuation Report(s)"	the asset valuation report on each of the Target Companies prepared by the Independent Valuer, individually or collectively (as the case may be)
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AUD"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Company
"Baosheng Hongshanwa Mining Rights"	collectively Baosheng Coal Mine and Hongshanwa Coal Mine
"Board"	the board of Directors of the Company
"Bonus A Share(s)"	the new A Share(s) to be allotted and issued under the Bonus Issue
"Bonus H Share(s)"	the new H Share(s) to be allotted and issued under the Bonus Issue

"Bonus Issue"	the proposed issue of Bonus Shares to Shareholders whose names appeared on the register of members of the Company on the Record Date on the basis of five (5) Bonus Shares for every ten (10) existing Shares, subject to the terms set out in this circular
"Bonus Share(s)"	Bonus A Share(s) and Bonus H Share(s)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chenmanzhuang Coal Mine"	Chenmanzhuang Coal Mine, which is owned by Shanxian Energy
"Company" or "Yankuang Energy"	Yankuang Energy Group Company Limited* (兗礦能源集團股份有限公司), a joint stock limited company established under the laws of PRC in 1997, and the H Shares and A shares of which are listed on the Hong Kong Stock Exchange (01171.HK) and the Shanghai Stock Exchange (600188.SH), respectively
"Company Law"	Company Law of the People's Republic of China, as revised from time to time
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Donghua Heavy Industry"	Yankuang Donghua Heavy Industry Company Limited* (兗礦東華重工有限公司), a wholly-owned subsidiary of the Company
"ERP"	Enterprise Resource Planning
"ERP Framework Agreement"	the framework agreement entered into between the Company and Shandong Energy Digital on 5 February 2021 in relation to the provision of services of operation and maintenance of ERP and relevant systems to the Company during the three years ending 31 December 2023

"Existing Continuing Connected Transactions Agreements"	the Existing Provision of Materials Supply Agreement, the Existing Mutual Provision of Labour and Services Agreement, the Existing Provision of Insurance Fund Administrative Services Agreement and the Existing Provision of Products, Materials and Asset Leasing Agreement
"Existing Mutual Provision of Labour and Services Agreement"	the mutual provision of labour and services agreement entered into between the Company and Shandong Energy on 9 December 2020
"Existing Provision of Insurance Fund Administrative Services Agreement"	the provision of insurance fund administrative services agreement entered into between the Company and Shandong Energy on 9 December 2020
"Existing Provision of Materials Supply Agreement"	the provision of materials supply agreement entered into between the Company and Shandong Energy on 9 December 2020
"Existing Provision of Products, Materials and Asset Leasing Agreement"	the provision of products, materials and asset leasing agreement entered into between the Company and Shandong Energy on 9 December 2020
"First Acquisition"	acquisition of the First Equity Interests under the First Equity Transfer Agreement
"First Closing Date"	the date of closing of the First Equity Transfer Agreement
"First Equity Interests"	in aggregate 51% equity interests in Luxi Mining (held by Vendor A, Vendor B, Vendor C, Vendor D and Vendor E as to 13.01%, 15.93%, 10.00%, 2.70% and 9.36% respectively)
"First Equity Transfer Agreement"	the equity transfer agreement entered into among the Company, the First Vendors and Luxi Mining on 28 April 2023 in respect of acquisition of the First Equity Interests
"First Letter of Performance Commitment"	the letter of performance commitment entered into between the Company and the First Vendors on 28 April 2023 in respect of the First Equity Transfer Agreement
"First Letter of Undertaking"	the letter of undertaking entered into between the Company and the First Vendors on 28 April 2023 in respect of the First Equity Transfer Agreement

"First Transition Period"	the period from the Valuation Benchmark Date to the First Closing Date (excluding the First Closing Date)
"First Vendors"	collectively Vendor A, Vendor B, Vendor C, Vendor D and Vendor E
"Future Energy"	Shaanxi Future Energy & Chemicals Co., Ltd.* (陝西未來能源化工有限公司), a non-wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Guotun Coal Mine"	Guotun Coal Mine, which is owned by Heze Coal Electricity
"Heze Coal Electricity"	Linyi Mining Group Heze Coal Electricity Co., Ltd.* (臨沂礦業集團菏澤煤電有限公司), a non-wholly owned subsidiary of Luxi Mining
"Heze Neng Hua"	Yanmei Heze Neng Hua Company Limited* (兗煤菏澤能化有限公司), a non-wholly owned subsidiary of the Company
"H Shareholders"	holders of H Shares
"H Shareholders' Class Meeting"	the 2023 first class meeting of H Shareholders to beheld at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 11:00 a.m. on Friday, 30 June 2023
"H Share(s)"	overseas listed foreign invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of (i) the Transaction Documents and the Acquisitions; and (ii) the Proposed Continuing Connected Transaction Agreements, the Proposed Continuing Connected Transactions and the respective proposed annual caps

"Independent Financial Adviser" or " Donvex Capital"	Donvex Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, which is appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholder(s) on (i) the Transaction Documents and the Acquisitions; and (ii) the Proposed Provision of Products, Materials and Asset Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps
"Independent Shareholder(s)"	shareholder(s) other than Shandong Energy and its associates, who are neither involved nor interested in the Acquisitions and the Proposed Continuing Connected Transactions
"Independent Valuer"	Shandong Zhongping Hengxin Asset Valuation Co., Ltd.* (山東中評恒信資產評估有限公司), an independent valuer in the PRC
"Latest Practicable Date"	2 June 2023, being the latest practicable date of ascertaining certain information contained in this circular before the issuing of this circular
"Liangbaosi Coal Mine"	Liangbaosi Coal Mine, which is owned by Liangbaosi Energy
"Liangbaosi Energy"	Feicheng Mining Group Liangbaosi Energy Co., Ltd.* (肥城礦業集團梁寶寺能源有限責任公司), a non-wholly owned subsidiary of Luxi Mining
"Lilou Coal Industry"	Shandong Lilou Coal Industry Co., Ltd.* (山東李樓煤業有限公司), a wholly-owned subsidiary of Luxi Mining
"Lilou Coal Mine"	mining right of Lilou Coal Industry
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"LPR One-year Interest Rate"	the one year loan prime rate announced by National Interbank Funding Center
"Lunan Chemicals"	Yankuang Lunan Chemicals Co., Ltd.* (兗礦魯南化工有限公司), a wholly-owned subsidiary of the Company

"Luxi Mining"	Shandong Energy Group Luxi Mining Co., Ltd.* (山東能源集團魯西礦業有限公司), a company established in the PRC, which is owned as to 40.01%, 20.93%, 17.00%, 12.70% and 9.36% equity interests by Vendor A, Vendor B, Vendor C, Vendor D and Vendor E respectively as at the Latest Practicable Date
"Luxi Mining Group"	Luxi Mining and its subsidiaries
"Market Price"	a price determined according to normal commercial terms based on the following: (i) the price offered by independent third parties for provision of the same or similar type of services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such independent third parties; or (ii) if paragraph (i) above is not applicable, the price offered by independent third parties in the PRC for provision of the same or similar type of services under normal commercial terms in the ordinary course of business of such independent third parties
"Medical Services Collaboration Framework Agreement"	the medical services collaboration framework agreement entered into between the Company and Shandong Yiyang on 27 August 2021 in relation to the provision of medical services by Shandong Yiyang to the Company
"Nomination Committee"	the nomination committee of the Company
"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules
"Pengzhuang Coal Mine"	Pengzhuang Coal Mine, which is owned by Heze Coal Electricity
"PRC"	the People's Republic of China
"Proposed Continuing Connected Transactions"	the transactions under the respective Proposed Continuing Connected Transactions Agreements

"Proposed Continuing Connected Transactions Agreements"	the Proposed Provision of Materials Supply Agreement, the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement and the Proposed Provision of Products, Materials and Asset Leasing Agreement
"Proposed Mutual Provision of Labour and Services Agreement"	the mutual provision of labour and services agreement entered into between the Company and Shandong Energy on 28 April 2023
"Proposed Provision of Insurance Fund Administrative Services Agreement"	the provision of insurance fund administrative services agreement entered into between the Company and Shandong Energy on 28 April 2023
"Proposed Provision of Materials Supply Agreement"	the provision of materials supply agreement entered into between the Company and Shandong Energy on 28 April 2023
"Proposed Provision of Products, Materials and Asset Leasing Agreement"	the provision of products, materials and asset leasing agreement entered into between the Company and Shandong Energy on 28 April 2023
"Qineng Coal Industry"	Xinjiang Yankuang Qineng Coal Industry Co., Ltd.* (新疆兗礦其能煤業有限公司), a non-wholly owned subsidiary of Xinjiang Energy
"Raw Material Coal Purchase and Chemical Products Sales Agreement"	the raw material coal purchase and chemical products sales agreement entered into between the Company and Shandong Energy on 26 March 2021
"Record Date"	Friday, 14 July 2023, being the record date for determining the Shareholders' entitlements to the Bonus Shares and 2022 cash dividend
"Relevant Rules of Procedure"	the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board and the Rules of Procedure of the Supervisory Committee
"Remuneration Committee"	the remuneration committee of the Company

"Repurchase Mandate"	subject to the conditions set out in each of the proposed special resolution approving the Repurchase Mandate at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting, the general mandate given to the Board to exercise the power to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares of the Company in issue as at the date of the passing of the resolution
"RMB"	Renminbi, the lawful currency of the PRC
"Rongxin Chemicals"	Inner Mongolia Rongxin Chemicals Co., Ltd.* (內蒙古榮信化工有限公司), a wholly-owned subsidiary of the Company
"SAFE"	the State Administration of Foreign Exchange of the People's Republic of China
"Second Acquisition"	acquisition of the Second Equity Interests under the Second Equity Transfer Agreement
"Second Closing Date"	the date of closing of the Second Equity Transfer Agreement
"Second Equity Interests"	in aggregate 51% equity interests in Xinjiang Energy (held by Shandong Energy and Vendor A as to 43.16% and 7.84% equity interests respectively)
"Second Equity Transfer Agreement"	the equity transfer agreement entered into among the Company, Second Vendors and Xinjiang Energy on 28 April 2023 in respect of acquisition of the Second Equity Interests
"Second Letter of Performance Commitment"	the letter of performance commitment entered into between the Company and the Second Vendors on 28 April 2023 in respect of the Second Equity Transfer Agreement
"Second Letter of Undertaking"	the letter of undertaking entered into between the Company and the Second Vendors on 28 April 2023 in respect of the Second Equity Transfer Agreement
"Second Transition Period"	the period from the Valuation Benchmark Date to the Second Closing Date (excluding the Second Closing Date)
"Second Vendors"	Shandong Energy and Vendor A collectively

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shandong Energy"	Shandong Energy Group Company Limited* (山東能源集團有限公司), a state-controlled limited liability company which is ultimately owned as to 70%, 20%, and 10% by Shandong Provincial People's Government State-owned Assets Supervision and Administration Commission* (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd.* (山東國惠投資控股集團有限公司) and Shandong Caixin Assets Operation Co., Ltd.* (山東省財欣資產運營有限公司), respectively; and the controlling shareholder of the Company holding directly and indirectly approximately 54.67% of the total issued share capital of the Company as at the Latest Practicable Date
"Shandong Energy Digital"	Shandong Energy Digital Technology Co., Ltd.* (山東能源數字科技有限公司), a non-wholly owned subsidiary of Shandong Energy
"Shandong Yankuang Cinda"	Shandong Yankuang Cinda Hotel Management Co., Ltd* (山東兗礦信達酒店管理有限公司), a wholly-owned subsidiary of Shandong Energy
"Shandong Yiyang"	Shandong Yiyang Health Industry Development Group Co., Ltd.* (山東頤養健康產業發展集團有限公司), a non-wholly owned subsidiary of Shandong Energy
"Shanxian Energy"	Feicheng Mining Group Shanxian Energy Co., Ltd.* (肥城礦業集團單縣能源有限責任公司), a wholly-owned subsidiary of Luxi Mining
"Shanxi Neng Hua"	Yanzhou Coal Shanxi Neng Hua Company Limited* (兗州煤業山西能化有限公司), a wholly-owned subsidiary of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Share Options"	the options granted under the share option scheme of A Shares adopted by the Company on 12 February 2019 which entitle the holders thereof to subscribe for A Shares in accordance with the terms of the share option scheme of A Shares of the Company
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Tangkou Coal Industry"	Shandong Tangkou Coal Industry Co., Ltd.* (山東唐口煤業有限公司), a wholly-owned subsidiary of Luxi Mining
"Tangkou Coal Mine"	mining right of Tangkou Coal Industry
"Target Companies"	collectively Luxi Mining and Xinjiang Energy
"Target Groups"	Target Companies and their respective subsidiaries
"Transaction Documents"	collectively the First Equity Transfer Agreement, the First Letter of Performance Commitment, the First Letter of Undertaking, the Second Equity Transfer Agreement, the Second Letter of Performance Commitment and the Second Letter of Undertaking
"Transfer Fee"	the fee charged by the PRC government authorities on owners of the mineral rights in relation to their use of natural resources
"Transfer Fee Calculation Report"	"The Calculation Report on Transfer Fee in respect of certain mineral rights of Luxi Mining and Xinjiang Energy" issued by Beijing Kuangtong Resources Development Consultation Co., Limited
"Valuation Benchmark Date"	31 December 2022
"Vendor A"	Xinwen Mining Group Co., Ltd.* (新汶礦業集團有限責任公司), a company established in the PRC, which is directly wholly-owned by Shandong Energy
"Vendor B"	Longkou Mining Group Co., Ltd.* (龍口礦業集團有限公司), a company established in the PRC, which is directly wholly-owned by Shandong Energy
"Vendor C"	Zibo Mining Group Co., Ltd.* (淄博礦業集團有限責任公司), a company established in the PRC, which is directly wholly-owned by Shandong Energy

"Vendor D"	Feicheng Feikuang Coal Industry Co., Ltd.*（肥城肥礦煤業有限公司）, a company established in the PRC, which is directly wholly-owned by Shandong Energy
"Vendor E"	Linyi Mining Group Co., Ltd.*（臨沂礦業集團有限責任公司）, a company established in the PRC, which is directly wholly-owned by Shandong Energy
"Vendors"	collectively the First Vendors and the Second Vendors
"Working Day(s)"	any day except Saturday, Sunday and statutory holiday(s) in the PRC
"Xinjiang Energy"	Yankuang Xinjiang Energy & Chemical Co., Ltd.*（兗礦新疆能化有限公司）, a company established in the PRC, which is directly owned as to 56.84% and 43.16% equity interests by Vendor A and Shandong Energy as at the Latest Practicable Date
"Xinjiang Energy Group"	Xinjiang Energy and its subsidiaries
"Xinjiang Mining"	Yankuang Xinjiang Mining Co., Ltd.*（兗礦新疆礦業有限公司）, a non-wholly owned subsidiary of Xinjiang Energy
"Xinjulong Energy"	Shandong Xinjulong Energy Co., Ltd.*（山東新巨龍能源有限責任公司）, a non-wholly owned subsidiary of Luxi Mining
"Xinjulong Coal Mine"	mining right of Xinjulong Energy
"Yancoal Australia"	Yancoal Australia Limited, a controlled overseas subsidiary of the Company, the shares of which are listed on the Australian Stock Exchange (Stock Code: YAL) and the Hong Kong Stock Exchange (Stock Code: 3668)
"Yankuang Ordos"	Yanzhou Energy (Ordos) Company Limited*（兗礦能源（鄂爾多斯）有限公司）, a wholly-owned subsidiary of the Company
"Yili Energy"	Xinwen Mining Group (Yili) Energy Development Co., Ltd.*（新汶礦業集團（伊犁）能源開發有限責任公司）, a wholly-owned subsidiary of Xinjiang Energy
"Yixin Coal Industry"	Yili Xinkuang Coal Industry Co., Ltd.*（伊犁新礦煤業有限責任公司）, a non-wholly owned subsidiary of Xinjiang Energy

"Yulin Neng Hua"	Yanzhou Coal Yulin Neng Hua Company Limited* (兗州煤業榆林能化有限公司), a wholly-owned subsidiary of the Company
"2022 Profit Distribution Plan"	the proposed profit distribution plan of the Company for the year 2022
"%"	per cent

* *For identification purposes only.*

The expected timetable for, inter alia, the Bonus Issue is set forth below. Such expected timetable is indicative only and has been prepared on the assumption that all conditions of the Bonus Issue will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Latest time for lodging transfer documents of H Shares for entitlement to attend the AGM and the H Shareholders' Class Meeting	4:30 p.m. on Tuesday, 20 June 2023
Closure of the H Share register of members for determining H Shareholders' entitlement to attend the AGM and the H Shareholders' Class Meeting	Wednesday, 21 June 2023 to Friday, 30 June 2023 (both days inclusive)
Latest time for lodging proxy forms for the AGM	9:00 a.m. on Thursday, 29 June 2023
Latest time for lodging proxy forms for the H Shareholders' Class Meeting	11:00 a.m. on Thursday, 29 June 2023
AGM	9:00 a.m. on Friday, 30 June 2023
H Shareholders' Class Meeting	11:00 a.m. on Friday, 30 June 2023 or immediately following the conclusion of the A Shareholders' Class Meeting (whichever is later)
Publication of poll results announcement of the AGM and the H Shareholders' Class Meeting	Friday, 30 June 2023
H Share register of members re-opens	Monday, 3 July 2023
Last day of dealings in H Shares on a cum-entitlement basis relating to the Bonus Issue and 2022 cash dividend	Tuesday, 4 July 2023
First day of dealings in H Shares on an ex-entitlement basis relating to the Bonus Issue and 2022 cash dividend	Wednesday, 5 July 2023
Latest time for lodging transfer documents of H Shares for entitlement to participate in the Bonus Issue and receive 2022 cash dividend	4:30 p.m. on Thursday, 6 July 2023

Closure of the H Share register of members for determining H Shareholders' entitlement to participate in the Bonus Issue and receive 2022 cash dividend	Friday, 7 July 2023 to Friday, 14 July 2023 (both days inclusive)
Record Date	Friday, 14 July 2023
H Share register of members re-opens	Monday, 17 July 2023
Expected date of dispatch of certificates for the Bonus H Shares and distribution of 2022 cash dividend	Friday, 4 August 2023
Expected first day of listing of, and dealing in, the Bonus H Shares	9:00 a.m. on Monday, 7 August 2023

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

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

(Stock Code: 01171)

Directors:
Li Wei
Liu Jian
Xiao Yaomeng
Zhu Qingrui
Zhao Qingchun
Huang Xiaolong

Independent non-executive Directors:
Tian Hui
Zhu Limin
Cai Chang
Poon Chiu Kwok

Registered office:
949 South Fushan Road
Zoucheng
Shandong Province
PRC
Postal Code: 273500

Principal place of business in Hong Kong:
40th Floor, Sunlight Tower
248 Queen's Road East
Wanchai
Hong Kong

9 June 2023

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2022;
(2) PROPOSED ELECTION OF DIRECTORS OF THE NINTH SESSION OF THE BOARD;
(3) PROPOSED ELECTION OF SUPERVISORS OF THE NINTH SESSION OF THE SUPERVISORY COMMITTEE;
(4) PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS;
(5) PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2023;
(6) PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES;
(7) PROPOSAL FOR THE PROVISION OF FINANCING GUARANTEES TO THE CONTROLLED SUBSIDIARIES AND INVESTED COMPANIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA;
(8) PROPOSAL FOR THE GENERAL MANDATES TO ISSUE H SHARES AND REPURCHASE H SHARES;
(9) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RELEVANT RULES OF PROCEDURE;
(10) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES; AND
(11) CONTINUING CONNECTED TRANSACTIONS**

I. INTRODUCTION

The purpose of this circular is to provide you with information relating to (1) the proposed profit distribution plan of the Company for the year 2022; (2) the proposed election of Directors of the ninth session of the Board; (3) the proposed election of Supervisors of the ninth session of the Supervisor Committee; (4) the proposed renewal of liability insurance for Directors, Supervisors and senior officers of the Company; (5) the proposal for appointment of external auditing firm for the year 2023; (6) the proposal to authorize the Company to carry out domestic and overseas financing activities; (7) the proposal for the provision of financing guarantees to the controlled subsidiaries and invested companies and granting of authorization to Yancoal Australia and its subsidiaries to provide guarantees for the daily operation of the subsidiaries of the Company in Australia; (8) the proposal for the general mandates to issue H Shares and repurchase H Shares; (9) the proposed amendments to the Articles of Association and Relevant Rules of Procedure; (10) the discloseable and connected transaction in relation to the Acquisitions; and (11) the Proposed Continuing Connected Transactions.

II. PROPOSED PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2022

According to the Company Law and the Articles of Association, the Shareholders' meeting is responsible for considering and approving the Company's profit distribution plan. According to the resolution of the 27th meeting of the eighth session of Board, the 2022 Profit Distribution Plan will be submitted as a special resolution for discussion and deliberation at the AGM, H Shareholders' Class Meeting and A Shareholders' Class Meeting. A brief of the 2022 Profit Distribution Plan is as follows:

Basis for the 2022 Profit Distribution Plan

Pursuant to the Company Law, Articles of Association, and the Company's 2020 to 2024 cash dividend ratio (as reviewed and approved by the second extraordinary general meeting of Shareholders on 9 December 2020):

1) The financial statements of the Company should not only be prepared in accordance with the Chinese accounting standards and regulations, but also in accordance with International Financial Reporting Standards or overseas accounting standards. When the Company distributes the after-tax profits of the relevant financial year, the one with the smaller amount of after-tax profits in accordance with the aforementioned two financial statements shall prevail.

2) From 2020 to 2024, the total amount of cash dividends distributed by the Company each year shall account for approximately 50% of the Company's net profit after deducting the statutory reserves, and the cash dividend per share shall not be less than RMB0.50. The Company may not withdraw statutory reserve when the accumulated statutory reserve reaches more than 50% of the registered capital of the Company.

3) Final dividends shall be distributed and paid once a year with a resolution passed by the general meeting of shareholders authorizing the Board to distribute and pay such dividend. The Company may conduct the profit distribution in the form of cash, shares or a combination of cash and shares.

2022 Profit Distribution Plan

In order to enhance shareholder returns and share stable profits with the Shareholders as a result of the prosperity of the energy industry, based on the dividend situations of comparable companies in the same industry and the actual situation of the Company, the 2022 Profit Distribution Plan is proposed as following:

1) Cash Dividend

The final dividend for the year 2022 is RMB3.07 (tax inclusive) per share and the special dividend is RMB1.23 (tax inclusive) per share based on the number of Shares on the Record Date, totally a distribution of cash dividend of RMB4.30 (tax inclusive) per share.

Based on the total number of 4,961,360,480 Shares in issue of the Company as at the Latest Practicable Date, the aggregate amount of cash dividend proposed to be distributed is about RMB21.334 billion (tax inclusive), which accounted to about 70% of the net profit attributable to the Shareholders for the year ended 31 December 2022.

2) Bonus Issue

Bonus Shares will be issued to the Shareholders on the basis of five (5) Bonus Shares for every ten (10) Shares based on the number of shares on the Record Date.

Based on the total number of 4,961,360,480 Shares in issue of the Company as at the Latest Practicable Date, assuming no further Shares will be issued or repurchased before the Record Date, the aggregate amount of Bonus Shares proposed to be distributed is 2,480,680,240, comprising of 950,000,000 Bonus H Shares and 1,530,680,240 Bonus A Shares which will be issued under the Bonus Issue. Immediately upon completion of the Bonus Issue, the total number of Shares in issue of the Company will increase to 7,442,040,720 Shares, comprising of 2,850,000,000 H Shares and 4,592,040,720 A Shares.

(1) Conditions of the Bonus Issue

Completion of the Bonus Issue is conditional upon:

(a) the Bonus Issue having been approved by the Shareholders by way of a special resolution at the AGM, and approved by H Shareholders' Class Meeting and A Shareholders' Class Meeting;

(b) the Hong Kong Stock Exchange having granted the listing of, and the permission to deal in, the Bonus H Shares; and

(c) the compliance with the relevant legal procedures and requirements under the Company Law to effect the Bonus Issue and approval of the Bonus Issue by the relevant authorities in the PRC (if so required).

As of the Latest Practicable Date, the Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

(2) Status of the Bonus Shares

The Bonus Shares will rank pari passu in all respects with the Shares in issue on the date of the Bonus Issue. Holders of Bonus Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Bonus Shares are allotted and issued. The Bonus Issue should not result in any change to the rights of the Shares.

(3) Fractional entitlements and odd lots arrangement

Fractional A Shares arising from the Bonus Issue will be arranged and one Bonus A Share will be issued to each of the A Shareholders in descending order based on the decimal number of their fractional A Shares, until the actual number of Bonus A Shares issued equals to the total number of Bonus A Shares to be issued under the Bonus Issue. If the number of A Shareholders with the same decimal number of fractional A Shares exceeds the number of remaining A Shares, such remaining A Shares will be randomly allotted by computer, which will be conclusively evidenced by the result announced by China Securities Depository and Clearing Corporation Limited.

The Bonus H Shares will be issued on a pro-rata basis and any fractional Shares (if any) will be rounded down to the nearest whole unit. No fractional Shares will be issued and distributed pursuant to the Bonus Issue, but will be aggregated and sold for the benefit of the Company.

In order to alleviate the problems in trading odd lots of H Shares arising from the Bonus Issue, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching services on a best effort basis to the H Shareholders who wish to top up or sell their holdings of odd lots of the H Shares during the period from Monday, 7 August 2023 to Friday, 25 August 2023, both days inclusive. H Shareholders in odd lots who wish to utilize this facility to dispose of or top up their odd lots of the H Shares may contact Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) within the above period. Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above. H Shareholders in odd lots should note that successful matching of the sale and purchase of odd lots of the H Shares is not guaranteed. If H Shareholders are in any doubt as to the above facility, they should consult their professional advisers.

(4) Overseas H Shareholders

As at the Latest Practicable Date and based on information provided by Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, there is one overseas H Shareholder whose address is in Macau, and details of the shareholding information of this overseas H Shareholder are set out as follows:

Jurisdiction	Number of overseas H Shareholders	Number of H Shares held
Macau	1	20

Pursuant to Rule 19A.38 and Rule13.36(2) of the Listing Rules, reasonable enquiries have been made by the Directors in respect of the legal restrictions under the laws of Macau or the requirements of the relevant regulatory body or stock exchange in Macau for the Company to extend the Bonus Issue to the overseas H Shareholder in Macau. Based on the reasonable enquiries and to the best of the Directors' knowledge, information and belief, the Directors are of the view that it would not be necessary or expedient to exclude this overseas H Shareholder from the Bonus Issue as at the Latest Practicable Date.

Upon the Bonus Issue becoming unconditional or should there be any overseas H Shareholders on the Record Date, the Company will make enquiry on whether there are any overseas H Shareholders located in jurisdictions other than Macau, and if there are such overseas H Shareholders, then the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant jurisdiction(s) and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas H Shareholders to be eligible to take part in the Bonus Issue pursuant to the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of such overseas H Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Bonus Shares will not be issued to those overseas H Shareholders. If any such overseas H Shareholder is excluded, arrangements will be made for the Bonus Shares which would otherwise have been issued to the overseas H Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas H Shareholder, after deduction of expenses, of HK$100 or more will be distributed in HK dollars to the relevant overseas H Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK$100 in which case it will be retained for the benefit of the Company.

Accordingly, overseas H Shareholders receiving a copy of this circular about the Bonus Issue may not be treated the same as an invitation to participate in the Bonus Issue unless invitation could lawfully be made to him/her/it without requiring the Company or such overseas H Shareholders to comply with any registration or other legal requirements in the relevant jurisdiction(s). Furthermore, any H Shareholder who is resident in a place outside the PRC and Hong Kong are highly recommended to consult their bankers, brokers, lawyers or other professional advisers as to whether they are permitted to receive the Bonus Shares under the Bonus Issue (including but not limited to, whether any governmental or other consents are required and/or other formalities need to be observed and/or completed, whether required prior and/or pursuant to, participation in the Bonus Issue) and the taxation consequences of their decision. It is the responsibility of the H Shareholders who wish to receive the Bonus Shares under the Bonus Issue to comply with the laws of the relevant jurisdiction(s).

(5) Application for Listing

Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in, the Bonus H Shares. The Bonus A Shares will be listed on the Shanghai Stock Exchange. Subject to the satisfaction of the conditions as set out in this circular (including but not limited to the granting of the aforesaid listing approval by the Hong Kong Stock Exchange), the Bonus H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Company for the Bonus H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Subject to the Bonus Issue becoming unconditional, the certificates for the Bonus H Shares and the cheques for the 2022 Profit Distribution Plan will be despatched by ordinary post to the H Shareholders who are entitled to the Bonus Issue and the 2022 Profit Distribution Plan at their own risk. In case of joint shareholding, the certificates for the Bonus H Shares and the cheques for the 2022 Profit Distribution Plan will be posted to the first named person on the H Shareholders' register in respect of such joint shareholding. For the date of despatch of the certificates for the Bonus H Shares and the cheques for the 2022 Profit Distribution Plan and the date of the commencement of dealings in the Bonus H Shares, please refer to the section headed "Expected Timetable" to this circular. The expected timetable is subject to change, and any relevant change to the expected timetable will be announced separately by the Company as and when appropriate.

All Bonus Shares are non-renounceable. Trading of the Bonus H Shares is subject to Hong Kong stamp duty.

(6) Effects on the shareholding structure upon completion of the Bonus Issue

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Bonus Issue (assuming that no other Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date):

	As at the Latest Practicable Date		**Immediately upon completion of the Bonus Issue**	
	Number of Shares	**Approximate percentage of total issued Shares** *(%)*	**Number of Shares**	**Approximate percentage of total issued Shares** *(%)*
A Shares				
Shandong Energy	2,257,324,473	45.50	3,385,986,710	45.50
Other A Shareholders	804,036,007	16.21	1,206,054,011	16.21
Sub-total	**3,061,360,480**	**61.70**	**4,592,040,720**	**61.70**
H Shares				
Shandong Energy(1)	454,989,000	9.17	682,483,500	9.17
BNP Paribas Investment Partners SA	117,641,207	2.37	176,461,811	2.37
Other H Shareholders	1,327,369,793	26.75	1,991,054,690	26.75
Sub-total	**1,900,000,000**	**38.30**	**2,850,000,000**	**38.30**
Total	**4,961,360,480**	**100.00**	**7,442,040,720**	**100.00**

Notes:

(1) These H shares are held by Yankuang Group (Hong Kong) Company Limited (a wholly-owned subsidiary of Shandong Energy) in the capacity of beneficial owner.

(2) The percentage figures above have been rounded off to the nearest second decimal place.

(3) The sum of the number of Shares and the shareholding percentage may not be equal to the total number or percentage due to rounding. The final actual number of Shares shall be subject to the handling of the fractional Shares.

As at the Latest Practicable Date, the Company does not have any outstanding options, convertible bonds, warrants or other similar securities which are convertible into Shares as at the Latest Practicable Date.

(7) Statement on acquisition of Shares

The Company shall ensure that all its listing document(s) and share certificates include the statements stipulated below and shall instruct and cause its share registrar not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

(a) the acquirer of Shares agrees with the Company and each of the Shareholders, and the Company agrees with each of the Shareholders, to observe and comply with the Company Law and the Articles of Association;

(b) the acquirer of Shares agrees with the Company, each of the Shareholders, Directors, Supervisors, managers and officers, and the Company acting for itself and for each of its Directors, Supervisors, managers and officers agrees with each of the Shareholders to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the Company's affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

(c) the acquirer of Shares agrees with the Company and each of the Shareholders that the H Shares are freely transferable by the holders thereof; and

(d) the acquirer of Shares authorizes the Company to enter into a contract on his or her behalf with each of the Directors and officers whereby such Directors and officers undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

Warning of Risks of Dealing in the H Shares

H Shareholders should note that the existing H Shares are expected to be dealt in on an ex-entitlement basis for entitlement to the Bonus H Shares from Wednesday, 5 July, 2023. If the conditions of the Bonus Issue (as set out above under the paragraph headed "Conditions of the Bonus Issue") are not fulfilled, the Bonus Issue will not proceed. If in doubt, investors are recommended to consult their professional advisers.

If there is any change in the total Shares in issue of the Company before the Record Date, it is planned to maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly. That is, the cash dividend of RMB4.30 (tax inclusive) will still be distributed, the basis of Bonus Shares will still be five (5) Bonus Shares for every ten (10) Shares.

Explanation of the 2022 Profit Distribution Plan

1) Cash Dividend

In 2022, the Company achieved the net profit attributable to the shareholders of the parent company (the "**Net Profit**") to about RMB30.774 billion in accordance with Chinese accounting standards, which is more than the Net Profit calculated in accordance with International Financial Reporting Standards of about RMB30.408 billion. Therefore, the distribution is based on the Net Profit realized in accordance with International Financial Reporting Standards. Due to the fact that the Company's statutory reserve fund has accumulated to over 50% of its registered capital and will not be withdrawn at this stage, the profit available for distribution to Shareholders of the Company for the year ended 2022 is about RMB30.408 billion.

According to the 50% dividend ratio listed in the Company's 2020 to 2024 cash dividend ratio and the total Shares in issue of the Company as at the Latest Practicable Date, the final dividend for the year 2022 is RMB3.07 (tax inclusive) per share, and the special dividend is RMB1.23 (tax inclusive) per share, totally a distribution of cash dividend of RMB4.30 (tax inclusive) per share.

2) Bonus Issue

In recent years, energy prices have continued to rise, and the Company's performance has grown significantly. With the increase of future profitable assets, the earnings per share and net assets per share of the Company will be further increased.

In this context, it is highly feasible for the Company to conduct a large-scale share offering plan, which meets the requirements of domestic and foreign regulatory authorities for high stock dividend. Moreover, in the medium to long term outlook, the Bonus Issue will not cause excessive dilution of the Company's earnings per share.

The Bonus Issue will allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them. Although the Bonus Issue is not expected to increase the Shareholders' proportionate equity interests in the Company, the Bonus Issue will increase the number of Shares to be held by the Shareholders, which will afford the Shareholders with more flexibility in managing their own investment portfolios such as giving them more convenience in disposing of a portion of the Shares for cash return, or keeping their Shares for any cash dividends which may be declared by the Company in the future. The Bonus Issue will also result in the increase of number of Shares in issue, which will reduce transaction costs per board lot incurred by the Shareholders and potential investors of the Company for acquiring each board lot of Shares in future and is conduce to further broaden the Shareholder base of the Company.

Distribution Arrangement

The Record Date shall be determined after the AGM. The Company will complete the 2022 Profit Distribution Plan domestically and internationally within two months after the AGM. According to the Articles of Association, A Share cash dividend will be paid in RMB, H Share cash dividend will be paid in Hong Kong dollars, and the exchange rate shall be the average of the closing exchange rate of RMB against Hong Kong dollars published by People's Bank of China for five days prior to the date of approval of declaration of dividends by the AGM. The Bonus Issue of A Shares and H Shares will be issued in A Shares and H Shares, respectively.

Matters in Relation to Withholding and Payment of Income Tax

1) For investors of H Shares (except for investors of Southbound Trading)

(1) Withholding and payment of enterprise income tax for non-resident enterprise shareholders

According to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008 and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing the final dividend, special dividend and Bonus Shares to non-resident enterprise shareholders as appearing on the H share register of members of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

(2) Withholding and payment of individual income tax for individual foreign shareholders

The Company will implement the following arrangements in relation to the withholding and payment of individual income tax for the individual H Shareholders:

- For individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of dividend.

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of dividend. If the applicable tax rate of the country (region) of domicile of individual holders as appeared on the Company's register of members of H Shares is less than 10% under tax treaty, such individual holders shall submit to the H Share Registrar at or before 4:30 p.m. on Thursday, 6 July 2023 a written authorization and relevant application documents. The Company will forward such application documents to the applicable tax authorities for approval. After receiving such approval, the Company will, for and on behalf of such individual holders, effect the preferential treatments in accordance with the relevant tax treaty and pursuant to the relevant regulations promulgated by the PRC tax authorities.

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of dividend.

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders in the distribution of dividend.

2) For investors of Southbound Trading

For investors of Southbound Trading, the Company has entered into "The Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading" (港股通 H 股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the holders of H Shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depositary and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect" (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the "Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect" (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127) jointly issued by the Ministry of Finance, State Administration of

Taxation and China Securities Regulatory Commission, for dividends to be paid to the individual investors in the PRC from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends to be paid to securities investment funds in the PRC from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for enterprise investors in the PRC and those domestic enterprise investors shall report and pay the relevant tax themselves.

3) For investors of Northbound Trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares listed on the Shanghai Stock Exchange (the "**Northbound Trading**"), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, to the account of the nominees holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The Record Date and the date of distribution of cash dividends and Bonus Issue for the investors of Northbound Trading will be the same as those for the holders of A Shares.

The Company assumes no liability whatsoever in respect of any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders or any disputes over the withholding and payment of tax.

Shareholders' attention should be drawn to the contents of this circular. The Company recommends individual H Shareholders, who have any questions on the above, to consult their taxation advisors for advice on the PRC, Hong Kong and other tax implications with respect to their holding and disposing of the H Shares.

III. PROPOSED ELECTION OF DIRECTORS OF THE NINTH SESSION OF THE BOARD

In accordance with the provisions of the Articles of Association, Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Huang Xiaolong and Mr. Zhu Limin will retire by rotation at the conclusion of the AGM and being eligible, offer themselves for re-election as Directors of the ninth session of the Board.

Mr. Zhu Qingrui and Mr. Zhao Qingchun will cease to act as non-independent Directors, Mr. Tian Hui will cease to act as independent non-executive Director, member of Audit Committee, Nomination Committee and Sustainable Development Committee, Mr. Cai Chang will cease to act as independent non-executive Director, chairman of Audit Committee and member of Remuneration Committee, and Mr. Poon Chiu Kwok will cease to act as independent non-executive Director, chairman of Nomination Committee and member of Audit Committee, Remuneration Committee and Strategy and Development Committee due to expiration of the term of service of the eighth session of the Board with effect from the date of the conclusion of the AGM. The Board would like to take this opportunity to express its sincere gratitude to the retiring Directors for their valuable contributions to the Company during their respective term of service.

At the twenty-seventh meeting of the eighth session of the Board held on 24 March 2023, Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian and Mr. Huang Xiaolong were nominated for re-appointment as non-independent Directors of the ninth session of the Board, Mr. Liu Qiang and Mr. Zhang Haijun were nominated for appointment as non-independent Directors of the ninth session of the Board upon the retirement of Mr. Zhu Qingrui and Mr. Zhao Qingchun, Mr. Zhu Limin was nominated for re-appointment as independent Director of the ninth session of the Board, and Mr. Peng Suping, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui were nominated for appointment as independent Directors of the ninth session of the Board upon the retirement of Mr. Tian Hui, Mr. Cai Chang and Mr. Poon Chiu Kwok.

When proposing the appointment of independent Directors, the Nomination Committee considers the diversity of the Board members from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and years of service. After considering the above factors, the Nomination Committee makes a final recommendation to the Board on the merits of the candidates and their potential contribution to the Company and the Board. The Board believes that the educational background, professional experience and cultural background of the independent Directors proposed to be appointed contribute to the diversity of the Board. In addition, the independent Directors proposed to be appointed have given to the Company confirmation of their independence in accordance with Rule 3.13 of the Hong Kong Listing Rules. The Board, therefore, considers the independent Directors proposed to be appointed to be independent and believes they should be appointed.

The biographical details of the Directors proposed to be appointed are set out in Appendix II to this circular. Ordinary resolutions to approve their respective appointment will be proposed at the AGM.

The staff-representative Director for the ninth session of the Board was elected by the staff of the Company in the staff representative meeting on 19 April 2023, which will take effect since the date of the conclusion of the AGM and with the same term as the ninth session of the Board.

IV. PROPOSED ELECTION OF SUPERVISORS OF THE NINTH SESSION OF THE SUPERVISORY COMMITTEE

In accordance with the provisions of the Articles of Association, Mr. Li Shipeng and Mr. Zhu Hao will retire by rotation at the conclusion of the AGM and being eligible, offer himself for re-election as Supervisor of the ninth session of the Supervisory Committee. Mr. Qin Yanpo will retire upon the conclusion of the AGM. The Supervisory Committee would like to take this opportunity to express its sincere gratitude to Mr. Qin Yanpo for his contributions to the Company during his term of service.

At the eighteenth meeting of the eighth session of the Supervisory Committee held on 24 March 2023, Mr. Li Shipeng and Mr. Zhu Hao was nominated for re-appointment as non-staff representative Supervisor of the ninth session of the Supervisory Committee.

The biographical details of the Supervisors proposed to be appointed are set out in Appendix II to this circular. Ordinary resolutions to approve their respective appointment will be proposed at the AGM.

The staff-representative Supervisors for the ninth session of the Supervisory Committee were elected by the staff of the Company in the staff representative meeting on 19 April 2023, which will take effect since the date of the conclusion of the AGM and with the same term as the ninth session of the Supervisory Committee.

V. PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS

It is proposed that the Company will renew the liability insurance for the Directors, Supervisors and senior officers of the Company for a maximum insured amount of USD15 million.

VI. PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2023

It is proposed that ShineWing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited be appointed as the Company's domestic and international auditors for the year 2023, respectively, until the conclusion of the next annual general meeting of the Company, and arrangements in respect of their remuneration be approved.

It is proposed that the remuneration to be paid to the auditors in 2023 is as follows:

1) the auditing fees for the domestic and overseas operations in 2023 will be RMB9.9 million. The Company will reimburse the accountants with accommodation and catering expense during their on-site auditing in the Company, excluding the travel expense and other expenses; and

2) to authorize the Board to decide the payment for increased follow-up auditing, internal control audit and other services resulted from the Company's new subsidiaries or changes of regulations.

VII. PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES

In order to optimise the Company's debt structure, and satisfy the capital demands of the Company's daily operations, projects and external investment, subject to the relevant laws, regulations as well as listing rules in places where the Company's securities are listed, the Board proposed:

1) to approve the Company or its controlled subsidiaries to carry out financing activities of aggregate amount not exceeding the equivalent of RMB80 billion and to determine the financing currency and methods based on merits of market conditions, which are restricted to the following financing methods only: bank loans, corporate bonds, medium-term notes, short-term bonds, super short-term bonds, renewable bonds, perpetual bonds, perpetual medium-term notes, private placement bonds, operating lease, financing lease, asset securitization, asset-backed notes, financing on transfer of right of return over assets, debt-to-equity funds, private placement of industry funds, acceptance of insurance, the equity investment and bonds investment in the controlled subsidiaries by the subsidiaries of the trust and public offering funds.

   When the financing businesses are to be implemented, the necessary approval procedures and information disclosure obligations shall be performed in accordance with the relevant regulations of the places where the Company is listed.

2) to authorize any one of the Directors to deal with all matters in respect of the abovementioned financing businesses in accordance with the relevant laws and regulations, which include but are not limited to the followings:

   (1) in light of the Company's situation and the market conditions, and according to the relevant laws, rules and the requirements of regulatory authorities, to formulate and adjust specific plan in relation to such financing activities, including but not limited to the determination of the suitable entity to carry out the financing activities, the amounts, methods, terms and other matters related to financing activities;

(2) to determine the engagement of intermediaries and to sign and implement all agreements and documents in respect of the financing activities and disclose the relevant information; and

(3) to deal with the reporting, registration, approval of the materials in respect of the financing activities provided to the domestic and overseas regulatory authorities and other relevant authorities, and other relevant matters.

3) the aforementioned authorization shall become valid after the date of conclusion of the AGM at which this proposal is considered until the date of conclusion of the next annual general meeting of the Company, except where the circumstances require the person(s) so authorized to exercise his powers after the expiry of the term of authorization in relation to any contracts, agreements or decisions regarding the financing guarantees that have been made within the term of authorization.

VIII. PROPOSAL FOR THE PROVISION OF FINANCING GUARANTEES TO THE CONTROLLED SUBSIDIARIES AND INVESTED COMPANIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA

The Board proposed:

1) in order to reduce financing costs of the controlled subsidiaries and invested companies and ensure the normal operation funding needs of which can be satisfied, to approve the provision of financing guarantee(s) of an aggregate amount not exceeding the equivalent of US$5 billion by the Company to its controlled subsidiaries and invested companies;

2) in order to satisfy the requirements of daily operations of the Company's subsidiaries in Australia and further reduce the operating cost, in accordance with the Australian Corporate Law and relevant laws and regulations, to approve the provision of guarantees by Yancoal Australia and its subsidiaries for an amount not exceeding AUD1.5 billion to the subsidiaries of the Company in Australia for their daily operations;

3) to approve and authorize any one of the Directors to deal with matters in relation to the aforesaid financing guarantees in accordance with the relevant laws, regulations and rules, such matters include but are not limited to the following:

(1) to determine the appropriate controlled subsidiaries and invested companies which will be provided with the guarantees based on their financing needs;

(2) to determine the exact terms and conditions of the guarantee agreements, which include but are not limited to the amount, term, scope and method of guarantee; and to execute the guarantee agreement(s) involved and other relevant legal documents; and

(3) to deal with the filing and reporting of documents in respect of the guarantee(s) and other relevant matters.

4) that the aforementioned authorization shall become valid from the date of conclusion of the AGM at which this resolution is considered until the date on which the next annual general meeting of the Company is concluded, except where the circumstances require the person(s) so authorized to exercise his powers after the expiry of the term of authorization in relation to any contracts, agreements or decisions regarding the financing guarantees that have been made within the term of authorization.

IX. PROPOSAL FOR THE GENERAL MANDATES TO ISSUE H SHARES AND REPURCHASE H SHARES

To ensure flexibility and to grant discretion to the Board to issue H Shares, the Company will put forward a special resolution at the AGM to grant a general mandate to the Board to allot, issue and deal with H Shares of up to a maximum of 20% of the aggregate nominal value of H Shares of the Company in issue as at the date of passing of the resolution.

The mandate to issue H shares would expire on the earlier of (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant special resolution at the AGM; or (b) the date on which the authority conferred by the relevant resolutions is revoked or varied by a special resolution of the Shareholders at a general meeting.

To ensure flexibility and to grant discretion to the Board to repurchase any H Shares under appropriate circumstances (including where such repurchase may lead to an enhancement of the net asset value per Share and/or the earnings per Share), the Company will put forward a special resolution at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting, respectively, to grant the Repurchase Mandate to the Board to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares of the Company in issue as at the date of passing of the resolution approving the Repurchase Mandate, and to approve the Board to authorize any one of the Directors to act on behalf of the Board to make timely decision about the specific matters of the repurchase of H shares after the Board has been granted the general mandate to repurchase up to 10% of the total issued H shares, and carries out the relevant approval and disclosure procedures, including but not limited to, determinate the timing, quantity and price of the repurchase and open overseas securities account and carry out the corresponding change of foreign exchange registration procedures, inform creditors and make public announcement, cancel the shares repurchased, decrease the registered capital, amend the Articles of Association, and carry out the corresponding change of registration procedures and execute and handle other documents and matters related to the repurchase.

The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for (a) reducing its share capital; (b) a merger with another entity that holds the shares of the Company; (c) granting shares for the employee stock ownership plan or share incentive; (d) the repurchase is made at the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company; (e) the repurchased shares are used for the corporate bonds convertible into shares of the listed company; or (f) the repurchase is necessary for maintaining the value of the listed company and the interests of its shareholders. The Articles of Association provide that, subject to obtaining the approval of the relevant regulatory authorities and complying with the Articles of Association, share repurchase may be effected by the Company for the reduction of its share capital, a merger between itself and another entity that holds its shares, the employee stock ownership plan or share incentive, the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company, the conversion of convertible corporate bonds issued by the listed company, maintenance of the value of the company and the interests of its shareholders, or in circumstances permitted by law or administrative regulations.

The Hong Kong Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the board of directors to repurchase H shares of such company that is listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders at the AGM and special resolutions passed by holders of A Shares and holders of H Shares in separate class meetings.

As the H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars and the price payable by the Company for any repurchase of H Shares will, therefore, be paid in Hong Kong dollars, the approvals of State Administration of Foreign Exchange ("**SAFE**") and other relevant government authorities are required for any repurchase of H Shares.

In accordance with the requirements of the Articles of Association applicable to capital reduction, prior to exercising the Repurchase Mandate, the Company will have to notify its creditors in writing of the passing of such special resolutions and the possible reduction of the registered capital of the Company. The Company shall notify its creditors within 10 days after the passing of such special resolutions and also by way of publication of announcement in newspaper within 30 days after the passing of such special resolutions. Creditors then have a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 45 days after the first publication of the newspaper announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

The Repurchase Mandate will be conditional upon (a) the special resolution for the grant of the Repurchase Mandate being approved at the AGM; (b) the special resolution for the grant of the Repurchase Mandate being approved at the H Shareholders' Class Meeting and the A Shareholders' Class Meeting; (c) the approvals of the SAFE and/or any other regulatory authorities (if applicable) as required by the laws, rules and regulations of the PRC being obtained; and (d) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the provisions of the Articles of Association. If the Company determines to repay any amount to any of its creditors in circumstances described under condition (d) above, it expects to do so out of its internal resources. If the above conditions are not fulfilled, the Repurchase Mandate will not be exercised by the Board.

The Repurchase Mandate would expire on the earlier of (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant special resolutions at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting; or (b) the date on which the authority conferred by the relevant resolutions is revoked or varied by a special resolution of the Shareholders at a general meeting or by H Shareholders or A Shareholders at their respective class meetings.

The total number of H Shares which may be repurchased pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue as at the date of passing of the resolution approving the Repurchase Mandate.

Details of the special resolutions to be proposed at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting in relation to the granting of the Repurchase Mandate to the Board are set out respectively in the notice of the AGM, the notice of the H Shareholders' Class Meeting and the notice of the A Shareholders' Class Meeting.

Explanatory Statement

An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Board the Repurchase Mandate.

X. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RELEVANT RULES OF PROCEDURE

The proposals in relation to the proposed amendments to the Articles of Association and the Relevant Rules of Procedure were approved at the 25th meeting and 28th meeting of the eighth session of the Board, respectively, and the Board agreed to submit the same to the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting for consideration and approval. The proposed amendments to the Articles of Association and the Relevant Rules of Procedure will take effect subject to the consequential amendments to the Listing Rules in light of the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and relevant guidelines issued by CSRC changes becoming effective.

1) Differences between the provisions of the existing Articles of Association and the proposed Articles of Association

The details of the proposed amendments to the Articles of Association and the Relevant Rules of Procedure are set out in Appendix III to this circular.

As disclosed in the announcement of the Company dated 28 October 2022, according to the practical needs of the operation of the Company, the Board proposed to delete the "real estate development and operation" item in the Company's business scope in the Articles of Association.

As disclosed in the announcement of the Company dated 24 April 2023, on 31 March 2023, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and relevant guidelines issued by CSRC came into effect, and the Notice on the Implementation of the Mandatory Provisions for the Articles of Association of the Company Listing Overseas was repealed at the same time. Among others, holders of A Shares and H shares are no longer deemed to be different classes of shareholders, and the class meeting requirements originally applicable to holders of A Shares and H shares are no longer necessary; the use of arbitration to resolve disputes is also no longer required. The CSRC has issued the Guidelines for the Articles of Association of Listed Companies (the "**PRC Guidelines on AoA**") and PRC-incorporated issuers shall formulate their articles of association in line with the PRC Guidelines on AoA.

In addition, the Listing Rules have been amended with effect from 1 January 2022 to adopt core shareholder protection standards (the "**Core Shareholder Protection Standards**") for issuers regardless of their place of incorporation as set out in Appendix 3 to the Listing Rules.

In light of the above, the Board proposes to amend its Articles of Association and the Relevant Rules of Procedure. The new Articles of Association incorporate amendments proposed to be made to bring the Articles of Association overall into line with the PRC Guidelines on AoA, ensure conformity with the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules, and satisfy the actual operational needs of the Company. The proposed amendments also include other consequential and housekeeping amendments to the existing Articles of Association.

2) Impact on measures relating to shareholder protection

The Board is of the view that the proposed amendments to the Articles of Association are favourable to the Shareholders from the perspective of shareholder protection:

(1) The removal of the class meeting requirement in the Articles of Association will not compromise protection of the Shareholders. Currently, class meetings are required for changes or abrogation of the rights of a class of Shareholders. As Domestic Shares and H Shares are now regarded as one class of ordinary shares under the PRC law, the substantive rights attached to these two kinds of Shares (including rights on voting, dividend and asset distribution upon liquidation) are the same. The removal of the class meeting requirement is consistent with the current arrangement for non-PRC issuers with a dual listing on an exchange in the PRC and the Stock Exchange. While the shares of these companies are separately listed on the Stock

Exchange and the PRC exchange and such shares are non-fungible, the PRC regulations and the Listing Rules do not require shares listed on the different exchanges to be treated as different classes of shares.

(2) The arbitration requirements are no longer relevant or necessary under the prevailing circumstances and state of development of the market. As a matter of fact, such requirements are not applicable to overseas issuers listed on the Stock Exchange under the Listing Rules. After the removal of the arbitration requirements, the Shareholders may enforce their rights under the Articles of Association using the same approaches as shareholders of overseas issuers, through, in particular, commencing legal proceedings in a court of the place of incorporation of the Company or a Hong Kong court.

XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES

THE FIRST EQUITY TRANSFER AGREEMENT

Date

28 April 2023 (after trading hours)

Parties

Purchaser: the Company

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

Target Company: Luxi Mining

Subject matter and consideration

The Company has conditionally agreed to acquire, and the First Vendors have conditionally agreed to sell, in aggregate 51% equity interests in Luxi Mining at a total consideration of approximately RMB18.936 billion (including accumulated undistributed profits of the First Equity Interests as at the Valuation Benchmark Date).

The consideration of approximately RMB18.936 billion under the First Equity Transfer Agreement was determined after arm's length negotiations between the parties with reference to the appraised value of the entire equity interests of Luxi Mining as at the Valuation Benchmark Date of approximately RMB37.130 billion as set out in the Asset Valuation Report, multiplied by 51% (being the percentage of the First Equity Interests).

At the general meeting of Luxi Mining held on 16 January 2023, it was agreed that the profit in a total of approximately RMB1,209.960 million would be distributed to all shareholders from the distributable profit as of 31 August 2022 based on the registered capital of Luxi Mining. Since the consideration has included accumulated undistributed profits of the First Equity Interests as at the Valuation Benchmark Date, the parties agree to deduct the profit distribution in respect of the First Equity Interests received by the First Vendors in the aggregate amount of approximately RMB617.080 million from the consideration and therefore the actual consideration payable by the Company for the First Equity Interests shall be approximately RMB18.319 billion, details of which are as follows:

First Vendors	Equity interest in Luxi Mining to be transferred *(%)*	Actual consideration payable *(RMB billion)*
Vendor A	13.01	4.673
Vendor B	15.93	5.722
Vendor C	10.00	3.592
Vendor D	2.70	0.970
Vendor E	9.36	3.362
Total	**51.00**	**18.319**

Payment method

The actual amount of consideration of approximately RMB18.319 billion shall be paid in cash to the First Vendors in proportion to their respective equity interests transferred to the Company as follows:

1. The Company shall pay 30% of the actual consideration (i.e. approximately RMB5.496 billion) to the First Vendors in one lump sum within five Working Days after the First Equity Transfer Agreement becomes effective;

2. The Company shall pay 30% of the actual consideration (i.e. approximately RMB5.496 billion) (the "**Luxi Second Tranche Consideration**") and the corresponding interest (the "**Luxi Corresponding Interest**") to the First Vendors in one lump sum within five Working Days after the First Closing Date or 31 July 2023, whichever is later; and

3. The Company shall pay 40% of the actual consideration (i.e. approximately RMB7.328 billion) (the "**Luxi Third Tranche Consideration**") and the Luxi Corresponding Interest to the First Vendors within 12 months from the effective date of the First Equity Transfer Agreement.

Luxi Corresponding Interest is calculated based on the LPR One-year Interest Rate of the month immediately preceding the actual payment date of each subsequent tranche of consideration. The calculation is from the payment date of the first tranche of consideration (excluding that date) to the actual payment date of each subsequent tranche of consideration. The calculation period is calculated as 365 days a year.

Unless otherwise agreed in writing by the parties, if the registration (filing) procedure in relation to the transfer of the First Equity Interests with the company registration authority is not completed in accordance with the provisions of the First Equity Transfer Agreement due to reasons of any of the First Vendors, the Company has the right not to pay Luxi Corresponding Interest in respect of Luxi Second Tranche Consideration from 1 August 2023 (including that date) to the completion date of the registration (filing) procedure in relation to the transfer of the First Equity Interests with the company registration authority.

Unless otherwise agreed in writing by the parties, if (i) the registration (filing) procedure in relation to the transfer of the First Equity Interests with the company registration authority is not completed in accordance with the provisions of the First Equity Transfer Agreement within 12 months from the effective date of the First Equity Transfer Agreement due to reasons of any of the First Vendors; or (ii) the First Vendors have not completed or are slow in completing the rectification work of Luxi Mining in accordance with the provisions of the First Equity Transfer Agreement, the Company has the right to postpone the payment of Luxi Third Tranche Consideration, to negotiate the actual payment time of Luxi Third Tranche Consideration with the First Vendors and the Company has the right not to pay Luxi Corresponding Interest in respect of Luxi Third Tranche Consideration from the date immediately after the end of a 12-month period from the effective date of the First Equity Transfer Agreement (including that date) to the date on which the abovementioned circumstances are all eliminated (including that date).

Conditions precedent

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

1. The First Equity Transfer Agreement is executed by the legal representatives or authorised representatives of each party and stamped with its respective company seals;

2. All necessary consents or approvals have been obtained for the transfer of the First Equity Interests, including but not limited to:

   (i) the filing of the valuation results of the entire equity interests of Luxi Mining with the authorized state-owned assets regulatory agencies or their authorized units;

(ii) the authorized state-owned assets regulatory agencies or their authorized units consider and approve the transfer of the First Equity Interests;

(iii) each of the First Vendors completes its internal procedures to approve the transfer of the First Equity Interests; and

(iv) the Company obtains approval for the transfer of the First Equity Interests from its competent decision-making authorities such as board meeting and shareholders' meeting.

3. The relevant creditors agrees to release the existing mortgage guarantee provided by two subsidiaries of Luxi Mining to secure the indebtedness of Vendor D, and completes the cancellation registration procedures of the relevant mortgage.

As at the Latest Practicable Date, except for conditions (2)(iv) (in respect of shareholders' approval) and 3, all of the above conditions have been fulfilled.

Closing

Unless otherwise agreed in writing by the parties, Luxi Mining shall convene a shareholders' meeting to amend its articles of association and complete the registration (filing) procedure in respect of the transfer of the First Equity Interests with the company registration authority before 31 July 2023. The First Closing Date is the date of completing the registration (filing) procedure in relation to the transfer of the First Equity Interests with the company registration authority. The rights and obligations corresponding to the First Equity Interests will be transferred to the Company with effect from the First Closing Date.

Luxi Mining shall set up a board of directors consisting of 7 directors. Except for an employee representative director who shall be democratically elected, the First Vendors have the right to nominate 2 director candidates, and the Company has the right to nominate 4 director candidates, who shall be elected by shareholders in general meeting. The chairman of the board of directors shall be a director nominated by the Company and elected by the board of directors; Luxi Mining shall have a board of supervisors consisting of 3 supervisors, except for an employee representative supervisor who shall be democratically elected, the First Vendors have the right to nominate 1 supervisor candidate, and the Company has the right to nominate 1 supervisor candidate, who shall be elected by shareholders in general meeting, and the chairman of the board of supervisors shall be a supervisor nominated by the Company; the general manager and chief financial officer of Luxi Mining shall be recommended by the Company and appointed by the board of directors.

The parties shall begin the relevant procedures below for the closing of the First Equity Transfer Agreement from the effective date of the First Equity Transfer Agreement, including but not limited to:

1. The First Vendors shall transfer the relevant documents, materials and seals relating to Luxi Mining and its assets which they hold and control to the Company;

2. The First Vendors shall procure Luxi Mining to hold relevant meeting(s) in accordance with the First Equity Transfer Agreement to revise its register of members and articles of association;

3. The First Vendors shall procure their appointed directors and management of Luxi Mining to transfer duties and related documents, materials and seals to the directors and management of Luxi Mining designated by the Company; and

4. The First Vendors shall procure Luxi Mining to handle the registration (filing) procedure in relation to the transfer of the First Equity Interests with the company registration authority.

Profit and loss during the First Transition Period

Unless otherwise agreed by the parties, the First Vendors shall be entitled to the profit and loss attributable to the First Equity Interests during the First Transition Period in proportion to their respective equity interests in Luxi Mining transferred to the Company. The profit and loss of the First Equity Interests during the First Transition Period shall be audited by an audit institution recognized by the parties, and the audit report(s) for the profit and loss during the First Transition Period shall be issued within 30 Working Days after the end of the First Transition Period. The closing audit benchmark date shall be determined as follows:

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

(2) If the First Closing Date is after the 15th of the current month, the last day of the current month will be the closing audit benchmark date.

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

Unless otherwise agreed by the parties, each of the First Vendors and the Company is entitled to the reduced accumulated undistributed profit of Luxi Mining as at the Valuation Benchmark Date after deducting the amount of profit distribution, in proportion to their equity interests in Luxi Mining upon closing of the First Equity Transfer Agreement.

Responsibility on default

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

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

First Letter of Undertaking

In view of the entering into of the First Equity Transfer Agreement, on the same date, the Company and the First Vendors have entered into the First Letter of Undertaking, pursuant to which the First Vendors make the following undertakings to the Company:

(1) If after the First Closing Date, the relevant government authorities order disposal measures such as limiting, suspending, closing and withdrawing the production of the coal mines of Luxi Mining Group pursuant to "Provincial Implementation of the "Three Resolute" Action Plan (2021-2022)" (Ludongneng [2021] No. 3) and the "14th Five-Year Plan for Energy Development in Shandong Province" (Luzhengzi [2021] No. 143) or specific rules issued in accordance with the aforementioned documents,

(i) the First Vendors shall compensate the Company with an amount to be calculated by the First Vendors and the Company pursuant to the applicable laws, regulations, policy documents or specific rules and a special report issued by an intermediary appointed by the Company and approved by each of the First Vendors and the Company, and the compensation amount shall be confirmed in writing within 3 months (or other reasonable period as agreed by the parties) by friendly negotiations from the date of the aforementioned disposal measure. The compensation amount shall not exceed the appraised value of Luxi Mining or its subsidiaries in the First Acquisition multiplied by 51%. If such subsidiaries are holding subsidiaries, the compensation amount shall not exceed the aforementioned compensation amount multiplied by Luxi Mining's shareholding ratio in such subsidiaries;

(ii) if the First Vendors and the Company are unable to mutually agree on the compensation amount within 3 months (or other reasonable period as agreed by the parties) from the date of the aforementioned disposal measure, the Company may terminate the First Equity Transfer Agreement by written notice to the First Vendors. Within 30 days from the date of such written notice, the First Vendors shall return to the Company all transfer price for the First Equity Interests and fund occupation fee, and the Company shall return to the First Vendors the First Equity Interests and dividends (if any) received from Luxi Mining since the First Closing Date. The aforementioned fund occupation fee is calculated based on the LPR One-year Interest Rate of the month immediately preceding the date of return payment of all transfer price for the First Equity Interests. The calculation is from the closing audit benchmark date under the First Equity Transfer Agreement to the date of return payment of all transfer price for the First Equity Interests and the calculation period is calculated as 365 days a year.

(2) Other than the mineral rights for which Transfer Fee has been deducted in accordance with the Transfer Fee Calculation Report, in respect of Guotun Coal Mine, Pengzhuang Coal Mine, Liangbaosi Coal Mine and Chenmanzhuang Coal Mine, which have been disposed of with compensation by way of cash and conversion into national capital, after the First Closing Date, if the relevant authorities levy Transfer Fee ("**Luxi Levied Transfer Fee**") in respect of the resource reserves utilized prior to the Valuation Benchmark Date and the resource reserves corresponding to the First Acquisition (i.e. the resource reserves within the valuation scope of the relevant mining rights in the First Acquisition, the same below) based on the "Methods of Levying Transfer Fee" published on 24 March 2023 (the "**Circular 10**"), and the aforesaid Transfer Fee has not been reflected in the relevant audit report of the First Acquisition, then:

(i) the First Vendors will compensate the Company in cash in accordance with the amount of Luxi Levied Transfer Fee on such subsidiaries within 30 days after the payment obligation is specified (the compensation amount is the amount of Luxi Levied Transfer Fee x 51% x Luxi Mining's shareholding ratio in such subsidiaries);

(ii) in addition to the aforesaid Luxi Levied Transfer Fee, the remaining amount required to be paid in respect of the remaining resource reserves corresponding to the First Acquisition that have not been levied at the rate of Transfer Fee during the sale of mineral products (if involved), which shall be calculated based on the calculation methods and related parameters contained in Transfer Fee Calculation Report and discounted to the date on which payment obligation is specified in accordance with Circular 10 and ancillary policies subsequently promulgated and implemented, shall be compensated together by the First Vendors to the Company in cash;

(iii) the compensation amount payable by the First Vendors to the Company shall be limited to (the amount set forth in the mineral rights valuation reports quoted in the Asset Valuation Report on which the First Equity Transfer Agreement is based x 51% x Luxi Mining's shareholding ratio in such subsidiaries).

(3) If, in the course of the historical circulation of the coal mines of Luxi Mining Group, a third party is liable for compensation or indemnity in respect of the Transfer Fee or other fees, the First Vendors have the right to replace Luxi Mining or its subsidiaries after the First Closing Date to seek compensation from the third party, and the Company shall assist accordingly. If Luxi Mining or its subsidiaries have obtained relevant compensation or indemnity from the third party, a sum equivalent to the compensation or indemnity received multiplied by 51% shall be deducted from the aforementioned compensation required from the First Vendors or notify and pay in a timely manner to the First Vendors.

(4) During the negotiation between subsidiaries of Luxi Mining and the government department in respect of the matters mentioned in (1) and (2) above of the First Letter of Undertaking, each party to the First Letter of Undertaking shall actively assist the subsidiaries of Luxi Mining in communicating and negotiating with the government department, in order to fully protect the rights and interests of Luxi Mining and the parties.

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

To ensure the fairness and reasonableness of the Acquisitions, (i) in respect of mining rights of Luxi Mining Group which have not paid Transfer Fee, the Independent Valuer has deducted the estimated possible Transfer Fee payable calculated in the Transfer Fee Calculation Report based on the specific formula contained in Circular 10 from the appraised value of the relevant mining rights in the Asset Valuation Report of Luxi Mining and therefore no undertaking from the First Vendors for compensation in respect of Transfer Fee is required; and (ii) in respect of mining rights of Luxi Mining Group which have paid Transfer Fee, the First Vendors undertake in the First Letter of Undertaking to compensate the Company if the relevant authorities levy Transfer Fee based on Circular 10.

First Letter of Performance Commitment

In view of the entering into of the First Equity Transfer Agreement, on the same date, the Company and the First Vendors have entered into the First Letter of Performance Commitment, pursuant to which the First Vendors agreed to make the following commitments regarding the performance of Luxi Mining in the three years from 2023 to 2025:

(1) Luxi Mining's audited net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (excluding profits or gains outside the ordinary and usual course of business) ("**Luxi Actual Net Profit**"), calculated in accordance with the Chinese accounting standards, is not less than approximately RMB11.425 billion ("**Luxi Committed Net Profit**") during the years 2023 to 2025 ("**Luxi Commitment Period**"). The Luxi Committed Net Profit is determined with reference to the asset valuation reports filed with the competent state-owned regulatory authorities.

(2) If the aggregate amount of Luxi Actual Net Profit during the Luxi Commitment Period does not reach the Luxi Committed Net Profit, the First Vendors shall compensate the Company in cash, and the specific compensation amount shall be calculated based on the following formula:

Compensation amount during the commitment period ("**Luxi Compensation Amount**") = (Luxi Committed Net Profit – Luxi Actual Net Profit (which may be a positive or negative amount)) ÷ Luxi Committed Net Profit x the consideration of the First Equity Interests – other compensation amounts (if the Luxi Compensation Amount is less than zero, it shall be taken as zero), among which:

(i) Luxi Actual Net Profit = Luxi Mining's aggregate net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss during the Luxi Commitment Period (i.e. Σ Revenue of each subsidiary × Luxi Mining's shareholding ratio in each subsidiary – Σ Cost of sale of each subsidiary × Luxi Mining's shareholding ratio in each subsidiary – Σ Expenses of each subsidiary × Luxi Mining's shareholding ratio in each subsidiary – Σ Income tax of each subsidiary × Luxi Mining's shareholding ratio in each subsidiary) recognized in the special audit report issued by the accounting firm with securities and futures business qualifications appointed by the Company, and approved by each of the First Vendors and the Company;

(ii) Compensation amount to be paid by each of the First Vendors = (the ratio of the equity interests in Luxi Mining transferred by each of the First Vendors to the Company ÷ 51%) x Luxi Compensation Amount.

(3) If during the Luxi Commitment Period, the coal mines of Luxi Mining Group incurred losses as a result of measures such as limitation, suspension, closing and withdrawal being imposed on rockburst mines due to deep mining with a depth of more than 1,000 meters, the First Vendors shall calculate the relevant compensation amount ("**Rockburst Mines Compensation**") in accordance with the First Letter of Undertaking and make compensation. To avoid double counting, the Luxi Compensation Amount payable by the First Vendors to the Company shall deduct the Rockburst Mines Compensation (if the compensation amount after deduction is less than zero, it shall be taken as zero). If the First Equity Transfer Agreement is terminated during the Luxi Commitment Period, the First

Vendors are not obliged to perform the First Letter of Performance Commitment. If the First Equity Transfer Agreement is terminated after the Luxi Commitment Period, the Company shall refund the First Vendors any paid Luxi Compensation Amount within 30 days after the termination date of the First Equity Transfer Agreement.

(4) The First Vendors undertake to perform all the compensation obligations within 30 days after the special audit report of Luxi Mining is issued and after receiving the notice from the Company specifying the Luxi Compensation Amount.

(5) If during the Luxi Commitment Period, due to equity transfer, capital increase or other reasons, (i) Luxi Mining is no longer actually controlled by the Company or consolidated into its financial statements; or (ii) there is change to the scope of subsidiaries in Luxi Mining's consolidated financial statements as at the date of the First Letter of Performance Commitment, the amount of Luxi Committed Net Profit and Luxi Actual Net Profit starting from that year (such year inclusive) can be adjusted after the First Vendors and the Company reach a consensus.

(6) In the case which during the Luxi Commitment Period, due to force majeure ("force majeure" refers to the objective circumstances that cannot be foreseen, unavoidable and cannot be overcome or the objective reasons beyond control at the time of entering into the First Equity Transfer Agreement, including but not limited to: (i) natural disasters such as earthquakes, tsunamis, typhoons, volcanic eruptions, landslides, avalanches and mudslides, etc.; (ii) social abnormal events such as wars, armed conflicts, strikes, disturbances and riots, etc.; (iii) changes in laws, regulations or policies, government control orders or decisions), the normal production and operation of Luxi Mining and its consolidated subsidiaries is materially and adversely affected or Luxi Mining and its consolidated subsidiaries are no longer actually controlled by the Company, the First Vendors and the Company may negotiate to adjust the amount of the Luxi Committed Net Profit and other content under the First Letter of Performance Commitment according to the degree of impact of the abovementioned circumstances starting from the year (such year inclusive) in which the abovementioned circumstances occurred.

"Force Majeure" does not include the circumstances under which the coal mines of Luxi Mining Group are subject to disposal measures such as limiting, suspending, closing and withdrawing its production, pursuant to "Provincial Implementation of the "Three Resolute" Action Plan (2021-2022)" (Ludongneng [2021] No. 3) and the "14th Five-Year Plan for Energy Development in Shandong Province" (Luzhengzi [2021] No. 143) or specific rules, ancillary policies, minutes of meeting issued in accordance with the aforementioned documents.

The First Letter of Performance Commitment shall take effect when all the following conditions are fulfilled: (1) the official seals of each of the First Vendors and the Company are affixed; and (2) the First Equity Transfer Agreement is signed and becomes effective. The Company will comply with the disclosure requirements under Rule 14A.63 of the Listing Rules.

THE SECOND EQUITY TRANSFER AGREEMENT

Date

28 April 2023 (after trading hours)

Parties

Purchaser: the Company

Vendors: (1) Shandong Energy;

(2) Vendor A

Target Company: Xinjiang Energy

Subject matter and consideration

The Company has conditionally agreed to acquire, and the Second Vendors have conditionally agreed to sell, in aggregate 51% equity interests in Xinjiang Energy at a total consideration of approximately RMB8.112 billion as follows:

Vendors	**Equity interest in Xinjiang Energy to be transferred** *(%)*	**Consideration** *(RMB billion)*
Shandong Energy	43.16	6.865
Vendor A	7.84	1.247
Total	**51.00**	**8.112**

The consideration under the Second Equity Transfer Agreement was determined after arm's length negotiations between the parties with reference to the appraised value of the entire equity interests of Xinjiang Energy as at the Valuation Benchmark Date of approximately RMB15.906 billion as set out in the Asset Valuation Report, multiplied by 51% (being the percentage of the Second Equity Interests).

Payment method

The total consideration of approximately RMB8.112 billion shall be paid in cash to the Second Vendors in proportion to their respective equity interests transferred to the Company as follows:

1. The Company shall pay 30% of the consideration (interest-free) (i.e. approximately RMB2.434 billion) to the Second Vendors in one lump sum within five Working Days after the Second Equity Transfer Agreement becomes effective;

2. The Company shall pay 30% of the consideration (i.e. approximately RMB2.434 billion) (the "**Xinjiang Second Tranche Consideration**") and the corresponding interest (the "**Xinjiang Corresponding Interest**") to the Second Vendors within five Working Days after the Second Closing Date or 31 July 2023, whichever is later; and

3. The Company shall pay the remaining balance of the consideration other than the Xinjiang Mining Transfer Price (as defined below) (i.e. approximately RMB3.243 billion) (the "**Xinjiang Third Tranche Consideration**") and Xinjiang Corresponding Interest to the Second Vendors within 12 months from the effective date of the Second Equity Transfer Agreement.

4. Based on the Asset Valuation Report, the parties confirm the appraised value of 100% equity interests of Xinjiang Mining is RMB7,614,800. Unless otherwise agreed in writing by the parties, the Company shall pay a sum corresponding to the appraised value of 51% equity interests of Xinjiang Mining (which is indirectly held as to approximately 51% by Xinjiang Energy) in the amount of RMB1,980,626.70 (the "**Xinjiang Mining Transfer Price**") in one lump sum within five Working Days upon fulfillment of all the following conditions:

   (a) the date on which Xinjiang Mining enters the mining right transfer contract with the consolidator in respect of the Baosheng Hongshanwa Mining Rights and completes the procedures for the transfer of the mining rights or the relevant Xinjiang government department or the consolidator confirms that the consolidation work of the Baosheng Hongshanwa Mining Rights has been terminated (or no longer implemented) and the renewal procedures of the Baosheng Hongshanwa Mining Rights are completed;

   (b) Liuhuanggou Mine of Xinjiang Mining obtains the notice of resumption of production and work from relevant authorities.

Xinjiang Corresponding Interest is calculated based on the LPR One-year Interest Rate of the month immediately preceding the actual payment date of each subsequent tranche of consideration. The calculation is from the payment date of the first tranche of consideration (excluding that date) to the payment date of each subsequent tranche of consideration. The calculation period is calculated as 365 days a year.

Unless otherwise agreed in writing by the parties, if the registration (filing) procedure in relation to the transfer of the Second Equity Interests with the company registration authority is not completed in accordance with the provisions of the Second Equity Transfer Agreement due to reasons of any of the Second Vendors, the Company has the right not to pay Xinjiang Corresponding Interest in respect of Xinjiang Second Tranche Consideration from 1 August 2023 (including that date) to the completion date of the registration (filing) procedure in relation to the transfer of the Second Equity Interests with the company registration authority.

Unless otherwise agreed in writing by the parties, if (i) the registration (filing) procedure in relation to the transfer of the Second Equity Interests with the company registration authority is not completed in accordance with the provisions of the Second Equity Transfer Agreement within 12 months from the effective date of the Second Equity Transfer Agreement due to reasons of any of the Second Vendors; or (ii) the Second Vendors have not completed or are slow in completing the rectification work of Xinjiang Energy in accordance with the provisions of the Second Equity Transfer Agreement, the Company has the right to postpone the payment of Xinjiang Third Tranche Consideration, to negotiate with the Second Vendors the actual payment date of Xinjiang Third Tranche Consideration and the Company has the right not to pay Xinjiang Corresponding Interest in respect of Xinjiang Third Tranche Consideration from the date immediately after the end of a 12-month period from the effective date of the Second Equity Transfer Agreement (including that date) to the date on which the abovementioned circumstances are all eliminated (including that date).

Conditions precedent

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

1. The Second Equity Transfer Agreement is executed by the legal representatives or authorised representatives of each party and stamped with its respective company seals;

2. All necessary consents or approvals have been obtained for the transfer of the Second Equity Interests, including but not limited to:

   (i) the filing of the valuation results of the entire equity interests of Xinjiang Energy with the authorized state-owned assets regulatory agencies or its authorized units;

(ii) the authorized state-owned assets regulatory agencies or its authorized units consider and approve the transfer of the Second Equity Interests;

(iii) each of the Second Vendors completes its internal procedures to approve the transfer of the Second Equity Interests; and

(iv) the Company obtains approval for the transfer of the Second Equity Interests from its competent decision-making authorities such as board meeting and shareholders' meeting.

As at the Latest Practicable Date, except for condition (2)(iv) (in respect of shareholders' approval), all of the above conditions have been fulfilled.

Closing

Unless otherwise agreed in writing by the parties, Xinjiang Energy shall convene a shareholders' meeting to amend its articles of association and complete the registration (filing) procedure in relation to the transfer of the Second Equity Interests with the company registration authority before 31 July 2023. The Second Closing Date is the date of completing the registration (filing) procedure in relation to the transfer of the Second Equity Interests with the company registration authority. The rights and obligations corresponding to the Second Equity Interests will be transferred to the Company with effect from the Second Closing Date.

Xinjiang Energy shall set up a board of directors consisting of 7 directors. Except for an employee representative director who shall be democratically elected, the Second Vendors have the right to nominate 2 director candidates, and the Company has the right to nominate 4 director candidates, who shall be elected by the shareholders in general meeting. The chairman of the board of directors shall be a director nominated by the Company and elected by the board of directors; Xinjiang Energy shall have a board of supervisors consisting of 3 supervisors, except for an employee representative supervisor who shall be democratically elected, the Second Vendors have the right to nominate 1 supervisor candidate, and the Company has the right to nominate 1 supervisor candidate, who shall be elected by the shareholders in general meeting, and the chairman of the board of supervisors shall be a supervisor nominated by the Company; the general manager and chief financial officer of Xinjiang Energy shall be recommended by the Company and appointed by the board of directors.

The parties shall begin the relevant procedures below for the closing of the Second Equity Transfer Agreement from the effective date of the Second Equity Transfer Agreement, including but not limited to:

1. The Second Vendors shall transfer the relevant documents, materials and seals relating to Xinjiang Energy and its assets which they hold and control to the Company;

2. The Second Vendors shall procure Xinjiang Energy to hold relevant meeting(s) in accordance with the Second Equity Transfer Agreement to revise its register of members and articles of association;

3. The Second Vendors shall procure its appointed directors and management of Xinjiang Energy to transfer duties and related documents, materials and seals to the directors and management of Xinjiang Energy designated by the Company; and

4. The Second Vendors shall procure Xinjiang Energy to handle the registration (filing) procedure in relation to the transfer of the Second Equity Interests with the company registration authority.

Profit and loss during the Second Transition Period

Unless otherwise agreed by the parties, the Second Vendors shall be entitled to the profit and loss attributable to the Second Equity Interests during the Second Transition Period in proportion to their respective equity interests transferred to the Company. The profit and loss of the Second Equity Interests during the Second Transition Period shall be audited by an auditing institution recognized by the parties, and the audit report(s) for the profit and loss during the Second Transition Period shall be issued within 30 Working Days after the end of the Second Transition Period. The closing audit benchmark date shall be determined as follows:

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

(2) If the Second Closing Date is after the 15th of the current month, the last day of the current month will be the closing audit benchmark date.

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

Unless otherwise agreed by the parties, each of the Second Vendors and the Company is entitled to the accumulated undistributed profit of Xinjiang Energy as at the Valuation Benchmark Date, in proportion to their equity interests in Xinjiang Energy upon closing of the Second Equity Transfer Agreement.

Responsibility on default

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

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

Second Letter of Undertaking

In view of the entering into of the Second Equity Transfer Agreement, on the same date, the Company and the Second Vendors have entered into the Second Letter of Undertaking, pursuant to which the Second Vendors make the following undertakings to the Company:

(1) As of the date of the Second Letter of Undertaking, the exploration rights held by Xinjiang Energy in Huangcaohu No. 1 to No. 11 exploration areas in Qitai County, Zhundong Coalfield, Xinjiang ("**Huangcaohu Exploration Rights**") have expired. Xinjiang Energy has submitted the application for the consolidation of Huangcaohu No. 1 to No. 11 exploration areas into one exploration area in accordance with the requirements of the relevant government authorities. The application renewal period is from 28 March 2023 to 28 March 2025. The Second Vendors undertake to actively urge and assist Xinjiang Energy to complete the registration procedures for the change of Huangcaohu Exploration Rights as soon as possible. If Xinjiang Energy suffers losses due to failure to complete or complete on time the aforementioned registration procedures for the change of Huangcaohu Exploration Rights after the Second Closing Date, the Second Vendors shall compensate the Company at that time.

(2) Other than the mineral rights for which Transfer Fee has been deducted in accordance with the Transfer Fee Calculation Report, in respect of Baosheng Coal Mine and Hongshanwa Coal Mine which have been disposed of with compensation, after the Second Closing Date, if the relevant authorities levy Transfer Fee ("**Xinjiang Levied Transfer Fee**") on Xinjiang Mining in respect of the resource reserves utilized prior to the Valuation Benchmark Date and the resource reserves corresponding to the Second Acquisition (i.e. the resource reserves within the valuation scope of the relevant mining rights in the Second Acquisition, the same below) in accordance with Circular 10, and the aforesaid Transfer Fee has not been reflected in the relevant audit report of the Second Acquisition, then:

(i) the Second Vendors will compensate the Company in cash in accordance with the amount of Xinjiang Levied Transfer Fee on such subsidiaries within 30 days after the payment obligation is specified (the compensation amount is the amount of Xinjiang Levied Transfer Fee x 51% x Xinjiang Energy's shareholding ratio in Xinjiang Mining);

(ii) in addition to the aforesaid Xinjiang Levied Transfer Fee, the remaining amount required to be paid in respect of the remaining resource reserves corresponding to the Second Acquisition that have not been levied at the rate of Transfer Fee during the sale of mineral products (if involved), which shall be calculated based on the calculation methods and related parameters in the Transfer Fee Calculation Report and discounted to the date on which payment obligation is specified in accordance with Circular 10 and ancillary policies subsequently promulgated and implemented, shall be compensated together by the Second Vendors to the Company in cash;

(iii) the compensation amount payable by the Second Vendors to the Company shall be limited to (the amount set forth in the mineral rights valuation reports quoted in the Asset Valuation Report on which the Second Equity Transfer Agreement is based x 51% x Xinjiang Energy's shareholding ratio in Xinjiang Mining).

(3) During the negotiation between Xinjiang Mining and the government department in respect to the matters mentioned in (2) above of the Second Letter of Undertaking, each party to the Second Letter of Undertaking shall actively assist Xinjiang Mining in communicating and negotiating with the government department, in order to fully protect the rights and interests of Xinjiang Energy and the parties.

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

To ensure the fairness and reasonableness of the Acquisitions, (i) in respect of mining rights of Xinjiang Energy which have not paid Transfer Fee, the Independent Valuer has deducted the estimated possible Transfer Fee payable calculated in the Transfer Fee Calculation Report based on the specific formula contained in Circular 10 from the appraised value of the relevant mining rights in the Asset Valuation Report of Xinjiang Energy and therefore no undertaking from the Second Vendors for compensation of the Transfer Fee is required; and (ii) in respect of mining rights of Xinjiang Energy which have paid Transfer Fee, the Second Vendors undertake in the Second Letter of Undertaking to compensate the Company if the relevant authorities levy Transfer Fee based on Circular 10.

Second Letter of Performance Commitment

In view of the entering into of the Second Equity Transfer Agreement, on the same date, the Company and the Second Vendors have entered into the Second Letter of Performance Commitment, pursuant to which the Second Vendors agreed to make the following commitments regarding the performance of Xinjiang Energy in the next three years:

(1) Xinjiang Energy's audited net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss (excluding profits or gains outside the ordinary and usual course of business) ("**Xinjiang Actual Net Profit**"), calculated in accordance with the Chinese accounting standards, shall be not less than RMB4.013 billion ("**Xinjiang Committed Net Profit**") during the years 2023 to 2025 ("**Xinjiang Commitment Period**"). The Xinjiang Committed Net Profit is determined with reference to the asset valuation reports filed with the competent state-owned regulatory authorities.

(2) If the aggregate amount of Xinjiang Actual Net Profit during the Xinjiang Commitment Period does not reach the Xinjiang Committed Net Profit, the Second Vendors shall compensate the Company in cash, and the specific compensation amount shall be calculated based on the following formula:

Compensation amount during the commitment period ("**Xinjiang Compensation Amount**") = (Xinjiang Committed Net Profit – Xinjiang Actual Net Profit (which may be a positive or negative amount)) ÷ Xinjiang Committed Net Profit x the consideration of the Second Equity Interests – other compensated amounts (if the Xinjiang Compensation Amount is less than zero, it shall be taken as zero), among which:

(i) Xinjiang Actual Net Profit = Xinjiang's aggregate net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss during the Xinjiang Commitment Period (i.e. Σ Revenue of each subsidiary × Xinjiang Energy's shareholding ratio in each subsidiary – Σ Cost of sale of each subsidiary × Xinjiang Energy's shareholding ratio in each subsidiary – Σ Expenses of each subsidiary × Xinjiang Energy's shareholding ratio in each subsidiary – Σ Income tax of each subsidiary × Xinjiang Energy's shareholding ratio in each subsidiary) recognized in the special audit report issued by the accounting firm with securities and futures business qualifications appointed by the Company, and approved by each of the Second Vendors and the Company;

(ii) Compensation amount to be paid by each of the Second Vendors = (the ratio of the equity interests in Xinjiang Energy to be transferred by each of the Second Vendors to the Company ÷ 51%) x Xinjiang Compensation Amount.

(3) If the Second Equity Transfer Agreement is terminated during the Xinjiang Commitment Period, the Second Vendors are not obliged to perform the Second Letter of Performance Commitment. If the Second Equity Transfer Agreement is terminated after the Xinjiang Commitment Period, the Company shall refund the Second Vendors any paid Xinjiang Compensation Amount within 30 days after the termination date of the Second Equity Transfer Agreement.

(4) The Second Vendors undertake to perform all the compensation obligations within 30 days after the special audit report of Xinjiang Energy is issued and after receiving the notice from the Company specifying the Xinjiang Compensation Amount.

(5) If during the Xinjiang Commitment Period, due to equity transfer, capital increase or other reasons, (i) Xinjiang Energy is no longer actually controlled by the Company or consolidated into its financial statements or (ii) there is change to the scope of subsidiaries in Xinjiang Energy's consolidated financial statements as at the date of the Second Letter of Performance Commitment, the amount of Xinjiang Committed Net Profit and Xinjiang Actual Net Profit starting from the year (such year inclusive) can be adjusted after the Second Vendors and the Company reach a consensus.

(6) In the case which during the Xinjiang Commitment Period, due to force majeure ("force majeure" refers to the objective circumstances that cannot be foreseen, unavoidable and cannot be overcome or the objective reasons beyond control at the time of entering into the Second Equity Transfer Agreement, including but not limited to: (i) natural disasters such as earthquakes, tsunamis, typhoons, volcanic eruptions, landslides, avalanches and mudslides, etc.; (ii) social abnormal events such as wars, armed conflicts, strikes, disturbances and riots, etc.; (iii) changes in laws, regulations or policies, government control orders or decisions), the normal production and operation of Xinjiang Energy and its consolidated subsidiaries is materially and adversely affected or Xinjiang Energy and its consolidated subsidiaries are no longer actually controlled by the Company, the Second Vendors and the Company may negotiate to adjust the amount of the Xinjiang Committed Net Profit and other content under the Second Letter of Performance Commitment according to the degree of impact of the abovementioned circumstances starting from the year (such year inclusive) in which the abovementioned circumstances occurred.

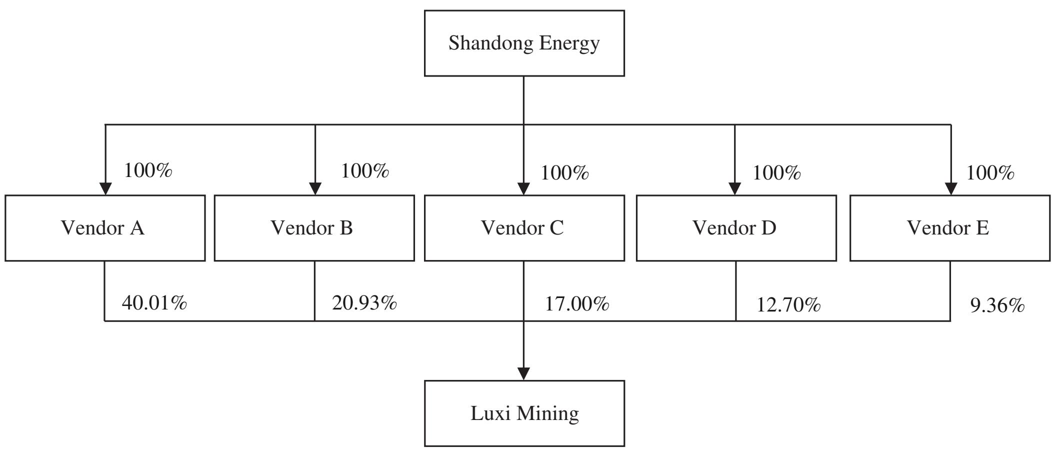
The Second Letter of Performance Commitment shall take effect when all the following conditions are fulfilled: (1) the official seals of each of the Second Vendors and the Company are affixed; and (2) the Second Equity Transfer Agreement is signed and becomes effective. The Company will comply with the disclosure requirements under Rule 14A.63 of the Listing Rules.

BASIC INFORMATION ON TARGET COMPANIES AND TARGET GROUPS

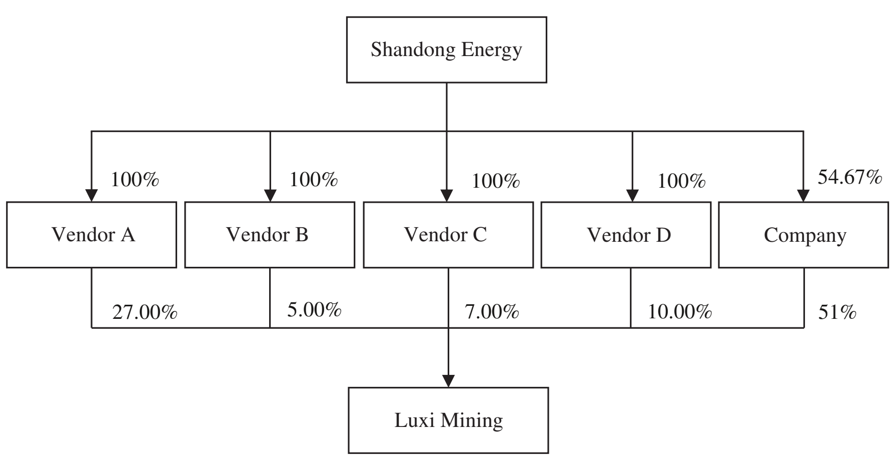
1. Luxi Mining

Luxi Mining is a company established in the PRC with limited liability in December 2021. Luxi Mining Group is principally engaged in mining, washing, sales, transportation and storage of coal, and manufacturing of mining equipment and accessories and other upstream and downstream businesses of the coal industry chain. The original acquisition costs for the First Equity Interests by Vendor A, Vendor B, Vendor C, Vendor D and Vendor E were approximately RMB229.728 million, RMB489.793 million, RMB404.189 million, RMB239.173 million and RMB1,231.651 million respectively.

As of the Latest Practicable Date, the shareholding structure of Luxi Mining is as follows:



Upon closing of the First Equity Transfer Agreement, the shareholding structure of Luxi Mining will be as follows:



In the First Acquisition, the Company will acquire 13.01%, 15.93%, 10.00%, 2.70% and 9.36% equity interests in Luxi Mining held by Vendor A, Vendor B, Vendor C, Vendor D and Vendor E respectively. As of the Latest Practicable Date, the equity interests of Luxi Mining have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

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

As at the Latest Practicable Date, save for a pollutant discharge licence to be obtained by a subsidiary of Luxi Mining, Shandong Zikuang Railway Transportation Co., Ltd. Jining High-tech Branch, Luxi Mining Group has obtained all the necessary licenses, permits and approvals for its operations. To ensure the fairness and reasonableness of the Acquisitions, (i) pursuant to the First Equity Transfer Agreement, the First Vendors have undertaken to complete the rectification work of Luxi Mining no later than 12 months from the effective date of the First Equity Transfer Agreement (or other time as agreed by the parties) and the Company has the right to postpone the payment of Luxi Third Tranche Consideration if the First Vendors have not completed or are slow in completing the rectification work of Luxi Mining in accordance with the provisions of the First Equity Transfer Agreement, and the First Vendors and the Company have mutually agreed to obtain the pollutant discharge licence before the First Closing Date in light of the above undertakings; and (ii) pursuant to the First Equity Transfer Agreement, the First Vendors shall compensate the Company any administrative penalty imposed on Luxi Mining Group after the First Closing Date as a result of not obtaining any necessary licences prior to the First Closing Date.

Mineral Rights of Luxi Mining Group

As at the Latest Practicable Date, Luxi Mining Group holds 7 mining rights, details of which are as follows.

No.	Type of mineral rights	Name of owner and mine	Type of coal	Resources/reserves used in the valuation[1]: Resources (million tonnes)	Resources/reserves used in the valuation[1]: Recoverable reserves (million tonnes)	Approved production capacity[2] (Ten kiloton/ year)	Production volume of saleable coal (Ten kiloton): 2021	Production volume of saleable coal (Ten kiloton): 2022	Remaining service life (year)	Validity period	Current status of mineral right certificates
1	Mining rights	Shanxian Energy (Chenmanzhuang Coal Mine)	Coking coal	64	41	70	70.31	41.77	41.84	20 November 2012 to 20 November 2032	Valid
2	Mining rights	Lilou Coal Industry (Lilou Coal Mine)	Gas coal, 1/3 coking coal	556	288	190	177.36	181.83	108.24	5 January 2021 to 5 January 2036	Valid
3	Mining rights	Tangkou Coal Industry (Tangkou Coal Mine)	Gas coal	407	82	390	275.91	296.52	15.09	23 March 2012 to 10 February 2030	Valid

No.	Type of mineral rights	Name of owner and mine	Type of coal	Resources/reserves used in the valuation[1] Resources (million tonnes)	Recoverable reserves (million tonnes)	Approved production capacity[2] (Ten kiloton/ year)	Production volume of saleable coal (Ten kiloton) 2021	2022	Remaining service life (year)	Validity period	Current status of mineral right certificates
4	Mining rights	Liangbaosi Energy (Liangbaosi Coal Mine)	Gas coal, mixed coal (1/2 medium caking coal, weak caking coal, 1/3 coking coal)	324	128	330	–[3]	27.53	21.16	18 June 2010 to 4 April 2030	Valid
5	Mining rights	Heze Coal Electricity (Guotun Coal Mine)	Gas coal, 1/3 coking coal	268	132	240	192.67	182.41	39.38	16 December 2004 to 16 December 2034	Valid
6	Mining rights	Heze Coal Electricity (Pengzhuang Coal Mine)	Gas coal	48	20	80	60.87	55.86	17.90	5 February 2018 to 7 July 2034	Valid
7	Mining rights	Xinjulong Energy (Xinjulong Coal Mine)	Fat coal, 1/3 coking coal, gas coal, gas fat coal, anthracite	921	536	600	427.77	348.48	63.83	21 June 2008 to 18 September 2033	Valid
		Total		2,589	1,228	1,900	1,204.88	1,134.38	–		

Note 1: The figures are based on the resources and recoverable reserves used in the valuation as at 31 December 2022 in the valuation report on mineral rights issued by Beijing Kuangtong Resources Development Consultation Co., Limited. According to the standard of Solid Mineral Resources/Reserves Classification (China National Standard GB/T17766-2020), the total resources and reserves of Luxi Mining as at the end of 2022 amounted to 3,865 million tonnes and 865 million tonnes respectively. Resources used in the valuation refers to the basic data used in the valuation and calculation of recoverable resources, i.e. the total of the (measured + indicated) resources involved in the valuation and the inferred resources discounted by the reliability coefficient. Reserves used in the valuation refers to the reserves that can be recovered after deducting various losses from the resources used in the valuation.

Note 2: The figures represent the approved production capacity as of 31 December 2022.

Note 3: Due to safety production accidents, Liangbaosi Coal Mine has stopped production since 20 August 2020, and has obtained approval from relevant government authorities to resume production on 19 October 2021, and has resumed actual production on 23 June 2022.

Note 4: Where there is a rounding difference between the total and the sum of the sub-values in the above table, it is due to rounding.

1) Mining right of Chenmanzhuang Coal Mine of Shanxian Energy

Type of mineral right: Mining right

Mining right owner: Shanxian Energy

Mining permit No.: C1000002012111110127768

Name of mine:	Mining right of Chenmanzhuang Coal Mine of Shanxian Energy
Mining type:	Coal
Type of coal:	Coking Coal
Mining method:	Underground mining
Approved production capacity:	700,000 tonnes/year
Actual production volumes of saleable coal:	703,100 tonnes in 2021 and 417,700 tonnes in 2022
Mining area:	22.8371 square kilometres
Validity period:	20 November 2012 to 20 November 2032
Mining elevation:	From -580m to -1,460m
Remaining service life of the mine:	41.84 years

2) *Mining right of Lilou Coal Industry*

Type of mineral right:	Mining right
Mining right owner:	Lilou Coal Industry
Mining permit No.:	C1000002011011110107893
Name of mine:	Mining right of Lilou Coal Industry
Mining type:	Coal
Type of coal:	Gas coal, 1/3 coking coal
Mining method:	Underground mining
Approved production capacity:	1,900,000 tonnes/year
Actual production volumes of saleable coal:	1,773,600 tonnes in 2021 and 1,818,300 tonnes in 2022
Mining area:	198.284 square kilometres

Validity period:	5 January 2021 to 5 January 2036
Mining elevation:	From -450m to -1,750m
Remaining service life of the mine:	108.24 years

3) *Mining right of Tangkou Coal Industry*

Type of mineral right:	Mining right
Mining right owner:	Tangkou Coal Industry
Mining permit No.:	C1000002011011120107090
Name of mine:	Mining right of Tangkou Coal Industry
Mining type:	Coal
Type of coal:	Coking coal
Mining method:	Underground mining
Approved production capacity:	3,900,000 tonnes/year
Actual production volumes of saleable coal:	2,759,100 tonnes in 2021 and 2,965,200 tonnes in 2022
Mining area:	72.2189 square kilometres
Validity period:	23 March 2012 to 10 February 2030
Mining elevation:	From -650m to -1,300m
Remaining service life of the mine:	15.09 years

4) *Mining right of Liangbaosi Coal Mine of Liangbaosi Energy*

Type of mineral right:	Mining right
Mining right owner:	Liangbaosi Energy
Mining permit No.:	C1000002010061110070549
Name of mine:	Mining right of Liangbaosi Coal Mine of Liangbaosi Energy

Mining type:	Coal
Type of coal:	Gas coal, mixed coal (1/2 medium caking coal, weak caking coal, 1/3 coking coal)
Mining method:	Underground mining
Approved production capacity:	3,300,000 tonnes/year
Actual production volumes of saleable coal:	No production in 2021 and 275,300 tonnes in 2022
Mining area:	95.2866 square kilometres
Validity period:	18 June 2010 to 4 April 2030
Mining elevation:	From +40m to -1,200m
Remaining service life of the mine:	21.16 years

5) *Mining right of Guotun Coal Mine of Heze Coal Electricity*

Type of mineral right:	Mining right
Mining right owner:	Heze Coal Electricity
Mining permit No.:	C1000002011071110116460
Name of mine:	Mining right of Guotun Coal Mine of Heze Coal Electricity
Mining type:	Coal
Type of coal:	Gas coal, 1/3 coking coal
Mining method:	Underground mining
Approved production capacity:	2,400,000 tonnes/year
Actual production volumes of saleable coal:	1,926,700 tonnes in 2021 and 1,824,100 tonnes in 2022
Mining area:	69.3293 square kilometres

Validity period: 16 December 2004 to 16 December 2034

Mining elevation: From -600m to -1,200m

Remaining service life of the mine: 39.38 years

6) *Mining right of Pengzhuang Coal Mine of Heze Coal Electricity*

Type of mineral right: Mining right

Mining right owner: Heze Coal Electricity

Mining permit No.: C1000002011071110116461

Name of mine: Mining right of Pengzhuang Coal Mine of Heze Coal Electricity

Mining type: Coal

Type of coal: Gas coal

Mining method: Underground mining

Approved production capacity: 800,000 tonnes/year

Actual production volumes of saleable coal: 608,700 tonnes in 2021 and 558,600 tonnes in 2022

Mining area: 67.1928 square kilometres

Validity period: 5 February 2018 to 7 July 2034

Mining elevation: From-450m to -1,200m

Remaining service life of the mine: 17.90 years

7) *Mining right of Xinjulong Energy*

Type of mineral right: Mining right

Mining right owner: Xinjulong Energy

Mining permit No.: C1000002008061110000037

Name of mine: Mining right of Xinjulong Energy

Mining type: Coal

Type of coal: Fat coal, 1/3 coking coal, gas coal, gas fat coal and anthracite

Mining method: Underground mining

Approved production capacity: 6,000,000 tonnes/year

Actual production volumes of saleable coal: 4,277,000 tonnes in 2021 and 3,484,800 tonnes in 2022

Mining area: 142.2894 square kilometres

Validity period: 21 June 2008 to 18 September 2033

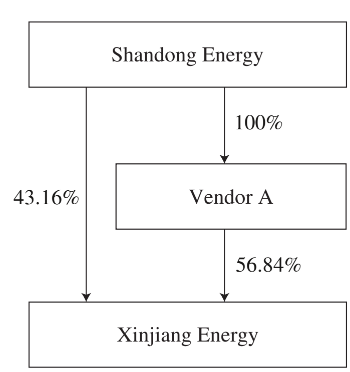
Mining elevation: From +40m to -1,200m

Remaining service life of the mine: 63.83 years

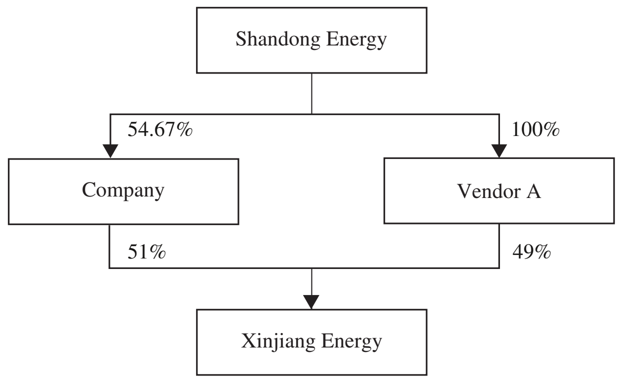
2. Xinjiang Energy

Xinjiang Energy is a company established in the PRC with limited liability in August 2007. Xinjiang Energy Group is principally engaged in mining, washing and sales of coal, coal chemical industry and other upstream and downstream businesses of the coal industry chain. The original acquisition costs for the Second Equity Interests by Shandong Energy and Vendor A were approximately RMB2,999.704 million and RMB275.862 million respectively.

As of the Latest Practicable Date, the shareholding structure of Xinjiang Energy is as follows:



Upon completion of the Second Equity Transfer Agreement, the shareholding structure of Xinjiang Energy will be as follows:



In the Second Acquisition, the Company will acquire 43.16% and 7.84% equity interests in Xinjiang Energy held by Shandong Energy and Vendor A respectively. As of the Latest Practicable Date, the equity interests of Xinjiang Energy have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Upon closing of the Second Equity Transfer Agreement, the Company shall hold 51% equity interests in Xinjiang Energy; and Xinjiang Energy will become a subsidiary of the Company and its financial results will be consolidated into those of the Group.

As at the Latest Practicable Date, save for the Huangcaohu Exploration Rights which have expired, and two water drawing permits to be obtained by two subsidiaries of Xinjiang Energy, Yili Energy and Yixin Coal Industry, Xinjiang Energy Group has obtained all the necessary licenses, permits and approvals for its operations. To ensure the fairness and reasonableness of the Acquisitions, (i) the Second Vendors have undertaken in the Second Letter of Undertaking to actively urge and assist Xinjiang Energy to complete the registration procedures for the change of Huangcaohu Exploration Rights as soon as possible and to compensate the Company if Xinjiang Energy suffers losses due to failure to complete or complete on time the aforementioned registration procedures for the change of Huangcaohu Exploration Rights after the Second Closing Date; (ii) Xinjiang Energy has submitted the renewal application of the Huangcaohu Exploration Rights within the statutory period and has already completed all the standard renewal steps save for the last step (the issue of the new exploration right certificates) as at the Latest Practicable Date; (iii) as advised by the Company's PRC advisers, there were no reasonably foreseeable legal impediments in renewing the Huangcaohu Exploration Rights; (iv) pursuant to the Second Equity Transfer Agreement, the Second Vendors have undertaken to complete the rectification work of Xinjiang Energy no later than 12 months from the effective date of the Second Equity Transfer Agreement (or other time as agreed by the parties) and the Company has the right to postpone the payment of Xinjiang Third Tranche Consideration if the Second Vendors have not completed or are slow in completing the rectification work of Xinjiang Energy in accordance with the provisions of the Second Equity Transfer

Agreement, and the Company and Xinjiang Energy have mutually agreed to obtain the two water drawing permits by the end of May and September 2024 in light of the above undertakings; and (v) pursuant to the Second Equity Transfer Agreement, the Second Vendors shall compensate the Company any administrative penalty imposed on Xinjiang Energy Group after the Second Closing Date as a result of not obtaining any necessary licences prior to the Second Closing Date.

Mineral Rights of Xinjiang Energy

As at the Latest Practicable Date, the Xinjiang Energy Group holds 5 mining rights and 12 exploration rights, details of which are as follows:

No.	Type of mineral rights	Name of owner and mine/exploration project	Type of coal	Resources/reserves used in the valuation[1]: Resources (million tonnes)	Resources/reserves used in the valuation[1]: Recoverable reserves (million tonnes)	Approved production capacity[2] (Ten kiloton/ year)	Production volume of saleable coal (Ten kiloton): 2021	Production volume of saleable coal (Ten kiloton): 2022	Remaining service life (year)	Validity period	Current status of mineral right certificates
1	Mining rights	Yili Energy (Yili No. 1 Coal Mine)	Non-stick coal, long-flame coal	3,920	1,971	1,000	811.03	1,003.56	140.80	24 November 2010 to 24 November 2040	Valid
2	Mining rights	Yixin Coal Industry (Yili No. 4 Coal Mine)	Non-stick coal, long-flame coal	1,444	983	900	731.50	782.32	77.99	22 December 2022 to 22 December 2037	Valid
3	Mining rights	Xinjiang Mining (Liuhuanggou Mine)	Long-flame coal, non-stick coal	213	142	150	138.54	260.70	67.61	26 September 2021 to 9 August 2023	Valid
4	Mining rights	Xinjiang Mining (Baosheng Coal Mine)	Long-flame coal	7	4	9	–	–	29.71	14 March 2022 to 14 March 2024	Valid
5	Mining rights	Xinjiang Mining (Hongshanwa Coal Mine)	Long-flame coal, gas coal, non-stick coal	32	16	30	–	–	39.22	14 March 2022 to 14 March 2024	Valid
		Subtotal of Mining Rights		5,617	3,116	2,089	1,681.07	2,046.58	–		
6-16	Exploration rights	Xinjiang Energy (exploration in Huangcaohu No. 1 to No. 11 exploration areas ("Huangcaohu Exploration Rights"))	Non-stick coal, long-flame coal	13,612	9,284	–	–	–	–	8 March 2021 to 8 March 2023 (in respect of exploration rights in Huangcaohu No. 1 to No. 4 and No. 10 exploration areas) / 29 March 2021 to 29 March 2023 (in respect of exploration rights in Huangcaohu No. 5 to No. 9 and No. 11 exploration areas)	Lapsed

No.	Type of mineral rights	Name of owner and mine/exploration project	Type of coal	Resources/reserves used in the valuation[1] Resources (million tonnes)	Recoverable reserves (million tonnes)	Approved production capacity[2] (Ten kiloton/ year)	Production volume of saleable coal (Ten kiloton) 2021	2022	Remaining service life (year)	Validity period	Current status of mineral right certificates
17	Exploration rights	Qineng Coal Industry (exploration in Zhundong Wucaiwan No. 4 open pit Coalfield)	Non-stick coal, long-flame coal	3,785	2,866	–	–	–	–	10 February 2023 to 10 February 2025	Valid
		Subtotal of Exploration Rights		17,398	12,150	–	–	–	–		
		Total		23,015	15,266	2,089	1,681.07	2,046.58	–		

Note 1: The figures are based on the resources and recoverable reserves used in the valuation as at 31 December 2022 in the valuation report on mineral rights issued by Beijing Kuangtong Resources Development Consultation Co., Limited. According to the standard of Solid Mineral Resources/Reserves Classification (China National Standard GB/T17766– 2020), the total resources and reserves of Xinjiang Energy as at the end of 2022 amounted to 27,312 million tonnes and 2,381 million tonnes respectively. Resources used in the valuation refers to the basic data used in the valuation and calculation of recoverable resources, i.e. the total of the (measured + indicated) resources involved in the valuation and the inferred resources discounted by the reliability coefficient. Reserves used in the valuation refers to the reserves that can be recovered after deducting various losses from the resources used in the valuation.

Note 2: The figures represent the approved production capacity as of 31 December 2022.

Note 3: Where there is a rounding difference between the total and the sum of the sub-values in the above table, it is due to rounding.

(I) Mining rights

1) Mining right of Yili No. 1 Coal Mine of Yili Energy

Type of mineral right: Mining right

Mining right owner: Yili Energy

Mining permit No.: C1000002010111110084121

Name of mine: Mining right of Yili No. 1 Coal Mine of Yili Energy

Mining type: Coal

Type of coal: Non-stick coal, long flame coal

Mining method: Underground mining

Approved production capacity:	10,000,000 tonnes/year
Actual production volumes of saleable coal:	8,110,300 tonnes in 2021 and 10,035,600 tonnes in 2022
Mining area:	118.5151 square kilometres
Validity period:	24 November 2010 to 24 November 2040
Mining elevation:	From +1,360m to -20m
Remaining service life of the mine:	140.80 years

2) Mining right of Yili No. 4 Coal Mine of Yixin Coal Industry

Type of mineral right:	Mining right
Mining right owner:	Yixin Coal Industry
Mining permit No.:	C6500002018011110145845
Name of mine:	Mining right of Yili No. 4 Coal Mine of Yixin Coal Industry
Mining type:	Coal
Type of coal:	Non-stick coal and long-flame coal
Mining method:	Underground mining
Approved production capacity:	9,000,000 tonnes/year
Actual production volumes of saleable coal:	7,315,000 tonnes in 2021 and 7,823,200 tonnes in 2022
Mining area:	76.646 square kilometres
Validity period:	22 December 2022 to 22 December 2037
Mining elevation:	From +1,075m to -550m
Remaining service life of the mine:	77.99 years

3) Mining right of Liuhuanggou Mine of Xinjiang Mining

Type of mineral right:	Mining right
Mining right owner:	Xinjiang Mining
Mining permit No.:	C6500002009111120047758
Name of mine:	Mining right of Liuhuanggou Mine of Xinjiang Mining
Mining type:	Coal
Type of coal:	Long-flame coal and non-stick coal
Mining method:	Underground mining
Approved production capacity:	1,500,000 tonnes/year
Actual production volumes of saleable coal:	1,385,400 tonnes in 2021 and 2,607,000 tonnes in 2022
Mining area:	5.873 square kilometres
Validity period:	26 September 2021 to 9 August 2023
Mining elevation:	From +978m to +300m
Remaining service life of the mine:	67.61 years

Note: According to applicable PRC laws, Xinjiang Mining will submit the renewal application no later than 30 days (i.e. before 9 July 2023) before the expiry of the mining right certificate and is preparing the renewal application as at the Latest Practicable Date. The mining right certificate of Liuhuanggou Mine has been renewed three times in 2009, 2019 and 2021 respectively. As advised by the Company's PRC legal advisers, there were no reasonably foreseeable legal impediments in renewing the mining right of Liuhuanggou Mine, provided that Xinjiang Mining submits the renewal application within the statutory period (i.e. no later than 30 days before the expiry of the mining right certificate). It is expected that the new mining right certificate of Liuhuanggou Mine can be obtained by mid-September 2023. In the event that the mining right certificate of Liuhuanggou Mine is not renewed, it is estimated that the production volumes of saleable coal of Xinjiang Energy will reduce by approximately 2,607,000 tonnes, the resources of Xinjiang Energy will reduce by approximately 213 million tonnes and the recoverable reserves of Xinjiang Energy will reduce by approximately 142 million tonnes, and the consolidated net profit of Xinjiang Energy will decrease by approximately RMB3,695,400, RMB21,275,400 and RMB22,854,300 in 2023, 2024 and 2025 respectively. Taking into account that (i) Xinjiang Mining has specific timetable in submitting its renewal application within the statutory period; (ii) there are no reasonably foreseeable legal impediments in renewing the mining right of Liuhuanggou Mine as advised by the Company's PRC legal advisers; (iii) the Second Vendors have undertaken to compensate the Company if Xinjiang Energy fails to meet the performance commitment in the Second Letter of Performance Commitment, the Directors are of the opinion that the fact that the mining right of Liuhuanggou Mine will soon be expired will not affect the fairness and reasonableness of the Acquisitions.

4) Mining right of Baosheng Coal Mine in Jimusar Shuixigou Mining Area of Xinjiang Mining

Type of mineral right:	Mining right
Mining right owner:	Xinjiang Mining
Mining permit No.:	C6500002010101120105936
Name of mine:	Mining right of Baosheng Coal Mine in Jimusar Shuixigou Mining Area of Xinjiang Mining ("**Baosheng Coal Mine**")
Mining type:	Coal
Type of coal:	Long flame coal
Mining method:	Underground mining
Approved production capacity:	90,000 tonnes/year
Actual production volumes of saleable coal:	No production in 2021 and 2022
Mining area:	1.0855 square kilometres
Validity period:	14 March 2022 to 14 March 2024
Mining elevation:	From +1,060m to +900m
Remaining service life of the mine:	29.71 years

5) Mining right of Hongshanwa Coal Mine in Jimusar Shuixigou Mining Area of Xinjiang Mining

Type of mineral right:	Mining right
Mining right owner:	Xinjiang Mining
Mining permit No.:	C6500002009111120046732
Name of mine:	Mining right of Hongshanwa Coal Mine in Jimusar Shuixigou Mining Area of Xinjiang Mining ("**Hongshanwa Coal Mine**")
Mining type:	Coal
Type of coal:	Long flame coal, gas coal and non-caking coal
Mining method:	Underground mining
Approved production capacity:	300,000 tonnes/year
Actual production volumes of saleable coal:	No production in 2021 and 2022
Mining area:	1.7978 square kilometres
Validity period:	14 March 2022 to 14 March 2024
Mining elevation:	From+1,130m to +760m
Remaining service life of the mine:	39.22 years

(II) Exploration rights

1) Exploration rights of Xinjiang Energy in Huangcaohu No. 1-11 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang ("**Huangcaohu Exploration Rights**")

The coal types in Huangcaohu Exploration Rights are non-caking coal and long-flame coal. The details of the Huangcaohu Exploration Rights are as follows:

No.	Type of mineral right	Exploration Right Owner	Exploration Permit No.	Name of Exploration Project	Exploration Area (km^2)	Validity Period
1			T65000002008041010005403	Exploration in Huangcaohu No. 1 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	27.20	8 March 2021 to 8 March 2023
2			T65000002008041010005406	Exploration in Huangcaohu No. 2 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	26.71	8 March 2021 to 8 March 2023
3			T65000002008041010005394	Exploration in Huangcaohu No.3 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	26.57	8 March 2021 to 8 March 2023
4			T65000002008041010005395	Exploration in Huangcaohu No. 4 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	26.89	8 March 2021 to 8 March 2023
5			T65000002008041010005408	Exploration in Huangcaohu No.5 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	25.56	29 March 2021 to 29 March 2023
6	Exploration rights	Xinjiang Energy	T65000002008041010005405	Exploration in Huangcaohu No. 6 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	20.97	29 March 2021 to 29 March 2023
7			T65000002008041010005411	Exploration in Huangcaohu No. 7 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	25.40	29 March 2021 to 29 March 2023
8			T65000002008041010005401	Exploration in Huangcaohu No. 8 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	29.37	29 March 2021 to 29 March 2023
9			T65000002008041010005909	Exploration in Huangcaohu No. 9 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	26.67	29 March 2021 to 29 March 2023
10			T65000002008041010005404	Exploration in Huangcaohu No. 10 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	23.95	8 March 2021 to 8 March 2023
11			T65000002008041010005393	Exploration in Huangcaohu No. 11 Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	22.43	29 March 2021 to 29 March 2023

Note 1: Xinjiang Energy has submitted the application for the renewal of the Huangcaohu Exploration Rights within the statutory period (i.e. no later than 30 days before the expiry of the exploration right certificates). In March 2023, the Natural Resources Department of Xinjiang Uygur Autonomous Region required Xinjiang Energy to implement consolidation of the Huangcaohu Exploration Rights as required. As of the date of the Second Equity Transfer Agreement, Xinjiang Energy has re-submitted the materials in accordance with the requirement, and is in the process of renewing its mineral rights. As at the Latest Practicable Date, according to the standard renewal procedures, the Natural Resources Department of Xinjiang Uygur Autonomous Region has completed its vetting of the resubmitted renewal application and the statutory publicity period has ended, during which no objection has been raised. Following the above standard procedures, Xinjiang Energy is pending the issue of the new exploration right certificates of Huangcaohu Exploration Rights by the Natural Resources Department of Xinjiang Uygur Autonomous Region, which are expected to be issued by June 2023. The Company's PRC legal advisers are of the opinion that there were no reasonably foreseeable legal impediments in renewing the Huangcaohu Exploration Rights. Since Huangcaohu Exploration Rights have not been converted to

mining rights and there are no mining activities, in the event that the exploration right certificates of Huangcaohu Exploration Rights were not renewed, there will be no financial and operational impact on Xinjiang Energy but the resources and recoverable reserves of Xinjiang Energy will reduce by approximately 13,612 million tonnes and 9,284 million tonnes. Taking into account that (i) Xinjiang Energy has submitted the renewal application of the Huangcaohu Exploration Rights within the statutory period and has already gone through all the standard renewal steps save for the last step (the issue of the new exploration right certificates) as at the Latest Practicable Date; (ii) as advised by the Company's PRC advisers, there were no reasonably foreseeable legal impediments in renewing the Huangcaohu Exploration Rights; (iii) in the event that the exploration right certificates of Huangcaohu Exploration Rights were not renewed, there will be no financial and operational impact on Xinjiang Energy; and (iv) the Second Vendors have undertaken in the Second Letter of Undertaking to compensate the Company if Xinjiang Energy suffers losses due to failure to complete or complete on time the registration procedures for the change of Huangcaohu Exploration Rights, the Directors are of the opinion that the fact that the Huangcaohu Exploration Rights have expired will not affect the fairness and reasonableness of the Acquisitions.

2) Exploration rights of the No. 4 open pit field in Wucaiwan Mining Area, Jimusar County, Zhundong Coalfield, Xinjiang

Type of mineral right:	Exploration right
Exploration right owner:	Qineng Coal Industry
Exploration permit No.:	T65120081001016890
Name of exploration project:	Exploration in No. 4 open pit field in Wucaiwan Mining Area, Jimusar County, Zhundong Coalfield, Xinjiang
Validity period:	10 February 2023 to 10 February 2025
Exploration area:	96.67 square kilometres
Type of coal:	non-caking coal and long flame coal

FINANCIAL DATA OF THE TARGET COMPANIES

1. Luxi Mining

The major consolidated financial figures of Luxi Mining for the two years ended 31 December 2021, 2022 and three months ended 31 March 2023, prepared in accordance with the Chinese accounting standards, are as follows:

RMB'000

	For the year ended 31 December 2021 (audited)	**For the year ended 31 December 2022 (audited)**	**For the three months ended 31 March 2023 (unaudited)**
Revenue	14,979,710	17,713,152	4,730,919
Profit before tax	3,352,188	5,335,017	1,551,170
Profit after tax	2,233,814	4,200,844	1,152,850
	As of 31 December 2021 (audited)	**As of 31 December 2022 (audited)**	**As of 31 March 2023 (unaudited)**
Total assets	49,113,554	48,266,156	47,118,003
Total liabilities	38,664,465	38,411,769	35,154,876
Net assets	10,449,089	9,854,387	11,963,127

The increase in Luxi Mining's revenue and profit in 2022 from those in 2021 is mainly attributable to the increase in coal price in 2022. The slight decrease in Luxi Mining's revenue for the three months ended 31 March 2023 from that for the same period in 2022 is mainly attributable to the decrease in coal price in the first quarter of 2023. The slight increase in Luxi Mining's profit for the three months ended 31 March 2023 from that for the same period in 2022 is mainly attributable to the decrease in finance costs in the first quarter of 2023. The decrease in Luxi Mining's total assets as at 31 March 2023 as compared with those as at 31 December 2021 and 2022 is mainly attributable to the reduction in other receivables. The decrease in Luxi Mining's total liabilities as at 31 March 2023 as compared with those as at 31 December 2021 and 2022 is mainly attributable to the repayment of long term borrowings at maturity and reduction in other payables.

2. Xinjiang Energy

The major consolidated financial figures of Xinjiang Energy for the two years ended 31 December 2021, 2022 and three months ended 31 March 2023, prepared in accordance with the Chinese accounting standards, are as follows:

RMB'000

	For the year ended 31 December 2021 (audited)	**For the year ended 31 December 2022 (audited)**	**For the three months ended 31 March 2023 (unaudited)**
Revenue	4,486,126	6,062,685	1,289,918
Profit before tax	340,096	2,362,450	341,581
Profit after tax	278,285	2,168,333	341,578
	As of 31 December 2021 (audited)	**As of 31 December 2022 (audited)**	**As of 31 March 2023 (unaudited)**
Total assets	19,027,042	18,110,968	18,767,261
Total liabilities	19,766,998	16,694,727	17,062,881
Net assets/(net liabilities)	(739,956)	1,416,241	1,704,380

The increase in Xinjiang Energy's revenue in 2022 from that in 2021 is mainly attributable to the increase in its production volume of coal and coal price in 2022. The increase in Xinjiang Energy's profit in 2022 from that in 2021 is mainly attributable to the increase in its production volume of coal and coal price, and the increase in gain on investment in its associate which engages in natural gas production due to increase in natural gas price. The slight decrease in Xinjiang Energy's revenue and profit for the three months ended 31 March 2023 from those for the same period in 2022 is mainly attributable to the decrease in coal price and sales of coal in the first quarter of 2023. The decrease in Xinjiang Energy's total assets in 2022 as compared with those in 2021 is mainly attributable to reduction in receivables from associates as a result of triangular set-off. The increase in Xinjiang Energy's total assets as at 31 March 2023 as compared with those as at 31 December 2022 is mainly attributable to the increase in receivables, prepayments and other receivables. The decrease of Xinjiang Energy's total liabilities in 2022 as compared with those in 2021 is mainly attributable to reduction in payables to associates as a result of triangular set-off. The slight increase in Xinjiang Energy's total liabilities as at 31 March 2023 as compared with those as at 31 December 2022 is mainly attributable to increase in its external borrowings.

INFORMATION ON THE PARTIES

The Company

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

The Vendors

Shandong Energy is a state-controlled limited liability company which is ultimately owned as to 70%, 20%, and 10% by Shandong Provincial People's Government State-owned Assets Supervision and Administration Commission*（山東省人民政府國有資產監督管理委員會）, Shandong Guohui Investment Holding Group Co., Ltd.*（山東國惠投資控股集團有限公司）and Shandong Caixin Assets Operation Co., Ltd.*（山東省財欣資產運營有限公司）), respectively. The principal business of Shandong Energy includes coal, thermal power generation, coal chemicals, high-end equipment manufacturing, new energy and materials, modern trade and logistics, etc.

As at the Latest Practicable Date, Shandong Energy is the controlling Shareholder, holding directly and indirectly approximately 54.67% of the issued share capital of the Company, and is hence a connected person of the Company.

Each of Vendor A, Vendor B, Vendor C, Vendor D and Vendor E is a company established in the PRC and a direct wholly-owned subsidiary of Shandong Energy as at the Latest Practicable Date.

Vendor A is principally engaged in mining and washing of coal and sales of chemical products (excluding chemical dangerous goods). Each of Vendor B and Vendor D is principally engaged in mining and sales of coal. Vendor C is principally engaged in mining, washing and sales of coal. Vendor E is principally engaged in mining and sales of coal and iron ore.

BENEFITS OF AND REASONS FOR THE ACQUISITIONS

Following the reorganisation of Shandong Energy in July 2020, there is a certain degree of competition between the existing coal and coal chemical businesses of Shandong Energy in the four regions of Southwest of Shandong Province, Xinjiang, Shaanxi-Ganxi and Inner Mongolia and the Company's main business. The injection of assets by region and by batches through the Acquisitions will be conducive to reducing the competition between the Company and Shandong Energy and promoting the standardisation of operations.

The assets involved in the Acquisitions are all high quality assets of Shandong Energy. Pursuant to the valuation report on mining rights issued by Beijing Kuangtong Resources Development Consultation Co., Limited, upon completion of the

Acquisitions, the Company's resources, recoverable reserves and production volumes of saleable coal each year will increase by approximately 25,603 million tonnes, 16,495 million tonnes and 3,000 kiloton. Upon completion of the Acquisitions, the profitability of the Company will be significantly enhanced, which will be conducive to further enhancing the long-term return to the shareholders. The aggregate consolidated audited revenue, profit after tax and net profit attributable to shareholders of the parent company of the Target Companies for the year ended 31 December 2022 represent approximately 15.84%, 16.15% and 8.59% respectively of the consolidated audited revenue, profit after tax and net profit attributable to shareholders of the parent company in relation to the Company's coal business and coal chemical business for the year ended 31 December 2022.

In order to reduce competition with Shandong Energy, the Company intends to obtain control of the Target Companies through the Acquisitions and consolidate their financial results into the Company's consolidated financial statements. Considering the size of the acquisition funds and the Group's various cash needs in the Group's daily operations, profit distribution and potential investment plans, etc., the Company has ultimately decided to acquire 51% equity interests of the Target Companies. As at the Latest Practicable Date, the Company has no intention to acquire the remaining 49% equity interests of the Target Companies.

The Acquisitions are essential to the implementation of the Company's development strategy. Through the integration of Shandong Energy's high-quality coal resources, it will be conducive to further enhancing the Company's coal resources reserves, strengthening its mineral sector and enhancing its core competitiveness.

Apart from the coal production business, the Target Groups are also engaged in part of the upstream and downstream businesses of the coal industry chain, such as coal chemical industry, coal washing and sales, coal transportation and storage, mining equipment and accessories manufacturing. The Acquisitions are beneficial to the Company in further optimising its industrial layout around its coal business, creating synergies, diversifying operational risks and enhancing its risk resistance.

The Directors including the independent non-executive Directors are of the view that the Transaction Documents and the Acquisitions are on normal commercial terms which have been negotiated at an arm's length basis and are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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

As at the Latest Practicable Date, Shandong Energy is a controlling shareholder of the Company holding directly and indirectly approximately 54.67% of the issued share capital of the Company and Shandong Energy directly wholly owns each of the other

Vendors, indirectly wholly owns Luxi Mining and directly and indirectly wholly owns Xinjiang Energy. In accordance with the Listing Rules, each of the Vendors and the Target Companies is a connected person of the Company. Hence, the Acquisitions also constitute a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the valuation of certain assets was prepared based on income approach in the Asset Valuation Reports, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

Pursuant to Rule 14.62(1) of the Listing Rules, the following are the details of the principal assumptions, including commercial assumptions, on which the Asset Valuation Report on Luxi Mining prepared by the Independent Valuer were based:

(I) General assumptions

1. Transaction assumption: The transaction assumption is that all assets to be appraised are in the process of transaction, and the asset valuers will conduct valuation in a market according to the transaction conditions of assets to be appraised.

2. Open market assumption: The open market assumption is an assumption about the conditions of the market for proposed asset to enter and what kind of influence the asset will receive under such market conditions. The open market refers to the fully developed and perfect market conditions, which is a competitive market with willing buyers and sellers. In this market, buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information. Both buyers and sellers conduct their transactions under willing, rational, non-compulsory or unrestricted conditions.

3. Continuous use assumption: The continuous use assumption is an assumption about the conditions of the market for proposed asset to enter and the asset status under such market conditions. First, the appraised assets are in use status. Second, it is assumed that the assets in use will continue to be used. Under the assumption of continuous use, the scope of use of the valuation results is limited without considering the conversion of the use of assets or the best use conditions.

4. Going concern assumption: It is an assumption to take the assets in their entirety as the subject of appraisal. As a business entity, the enterprise will continue to operate as a going concern in the external environment. The management is responsible and has the ability to take responsibilities; the enterprise operates according to the law, makes reasonable profits, and its operation is sustainable.

5. Information authenticity assumption: As for the information and materials provided by the principal and relevant parties on the basis of the valuation conclusion, the asset valuer assumes that these are credible and has conducted necessary verification according to the appraisal procedure, but the asset valuer does not make any guarantee for the authenticity, legality and integrity of these information and materials.

(II) Special assumptions

1. There are no material changes in the relevant prevailing laws, regulations and policies of the State and the macroeconomic situation of the State; there are no material changes in the political, economic and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the operator of the enterprise is responsible and the enterprise's management is capable of shouldering its duties.

3. Unless otherwise stated, it is assumed that the enterprise is fully compliant with all relevant laws and regulations.

4. It is assumed that the accounting policies to be adopted by the enterprise in the future are basically consistent with the accounting policies adopted in the preparation of the valuation report in material aspects.

5. It is assumed that the business scope and mode of the company are consistent with the current direction based on the existing management mode and management level.

6. There are no material changes in interest rates, exchange rates, tax bases and tax rates, and policy– based levies.

7. There are no other force majeure and unforeseen factors that would have a material adverse impact on the enterprise.

8. It is assumed that the business content of the enterprise in the forecast years will remain basically the same as the current model without significant changes.

9. It is assumed that the mining license will be renewed and registered upon expiration.

10. It is assumed that product prices, costs and expenses, tax rates and interest rates will vary within the normal range during the development and revenue period of the mines.

Pursuant to Rule 14.62(1) of the Listing Rules, the following are the details of the principal assumptions, including commercial assumptions, on which the Asset Valuation Report on Xinjiang Energy prepared by the Independent Valuer were based:

(I) General assumptions

1. Transaction assumption: The transaction assumption is that all assets to be appraised are in the process of transaction, and the asset valuers will conduct valuation in a market according to the transaction conditions of assets to be appraised.

2. Open market assumption: The open market assumption is an assumption about the conditions of the market for proposed asset to enter and what kind of influence the asset will receive under such market conditions. The open market refers to the fully developed and perfect market conditions, which is a competitive market with willing buyers and sellers. In this market, buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information. Both buyers and sellers conduct their transactions under willing, rational, non-compulsory or unrestricted conditions.

3. Continuous use assumption: The continuous use assumption is an assumption about the conditions of the market for proposed asset to enter and the asset status under such market conditions. First, the appraised assets are in use status. Second, it is assumed that the assets in use will continue to be used. Under the assumption of continuous use, the scope of use of the valuation results is limited without considering the conversion of the use of assets or the best use conditions.

4. Going concern assumption: It is an assumption to take the assets in their entirety as the subject of appraisal. As a business entity, the enterprise will continue to operate as a going concern in the external environment. The management is responsible and has the ability to take responsibilities; the enterprise operates according to the law, makes reasonable profits, and its operation is sustainable.

5. Information authenticity assumption: As for the information and materials provided by the principal and relevant parties on the basis of the valuation conclusion, the asset valuer assumes that these are credible and has conducted necessary verification according to the appraisal procedure, but the asset valuer does not make any guarantee for the authenticity, legality and integrity of these information and materials.

(II) Special assumptions

1. The relevant policies, laws and systems followed remain as they are without significant change, and the relevant social, political and economic environment as well as the development techniques and conditions followed remain as they are without significant change.

2. It is assumed that the operation continues based on the set resource reserves, production method, production scale, product structure, development technology level and market supply and demand level, assuming the term of the registration of the mining license renewed, without taking into account the time taken to renew the mining license and registration upon expiration and the associated costs.

3. It is assumed that product prices, costs and expenses, tax rates and interest rates will vary within the normal range during the development and revenue period of the mines.

4. Without taking into account the effect on its valuation of other rights such as mortgages, guarantees or any other restrictions on property rights that may be assumed in the future and the additional price that may be paid by the particular counterparty.

5. It is assumed that the operator of the enterprise will take up responsibility and the enterprise's management is capable of shouldering its duties.

6. It is assumed that the business scope and mode of the company are consistent with the current direction based on the existing management mode and management level.

7. It is assumed that the business content of the enterprise's operations for the forecast year remains substantially the same as the current model and that there are no significant changes.

8. There are no material changes in interest rates, exchange rates, tax bases and tax rates, and policy– based levies.

9. It is assumed that the accounting policies to be adopted by the enterprise in the future and the accounting policies adopted in the preparation of this report are substantially the same in material respects.

10. It is assumed that the amount of taxable income for future income periods of the appraised entity is substantially the same as total profit and that there are no material permanent differences or adjustments for timing differences.

11. Some of the appraised entities included in the scope of the valuation are currently high-tech enterprises, and it is assumed that the renewal of the high-tech enterprise certification can be processed smoothly upon expiry.

12. There are no other force majeure and unforeseen factors that would cause significant impact on the enterprise.

13. As Xinwen Mining Group (Yili) Energy Development Co., Ltd. had prepaid the transfer proceeds of RMB336,000,000 before the Valuation Benchmark Date, according to the communication with the enterprise, the enterprise will

change the payment method of Transfer Fee in accordance with the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) to the new policy, therefore, it is assumed that Xinwen Mining Group (Yili) Energy Development Co., Ltd. will pay the Transfer Fee in accordance with the new policy in this valuation.

CONFIRMATIONS

SHINEWING (HK) CPA Limited, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations of the profit forecast on which certain valuations using income approach as contained in the Asset Valuation Reports are based, which does not involve the adoption of accounting policies. The Board has confirmed that the profit forecasts for the Target Companies as set out in the Asset Valuation Reports have been made after due and careful enquiry by the Board.

The text of the report from SHINEWING (HK) CPA Limited and the letter issued by the Board, both dated 28 April 2023, are set out in Appendix VI and Appendix VII to this circular, respectively.

XII. CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of the Company dated 9 December 2020 and 29 April 2022 and the circulars of the Company dated 13 January 2021 and 10 June 2022 in relation to, among others, the Existing Continuing Connected Transactions Agreements entered into between the Company and Shandong Energy.

On 5 February 2021, the Company and Shandong Energy Digital entered into the ERP Framework Agreement pursuant to which Shandong Energy Digital agreed to provide services in relation to operation and maintenance of the ERP and relevant systems to the Company during the three years ending 31 December 2023. On 26 March 2021, the Company and Shandong Energy entered into the Raw Material Coal Purchase and Chemical Products Sales Agreement, pursuant to which, for the three years ending 31 December 2023, (i) Shandong Energy sells the Company coal used as raw materials of chemical products; (ii) the Company sells Shandong Energy methanol, glycol, acetic acid, ammonia, ammonium sulfate and other chemical products; and (iii) the Company provides sales agency services of chemical products to Shandong Energy. On 27 August 2021, the Company and Shandong Yiyang entered into the Medical Services Collaboration Framework Agreement in relation to the provision of medical services by Shandong Yiyang to the Company for a period commencing from 1 September 2021 to 31 December 2023. Please refer to the announcements of the Company dated 5 February 2021 and 26 March 2021 for the details of the ERP Framework Agreement and the Raw Material Coal Purchase and Chemical Products Sales Agreement.

In this circular, references to the Company and Shandong Energy in relation to the provision of products, materials or services in connection with continuing connected transactions shall include, in the case of the Company, its subsidiaries, or, in the case of Shandong Energy, its subsidiaries (excluding the Group) and its associates (which shall include the Target Companies upon completion of the Acquisitions).

As (i) the Target Companies will become subsidiaries of the Company and associates of Shandong Energy (which is a connected person of the Company) by virtue of Shandong Energy's indirect 49% shareholding in the Target Companies upon completion of the Acquisitions, the Board envisages that the scope of transactions and annual caps under the Existing Continuing Connected Transactions Agreements will need to be adjusted; and (ii) the Existing Continuing Connected Transactions Agreements will expire on 31 December 2023 and the parties thereto expect that the continuing connected transactions contemplated thereunder will continue on an ongoing basis, on 28 April 2023, the Company entered into the Proposed Continuing Connected Transaction Agreements with Shandong Energy to renew and supersede the Existing Continuing Connected Transaction Agreements. The Proposed Continuing Connected Transaction Agreements are subject to the Independent Shareholders' approval at the AGM.

Shandong Energy is a controlling shareholder of the Company directly and indirectly holding 54.67% of the issued share capital of the Company as at the Latest Practicable Date, and thus a connected person of the Company under the Listing Rules. Accordingly, the Proposed Continuing Connected Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. Proposed Provision of Materials Supply Agreement

On 9 December 2020, the Company entered into the Existing Provision of Materials Supply Agreement with Shandong Energy for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023. On 29 April 2022, the Board has resolved to revise the annual caps for the years ending 31 December 2022 and 2023 in respect of the Existing Provision of Materials Supply Agreement, which has been approved by the Independent Shareholders at the 2021 annual general meeting of the Company. Please refer to the announcements of the Company dated 9 December 2020 and 29 April 2022, and the circulars of the Company dated 13 January 2021 and 10 June 2022 for the details of the Existing Provision of Materials Supply Agreement.

The Proposed Provision of Materials Supply Agreement

On 28 April 2023, the Company entered into the Proposed Provision of Materials Supply Agreement with Shandong Energy to renew the Existing Provision of Materials Supply Agreement on substantially the same terms. In order to better regulate the provision of materials supply between the Company and Shandong Energy, the Company decided to consolidate the sale of coal used as raw materials of chemical products by Shandong Energy to the Company under the Raw Material Coal Purchase and Chemical Products Sales Agreement into the Proposed Provision of Materials Supply Agreement.

Unless otherwise agreed by the parties in writing, the Proposed Provision of Materials Supply Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the shares of the Company are listed, with retrospective effect commencing from 1 January 2023 and ending on 31 December 2025. When the Proposed Provision of Materials Supply Agreement becomes effective, (i) the Existing Provision of Materials Supply Agreement and the Raw Material Coal Purchase and Chemical Products Sales Agreement will be superseded with effect from 1 January 2023; and (ii) all transactions performed under the Existing Provision of Materials Supply Agreement and the sale of coal used as raw materials of chemical products by Shandong Energy to the Company under the Raw Material Coal Purchase and Chemical Products Sales Agreement since 1 January 2023 will be classified as transactions performed under the Proposed Provision of Materials Supply Agreement.

Date

28 April 2023

Parties

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

Term

Three years commencing from 1 January 2023 and expiring on 31 December 2025

Major terms

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

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

Payment

(1) The payment of consideration of the Proposed Provision of Materials Supply Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.

(2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Materials Supply Agreement in its accounts on or before

the last Working Day of that calendar month. Save for the payments made for non– completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

All materials would be supplied at Market Price and such price shall in so far as possible be calculated and estimated before the commencement of each financial year.

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

The price of electricity shall be determined after arm's length negotiation and in strict compliance with policies and guidelines in relation to the price of electricity in Shandong province, the PRC, as announced from time to time by Shandong Development and Reform Commission and other government authorities responsible for electricity supply matters, being (i) approximately 90% of the monthly electricity consumption which is classified as mid- and long-term electricity purchases shall be calculated with reference to the monthly centralised competitive price (currently being RMB0.3748 per kWh as announced by the Shandong Electricity Exchange Centre), centralized competitive price (as determined based on the electricity trading price on the Shandong electricity exchange platform within each month), the government authorised electricity price and the monthly bilateral electricity price, and both government authorised electricity price and the monthly bilateral electricity price are determined with reference to the average price of the monthly centralized competitive price of the previous month; (ii) the remaining approximately 10% of the monthly electricity consumption shall be based on the real-time electricity trading price on the Shandong electricity exchange platform.

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

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

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

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Provision of Materials Supply Agreement and the sale of coal used as raw materials of chemical products under the Raw Material Coal Purchase and Chemical Products Sales Agreement for the two financial years ended 31 December 2021 and 2022:

	For the year ended 31 December 2021		For the year ended 31 December 2022		For the year ending 31 December 2023
	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Existing annual cap *(RMB'000)*
Materials supply	900,000	640,228	2,400,000	2,308,204	2,600,000
Sale of coal used as raw materials of chemical products	600,000	406,583	600,000	558,495	600,000

Having considered the historical figures and the reasons set out below, the Board proposed that the annual amount payable by the Company to Shandong Energy under the Proposed Provision of Materials Supply Agreement shall not exceed RMB5,370,000,000, RMB5,370,000,000 and RMB5,370,000,000 for the three financial years ending 31 December 2023, 2024 and 2025, respectively.

Set out below are the proposed annual caps for each category of services under the Proposed Provision of Materials Supply Agreement for each of the three financial years ending 31 December 2025:

Category	**Proposed annual cap for the year ending 31 December 2023** *(RMB'000)*	**Proposed annual cap for the year ending 31 December 2024** *(RMB'000)*	**Proposed annual cap for the year ending 31 December 2025** *(RMB'000)*
Materials supply	3,850,000	3,800,000	3,800,000
Sale of coal used as raw materials of chemical products	1,500,000	1,550,000	1,550,000
Sale of electricity	20,000	20,000	20,000
Total	5,370,000	5,370,000	5,370,000

(1) Considering (i) the historical amounts in respect of the transactions under the Existing Provision of Materials Supply Agreement; (ii) Yankuang Coal Chemical Supply and Marketing Co., Ltd.*（兗礦煤化供銷有限公司）(a subsidiary of the Company) has signed new purchase order in the amount of RMB454,000,000 for its procurement of pure benzene from Shengyuan Hongda Chemical Co., Ltd.*（盛源宏達化工有限公司）(a subsidiary of Shandong Energy) since 2023; (iii) the increase in the Company's demand for materials from Shandong Energy resulting in an increase in the procurement amount of approximately RMB200,000,000; and (iv) the continuous provision of materials from Shandong Energy to the Target Companies in the amount of approximately RMB600,000,000, RMB400,000,000 and RMB400,000,000 for the three financial years ending 31 December 2023, 2024 and 2025 (which were not included in historical amounts and were not taken into account when determining the historical annual caps because the Target Companies were not subsidiaries of the Company at that time) since the Target Companies will gradually procure the materials from the Company instead of Shandong Energy after completion of the Acquisitions, it is expected that the amount of provision of materials payable by the Company to Shandong Energy shall be RMB3,850,000,000, RMB3,800,000,000 and RMB3,800,000,000 for each of the three financial years ending 31 December 2023, 2024 and 2025 respectively;

(2) Considering (i) the historical amount of sale of coal used as raw materials of chemical products under the Raw Material Coal Purchase and Chemical Products Sales Agreement; (ii) Lunan Chemicals's demand for high sulphur coal from Shandong Energy in the estimated transaction amount of approximately RMB660,000,000; (iii) the supply

of coal from Shandong Energy Group Coal Reserve Co., Ltd.*（山東能源集團煤炭儲備有限公司）, which has substantial storage of coal as a result of its task of increasing storage and ensuring supply in Shandong Province, to the Company in the estimated transaction amount of approximately RMB400,000,000; and (iv) contracts already entered into between the Company and Shandong Energy for sale of coal in the amount of approximately RMB270,000,000, it is expected that the amount of sale of coal used as raw materials of chemical products by Shandong Energy to the Company for the three financial years ending 31 December 2023, 2024 and 2025 shall be RMB1,500,000,000, RMB1,550,000,000 and RMB1,550,000,000, respectively; and

(3) In response to China's green and low-carbon environmental policy and to relieve the domestic problem of power shortage during peak periods, the Company has advocated the use of renewable energy and has entered into new transactions with the subsidiary of Shandong Energy for the supply of renewable energy from its photovoltaic power stations since 2023. Based on the Company's demand of electricity and the price of electricity as announced by Shandong Electricity Exchange Centre, it is expected that the amount of sale of electricity payable by the Company to Shandong Energy for the three financial years ending 31 December 2023, 2024 and 2025 shall be RMB20,000,000, RMB20,000,000 and RMB20,000,000 respectively.

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

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

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

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

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

Implications under the Listing Rules

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

As the highest of the relevant percentage ratios for the transactions under the Proposed Provision of Materials Supply Agreement exceeds 0.1% but is less than 5% on an annual basis, the Proposed Provision of Materials Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Provision of Materials Supply Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the AGM.

2. Proposed Mutual Provision of Labour and Services Agreement

On 9 December 2020, the Company entered into the Existing Mutual Provision of Labour and Services Agreement with Shandong Energy for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023. Please refer to the announcement of the Company dated 9 December 2020 and the circular of the Company dated 13 January 2021 for the details of the Existing Mutual Provision of Labour and Services Agreement.

The Proposed Mutual Provision of Labour and Services Agreement

On 28 April 2023, the Company and Shandong Energy entered into the Proposed Mutual Provision of Labour and Services Agreement to renew the Existing Mutual Provision of Labour and Services Agreement on substantially the same terms. In order to better regulate the provision of labour and services between the Company and Shandong Energy, the Company and Shandong Energy decided to consolidate the ERP Framework Agreement, the Medical Services Collaboration Framework Agreement and the provision of sales agency services of chemical products by the Company to Shandong Energy under the Raw Material Coal Purchase and Chemical Products Sales Agreement into the Proposed Mutual Provision of Labour and Services Agreement.

Unless otherwise agreed by the parties in writing, the Proposed Mutual Provision of Labour and Services Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the shares of the Company are listed, with retrospective effect commencing from 1 January 2023 and ending on 31 December 2025. When the Proposed Mutual Provision of Labour and Services Agreement becomes effective, (i) the Existing Mutual Provision of Labour and Services Agreement and the Raw Material Coal Purchase and Chemical Products Sales Agreement will be superseded with effect from 1 January 2023; and (ii) all transactions performed under the Existing Mutual Provision of Labour and Services Agreement, the ERP Framework Agreement, the Medical Services Collaboration Framework Agreement and the provision of sales agency services of chemical products by the Company to Shandong Energy under the Raw Material Coal Purchase and Chemical Products Sales Agreement since 1 January 2023 will be classified as the transactions performed under the Proposed Mutual Provision of Labour and Services Agreement.

Date

28 April 2023

Parties

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

Term

Three years commencing from 1 January 2023 and expiring on 31 December 2025

Major terms

Provision of labour and services by the Company to Shandong Energy:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, the Company has agreed to provide Shandong Energy with services including training services, transportation services, repair and maintenance services, informationization and technology services, and sales agency services of chemical products.

Provision of labour and services by Shandong Energy to the Company:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, Shandong Energy has agreed to provide the Company with services including repair and maintenance services, construction engineering and management services, individual employee benefits, asset leasing and relevant services, board and lodging operation and catering services, guarantee services, security services (including security guard services and coal train convoy services), informationization and technology services, operation and maintenance services of the ERP and relevant systems, and medical services.

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

Payment

(1) The payment of consideration of the Proposed Mutual Provision of Labour and Services Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.

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

Pricing

Provision of construction engineering and management services, repair and maintenance services, board and lodging operation and catering services, guarantee services, security guard services in security services, asset leasing, informationization and technology services by Shandong Energy to the Company:	The consideration shall be determined according to the Market Price (as defined below).
Provision of training services, transportation services, repair and maintenance services, and informationization and technology services by the Company to Shandong Energy:	The consideration shall be determined according to the Market Price. The Market Price shall in so far as possible be calculated and estimated before the commencement of each financial year.

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

(i) the price offered by independent third parties for provision of the same or similar type of services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such independent third parties; or

(ii) if paragraph (i) above is not applicable, the price offered by independent third parties in the PRC for provision of the same or similar type of services under normal commercial terms in the ordinary course of business of such independent third parties.

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

	With respect to the labour and services provided or received by the Company to or from Shandong Energy according to the Market Price, the Company or the subsidiaries of the Company that provide or receive such labour and services would collect market data and conduct research on the market prices of similar labour and services when entering into the relevant transactions so as to ensure the price of which is fair and reasonable.
Provision of individual employee benefits services by Shandong Energy to the Company:	The consideration shall be determined according to the Cost Price.
	"**Cost Price**" is the transaction price determined based on the actual cost. The actual cost is the cost of providing the subject matter of the transaction by the providing party. For the purpose of computing the actual cost, Shandong Energy shall provide the Company with full account books and records in respect of the costs of such services.
	The individual employee benefits to be paid shall be equal to the actual cost incurred from the provision of such services by Shandong Energy.
Provision of coal train convoy services in security services by Shandong Energy to the Company:	The consideration shall be determined based on the Cost Price (as defined above) plus reasonable profit. Reasonable profit normally represents 5% of the Cost Price, which is determined through commercial negotiation between parties with reference to the general profit margin of the service industry.

Provision of medical services by Shandong Energy to the Company:	The medical examination fee shall be calculated strictly in accordance with fee charging standard set out in the "Shandong Provincial (Ministry) Medical Institutions' Medical Service Price List" (Lu Price Feifa [2009] No. 162), in combination with the medical fee catalogue published by Shandong Provincial Medical Security Bureau in 2020. The abovementioned documents stipulate the standard medical examination fees which shall be followed by all medical institutions in Shandong Province. Therefore, the medical fees are strictly in compliance with government standards and the price offered by Shandong Energy Group will be no less favourable than those offered by independent third parties. Other medical service fees shall be calculated with reference to the actual workload during the three years from 2020 to 2022, the number of staff engaged in the service and their salary and consumable costs incurred.
Provision of operation and maintenance services of the ERP and related systems by Shandong Energy to the Company:	The consideration is RMB3,500 per person per day.
Provision of sales agency services of chemical products by the Company to Shandong Energy:	The consideration shall be determined based on Cost Price (as defined above) plus reasonable profit. Reasonable profit normally represents 5% of the Cost Price, which is determined through commercial negotiation between parties with reference to the general profit margin of the service industry.

Shandong Energy has undertaken that the price of such labour and services would not be higher than the price offered by Shandong Energy to any independent third parties for the same type of labour and services under any circumstances. To ensure that the price of such labour and services will be no less favourable than those offered to the Group by independent third parties, the sales department or purchase department of the Company and its designated personnel will from time to time collect and review the prices offered by other independent third parties in providing the same type of labour and services in the same or nearby locations for comparison, generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers.

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

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the labour and services provided under the Existing Mutual Provision of Labour and Services Agreement, the ERP Framework Agreement, the Medical Services Collaboration Framework Agreement and the provision of sales agency services of chemical products by the Company to Shandong Energy under the Raw Material Coal Purchase and Chemical Products Sales Agreement for the two financial years ended 31 December 2021 and 2022:

Category	**For the year ended 31 December 2021**		**For the year ended 31 December 2022**		**For the year ending 31 December 2023**
Provision of labour and services by Shandong Energy to the Company:	**Annual cap**	**Actual amount**	**Annual cap**	**Actual amount**	**Existing annual cap**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
property management services	12,000	0	12,000	0	13,000
repair and maintenance services	300,000	61,449	320,000	58,210	350,000
construction engineering and management services	1,200,000	696,044	1,500,000	1,419,698	1,500,000
individual employee benefits	40,000	4,580	40,000	9,142	40,000
retiree benefits	700,000	699,964	700,000	370,882	700,000
asset leasing and relevant services	80,000	432	90,000	0	100,000
canteen operation services	40,000	36,488	42,000	41,654	45,000
guarantee services	300,000	189,578	300,000	117,824	300,000
security services	85,000	72,817	95,000	68,990	105,000
technology services	30,000	26,396	40,000	37,797	50,000
operation and maintenance services of the ERP and related systems	50,000	41,981	50,000	47,169	50,000
medical services	60,000 (for the four months ended 31 December 2021)	0 (for the four months ended 31 December 2021)	60,000	40,259	60,000
Sub-total	2,897,000	1,829,729	3,249,000	2,211,625	3,313,000

Category *Provision of labour and services by the Company to Shandong Energy:*	For the year ended 31 December 2021 Annual cap *(RMB'000)*	 Actual amount *(RMB'000)*	For the year ended 31 December 2022 Annual cap *(RMB'000)*	 Actual amount *(RMB'000)*	For the year ending 31 December 2023 Existing annual cap *(RMB'000)*
training services	10,000	1,580	10,000	1,204	10,000
transportation services	80,000	24,351	90,000	25,239	100,000
repair and maintenance services	60,000	6,415	70,000	12,444	80,000
informationization and telecommunication services	20,000	15,562	25,000	22,543	30,000
sales agency services of chemical products	5,000	3,763	5,000	691	5,000
Sub-total	**175,000**	**51,671**	**200,000**	**62,121**	**225,000**
Total	**3,072,000**	**1,881,400**	**3,449,000**	**2,273,746**	**3,538,000**

Having considered the historical figures and the reasons set out below, the Board proposed that the total amounts of the service fees payable by the Company to Shandong Energy under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB4,830,000,000, RMB4,475,000,000 and RMB3,529,000,000 for the three financial years ending 31 December 2023, 2024 and 2025, respectively, and the total amounts of the service fees payable by Shandong Energy to the Company under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB141,000,000, RMB174,000,000 and RMB204,000,000 for the three financial years ending 31 December 2023, 2024 and 2025, respectively.

Set out below are the proposed annual caps for each category of services under the Proposed Mutual Provision of Labour and Services Agreement for each of the three financial years ending 31 December 2025:

Category	Proposed annual cap for the year ending 31 December 2023 *(RMB'000)*	Proposed annual cap for the year ending 31 December 2024 *(RMB'000)*	Proposed annual cap for the year ending 31 December 2025 *(RMB'000)*
Provision of labour and services by Shandong Energy to the Company:			
repair and maintenance services	400,000	420,000	450,000
construction engineering and management services	3,600,000	3,200,000	2,200,000
individual employee benefits	35,000	35,000	38,000
asset leasing and relevant services	40,000	42,000	45,000
board and lodging operation and catering services	120,000	128,000	131,000
guarantee services	130,000	120,000	120,000
security services	120,000	120,000	120,000
informationization and technology services	270,000	295,000	310,000
operation and maintenance services of the ERP and related systems	55,000	55,000	55,000
medical services	60,000	60,000	60,000
Sub-total	**4,830,000**	**4,475,000**	**3,529,000**
Provision of labour and services by the Company to Shandong Energy:			
training services	8,000	8,000	8,000
transportation services	32,000	35,000	35,000
repair and maintenance services	60,000	70,000	80,000
informationization and technology services	40,000	60,000	80,000
sales agency services of chemical products	1,000	1,000	1,000
Sub-total	**141,000**	**174,000**	**204,000**
Total	**4,971,000**	**4,649,000**	**3,733,000**

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

Basis of the proposed caps for services provided by Shandong Energy to the Company

(1) Taking into account (i) the historical amounts of repair and maintenance services; (ii) the increase in demand of repair and maintenance services corresponding to the construction projects of Rongxin Chemicals, Lunan Chemicals, Future Energy and Shanxi Neng Hua and the Company's equipment management centre in the amount of approximately RMB40,000,000, RMB70,000,000, RMB50,000,000, RMB30,000,000 and RMB20,000,000; (iii) the growth in the Company's maintenance demand due to aging of mining and factory equipment as well as buildings; and (iv) the increase in repair and maintenance costs as intelligent factories of the Group are put into operation, it is expected that the annual expenses of the Group for repair and maintenance services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB400,000,000, RMB420,000,000 and RMB450,000,000, respectively;

(2) Taking into account (i) the historical amounts of construction engineering and management services; (ii) the construction and management fees in relation to the Company's park construction management centre in the amount of approximately RMB1,083,000,000 and RMB6,000,000 for the two financial years ending 31 December 2024 based on the construction contract as its construction project will end in 2024; (iii) the construction fees in relation to Lunan Chemicals' infrastructure and intelligent factories construction projects in the amount of approximately RMB600,000,000, RMB1,000,000,000, RMB1,000,000,000 for the three financial years ending 31 December 2025 based on the construction contract as its construction project will come to full swing since 2024; (iv) the construction fees to be incurred in relation to Future Energy's construction projects relating to land levelling and public work, coal tunnels, dormitories, etc. in the amount of approximately RMB400,000,000, RMB400,000,000 and RMB120,000,000 as certain of its construction works will complete by 2025; (v) the construction fees to be incurred in relation to Rongxin Chemicals' olefin projects in the amount of approximately RMB400,000,000 for the three years ending 2025 based on its construction progress; (vi) the construction engineering fees to be incurred in relation to Yankuang Ordos' construction projects relating to dormitories, conveyor belts, etc. in the amount of approximately RMB400,000,000 and RMB400,000,000 for the two years ending 2024 as its construction project will gradually complete by 2025; and (vii) the estimated construction fees to be incurred in relation to Group's other subsidiaries including Donghua Heavy Industry, it is expected that the annual expenses of the Group for construction engineering services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB3,600,000,000, RMB3,200,000,000 and RMB2,200,000,000, respectively;

(3) Individual employee benefits mainly consist of occupational health care, honor care and rehabilitation care services provided by Shandong Energy to the Company's employees. The historical amounts of individual employee benefits were relatively small due to the impact of the COVID-19 pandemic. With the end of the pandemic, it is estimated that the amount will increase since 2023. Based on the number of employees of the Group and expected demand for health care services from its employees, it is expected that the annual expenses of the Group for individual employee benefits for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB35,000,000, RMB35,000,000 and RMB38,000,000, respectively;

(4) The low utilization rate of the existing annual caps for asset leasing and relevant services was mainly due to the fact that Shandong Energy Heavy Equipment Group Taizhuang Project Equipment Manufacture Co., Ltd.* （山東能源重裝集團泰裝工程裝備製造有限公司） ("**Heavy Equipment**"), a subsidiary of Shandong Energy after the reorganization of Shandong Energy, did not provide asset leasing services to the Company as anticipated as its equipment did not fit the underground requirements of the Company. Taking into account (i) the provision of asset leasing services from Heavy Equipment in the amount of approximately RMB3,000,000 – RMB 4,000,000 after its equipment upgrade; (ii) the railways leasing services provided from Shandong Energy to Lunan Chemicals in the amount of approximately RMB13,000,000 as a result of its increased business volume; (iii) the provision of property and land leasing services by Shandong Energy to the Target Companies in the amount of RMB10,000,000 (which were not included in historical amounts and were not taken into account when determining the historical annual caps because the Target Companies were not subsidiaries of the Company at that time); and (iv) the expected demand for other asset leasing and relevant services by the Company, it is expected that the annual expenses of the Group for asset leasing and relevant services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB40,000,000, RMB42,000,000 and RMB45,000,000, respectively;

(5) Taking into account (i) the historical amounts of canteen operation services; (ii) the increase in the provision of canteen operation services by Shandong Yankuang Cinda to Yankuang Ordos by approximately RMB20,000,000 due to expansion of Yankuang Ordos' business; (iii) the increase in the provision of catering services by Shandong Yankuang Cinda to Future Energy by approximately RMB10,000,000; (iv) the increase in the provision of board and lodging operation services by Shandong Yankuang Cinda to the Company by approximately RMB15,000,000; (v) the increase in provision of catering services by Shandong Energy to the Company by approximately 2,000,000; and (vi) the continuous provision of board and lodging operation and catering services by Shandong Energy to the Target

Companies after completion of the Acquisitions in the amount of approximately RMB30,000,000, RMB33,000,000 and RMB36,000,000 for the three financial years ending 31 December 2023, 2024 and 2025 (which were not included in historical amounts and were not taken into account when determining the historical annual caps because the Target Companies were not subsidiaries of the Company at that time), it is expected that the annual expenses of the Group for board and lodging operation and catering services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB120,000,000, RMB128,000,000 and RMB131,000,000, respectively;

(6) Taking into account that (i) Shandong Energy has provided guarantee to the Company in the amount of RMB75,800,000; (ii) Shandong Energy has provided guarantee to Future Energy in the amount of RMB40,640,000; and (iii) a reasonable buffer to ensure flexibility of the Group to deal with its need of guarantee services, it is expected that the annual expenses of the Group for guarantee services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB130,000,000, RMB120,000,000 and RMB120,000,000, respectively;

(7) Security services include train convoy services and security guard services. Considering (i) the historical amounts of security services; (ii) the increase in volumes of coal transported by Shandong Energy and the increase in the number of security employees in the next three financial years after completion of the Acquisitions; and (iii) the increase in the salaries of security employees, it is expected that the annual expenses of the Group for security services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB120,000,000, RMB120,000,000 and RMB120,000,000, respectively;

(8) Taking into account (i) the historical amounts of informationization and technology services; (ii) the provision of services to Lunan Chemicals's new intelligent factories construction and technology research and development projects in collaboration with research institutions in the amount of approximately RMB75,500,000; (iii) the provision of informationization and technology services to Rongxin Chemicals relating to water slurry gasification technology, low temperature methanol washing system and olefin projects in the amount of approximately RMB41,660,000; (iv) the provision of services relating to information system development, major equipment sensing data access, 5G system operation and maintenance, electrical testing, etc. to Future Energy in the amount of approximately RMB39,480,000; (v) the continuous provision of information and technology services by Shandong Energy to the Target Companies after completion of the Acquisitions in the amount of approximately RMB20,000,000 (which were not included in historical amounts and were not taken into

account when determining the historical annual caps because the Target Companies were not subsidiaries of the Company at that time); and (vi) a reasonable buffer to provide flexibility to cater for potential increase in the Group's demand for informationization and technology services, it is expected that the annual expenses of the Group for informationization and technology services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB270,000,000, RMB295,000,000 and RMB310,000,000, respectively; and

(9) Taking into account (i) the historical amount of operation and maintenance services of the ERP and related systems; and (ii) based on the scope of entities enjoying the services in relation to the operation and maintenance of ERP and relevant systems, the scope of the systems, the number of employees of the service team, the number of days providing services, and the consideration per person per day, it is expected that the annual expenses of the Group for operation and maintenance services of the ERP and related systems for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB55,000,000, RMB55,000,000 and RMB55,000,000, respectively.

(10) The Company has sold its hospital to a subsidiary of Shandong Energy in 2022 in order to focus on the Company's main businesses and separate all businesses unrelated to its main businesses. Taking into account of the historical amounts and a reasonable buffer to allow for the fluctuations in the number of employees and medical service fees in future years, it is expected that the annual expenses of the Group for medical services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB60,000,000, RMB60,000,000 and RMB60,000,000, respectively.

Basis of the proposed caps for services provided by the Company to Shandong Energy

(1) The historical amounts of training services were relatively small due to the impact of the COVID-19 pandemic. Having considered the number of employees and the demand for education and training and the resumption of normal training following the end of the pandemic, it is expected that the annual revenue of the Group for training services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB8,000,000, RMB8,000,000 and RMB8,000,000, respectively;

(2) Considering (i) the historical amounts of transportation services; (ii) the expected demand of railway transportation and automobile transportation services provided by Yankuang Railway Logistics Co., Ltd.*（兗礦鐵路物流有限公司）and Shandong Duanxin Supply Chain Management Co. Ltd.*（山東端信供應鏈管理有限公司）, subsidiaries of the Company, to Shandong Energy, it is expected that the annual

revenue of the Group for transportation services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB32,000,000, RMB35,000,000 and RMB35,000,000, respectively;

(3) Donghua Heavy Industry, a subsidiary of the Company, will provide repair and maintenance services to Shandong Energy based on actual business demands. Taking into account (i) the historical amounts of repair and maintenance services in 2022; (ii) the expected increase in the transaction amount of repair and maintenance services relating to hydraulic support and comprehensive equipment provided by Donghua Heavy Industry by approximately RMB25,000,000; (iii) the expected increase in the transaction amount of electrical testing services provided by the Company to Shandong Energy by approximately RMB5,000,000; and (iv) the increase in raw material costs and labour costs year by year, it is expected that the annual revenue of the Group for repair and maintenance services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB60,000,000, RMB70,000,000 and RMB80,000,000, respectively;

(4) Taking into account (i) the increase in historical amounts of information technology services; and (ii) the expansion in the scope of information technology services and the improvement of the level of information technology services year by year, it is expected that the annual revenue of the Group for informationization and technology services for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB40,000,000, RMB60,000,000 and RMB80,000,000, respectively; and

(5) In December 2020, the Company completed the acquisition of chemical-related companies and assets from Shandong Energy, resulting in improvement in capacity of sales agency services of chemical products. Based on the estimated demands of Shandong Energy's subsidiaries and the estimated price of sales agency services, it is expected that the annual revenue of the Group for sales agency services of chemical products for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB1,000,000, RMB1,000,000 and RMB1,000,000, respectively;

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

Taking into account the continuous provision of certain services by Shandong Energy to the Target Companies (which will become subsidiaries of the Company upon completion of the Acquisitions) after completion of the Acquisitions, the Board proposed to enter into the Proposed Mutual Provision of Labour and Services Agreement to renew and supersede the Existing Mutual Provision of Labour and Services Agreement.

After the reorganization of Shandong Energy, its business scope and geographical distribution of assets have been further expanded. Relying on its huge asset volume and internal demand, Shandong Energy has established a strong capacity in providing services such as repair and maintenance services, construction engineering and management services, canteen operations services, and security services in Shandong Province, Shaanxi Province and Inner Mongolia Autonomous Region and is an important service provider in the relevant regional market. The Company's procurement of labour and services from Shandong Energy can create synergistic advantages, and the Company can obtain timely and reliable supply of labour and services from Shandong Energy, thereby reducing the operating costs and risks which helps to enhance the daily operation efficiency of the Company.

At the same time, the Target Companies were subsidiaries of Shandong Energy prior to the Acquisitions and Shandong Energy have been providing labour and services to the Target Companies every year. Such provision of labour and services will continue after completion of the Acquisitions in order to maintain the stable operations of the Target Companies, which is in line with the Company's production and operation and further business integration needs.

As regards the provision of labour and services by the Company to Shandong Energy, since the Company has professional qualification of and management experience in providing services such as training services, transportation services, repair and maintenance services and informationization and telecommunication services, the Company can enjoy operating profits by providing such services to Shandong Energy at a fair price.

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

Implications under the Listing Rules

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

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

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Mutual Provision of Labour and Services Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the AGM.

3. Proposed Provision of Insurance Fund Administrative Services Agreement

On 9 December 2020, the Company entered into the Existing Provision of Insurance Fund Administrative Services Agreement with Shandong Energy for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023. Please refer to the announcement of the Company dated 9 December 2020 and the circular of the Company dated 13 January 2021 for the details of the Existing Provision of Insurance Fund Administrative Services Agreement.

The Proposed Provision of Insurance Fund Administrative Services Agreement

On 28 April 2023, the Company entered into the Proposed Provision of Insurance Fund Administrative Services Agreement with Shandong Energy to renew the Existing Provision of Insurance Fund Administrative Services Agreement on substantially the same terms.

Unless otherwise agreed by the parties in writing, the Proposed Provision of Insurance Fund Administrative Services Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the shares of the Company are listed, with retrospective effect commencing from 1 January 2023 and ending on 31 December 2025. When the Proposed Provision of Insurance Fund Administrative Services Agreement becomes effective, (i) the Existing Provision of Insurance Fund Administrative Services Agreement will be superseded with effect from 1 January 2023; and (ii) all transactions performed under the Existing Provision of Insurance Fund Administrative Services Agreement since 1 January 2023 will be classified as transactions performed under the Proposed Provision of Insurance Fund Administrative Services Agreement.

Date

28 April 2023

Parties

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

Term

Three years commencing from 1 January 2023 and expiring on 31 December 2025

Major terms

Shandong Energy has undertaken to be responsible for the management of various insurance payments (including but not limited to social insurance, housing provident fund and enterprise annuity as required by the relevant national laws and regulations) to the employees of the Group on a free-of-charge basis under the Proposed Provision of Insurance Fund Administrative Services Agreement.

The Company would pay to Shandong Energy each month the amount payable under various insurance schemes, which is calculated with reference to the salary level of the relevant employee in accordance with the relevant national laws and regulations and relevant internal systems, to a designated account maintained by Shandong Energy, which would be transferred by Shandong Energy on behalf of the employees of the Group to the relevant social welfare authorities or other related authorities on a free-of-charge basis. The respective payment amount of each insurance scheme will be adjusted from time to time according to the changes in the relevant national laws and regulations and the Company's relevant internal systems and based on the salary level of the relevant employee at that time.

Shandong Energy would provide the Company with a statement of the various insurance fund payments each year and the Company would be entitled to monitor and inspect the payment and application of such moneys.

Pricing

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

The historical amount, proposed annual caps and reasons

The historical amounts of the insurance fund transferred under the free transfer services provided by Shandong Energy to the Company for the two financial years ended 31 December 2021 and 2022 were approximately RMB741,825,000 and RMB362,988,000, respectively. As the provision of insurance fund administrative services by Shandong Energy is on a free-of-charge basis under the Existing Provision of Insurance Fund Administrative Services Agreement, no annual cap was required to be set for the provision of such services.

Before completion of the Acquisitions, insurance payments such as social insurance, housing provident fund and enterprise annuity of some employees of the Target Companies were transferred by Shandong Energy to the relevant authorities. After completion of the Acquisitions, in order to protect the interests of employees, the abovementioned insurance payments of the Target Companies will still be transferred by Shandong Energy to the relevant authorities on a free-of charge basis. Based on the amounts of insurance fund transferred under the free transfer services provided by Shandong Energy to the Target Companies, the Company estimates that the amounts of insurance fund of the free transfer services provided by Shandong Energy to the Company under the Proposed Provision of Insurance Fund Administrative Services Agreement for the three financial years ending 31 December 2023, 2024 and 2025 will be RMB230,000,000, RMB270,000,000 and RMB300,000,000, respectively.

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

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

Before completion of the Acquisitions, insurance payments such as social insurance, housing provident fund and enterprise annuity of some employees of the Target Companies were transferred by Shandong Energy to the relevant authorities. After completion of the Acquisitions, in order to protect the interests of employees, the abovementioned insurance fees of the Target Companies will still be transferred by Shandong Energy to the relevant authorities since it would be the most efficient if Shandong Energy provides free transfer services of insurance payments to the Company.

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

Implications under the Listing Rules

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

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

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

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

On 9 December 2020, the Company entered into the Existing Provision of Products, Materials and Asset Leasing Agreement with Shandong Energy for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023. On 29 April 2022, the Board has resolved to revise the annual caps for the years ending 31 December 2022 and 2023 in respect of the Existing Provision of Products, Materials and Asset Leasing Agreement, which has been approved by the Independent Shareholders at the 2021 annual general meeting of the Company. Please refer to the announcements of the Company dated 9 December 2020 and 29 April 2022, and the circulars of the Company dated 13 January 2021 and 10 June 2022 for the details of the Existing Provision of Products, Materials and Asset Leasing Agreement.

The Proposed Provision of Products, Materials and Asset Leasing Agreement

On 28 April 2023, the Company entered into the Proposed Provision of Products, Materials and Asset Leasing Agreement with Shandong Energy to renew the Existing Provision of Products, Materials and Asset Leasing Agreement on substantially the same terms. In order to better regulate the provision of products, materials and asset leasing between the Company and Shandong Energy, the Company and Shandong Energy decided to consolidate the sale of chemical products by the Company to Shandong Energy under the Raw Material Coal Purchase and Chemical Products Sales Agreement into the Proposed Provision of Products, Materials and Asset Leasing Agreement.

Unless otherwise agreed by the parties in writing, the Proposed Provision of Products, Materials and Asset Leasing Agreement shall take effect upon execution by the respective legal representative or the authorised representative of the parties and approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the places where the shares of the Company are listed, with retrospective effect commencing from 1 January 2023 and ending on 31 December 2025. When the Proposed Provision of Products, Materials and Asset Leasing Agreement becomes effective, (i) the Existing Provision of Products, Materials and Asset Leasing Agreement and the Raw Material Coal Purchase and Chemical Products Sales Agreement will be superseded with effect from 1 January 2023; and (ii) all transactions performed under the Existing

Provision of Products, Materials and Asset Leasing Agreement and the sale of chemical products by the Company to Shandong Energy under the Raw Material Coal Purchase and Chemical Products Sales Agreement since 1 January 2023 will be classified as transactions performed under the Proposed Provision of Products, Materials and Asset Leasing Agreement.

Date

28 April 2023

Parties

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

Term

Three years commencing from 1 January 2023 and expiring on 31 December 2025

Major Terms

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

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

Payment

(1) The payment of consideration of the Proposed Provision of Products, Materials and Asset Leasing Agreement can be settled on a one-off basis or by instalment in accordance paragraph (2) below.

(2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Products, Materials and Asset Leasing Agreement in its accounts on or before the last Working Day of that calendar month.

Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The price of coal products, chemical products, materials and asset leasing shall be determined according to the Market Price.

The price of electricity shall be determined after arm's length negotiation and in strict compliance with policies and guidelines in relation to the price of electricity in Shandong province, the PRC, as announced from time to time by Shandong Development and Reform Commission and other government authorities responsible for electricity supply matters, being (i) approximately 90% of the monthly electricity consumption which is classified as mid- and long-term electricity purchases shall be calculated with reference to the monthly centralised competitive price (currently being RMB0.3748 per kWh as announced by the Shandong Electricity Exchange Centre), centralized competitive price as determined based on the electricity trading price on the Shandong electricity exchange platform within each month, the government authorised electricity price and the monthly bilateral electricity price announced by the Shandong Electricity Exchange Centre, and both government authorised electricity price and the monthly bilateral electricity price are determined with reference to the average price of the monthly centralized competitive price of the previous month; (ii) the remaining approximately 10% of the monthly electricity consumption shall be based on the real-time electricity trading price on the Shandong electricity exchange platform.

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

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

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Provision of Products, Materials and Asset Leasing Agreement and the sales of chemical products under the Raw Material Coal Purchase and Chemical Products Sales Agreement for the two financial years ended 31 December 2021 and 2022:

Category	For the year ended 31 December 2021		For the year ended 31 December 2022		For the year ending 31 December 2023
	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Existing annual cap *(RMB'000)*
coal sales	2,500,000	2,362,057	6,600,000	2,878,282	7,900,000
materials supply	700,000	699,873	800,000	489,051	900,000
asset leasing	100,000	26,295	200,000	95,590	250,000
electricity supply	20,000	14,300	20,000	4,480	22,000
sales of chemical products	400,000	22,168	400,000	18,732	400,000
Total	**3,720,000**	**3,124,693**	**8,020,000**	**3,486,135**	**9,472,000**

Having considered the historical figures and the reasons set out below, the Board proposed that the annual amount payable by Shandong Energy to the Company under the Proposed Provision of Products, Materials and Asset Leasing Agreement shall not exceed RMB14,196,000,000, RMB14,532,000,000 and RMB14,638,000,000 for the three financial years ending 31 December 2023, 2024 and 2025, respectively.

Set out below are the proposed annual caps for each transaction category under the Proposed Provision of Products, Materials and Asset Leasing Agreement for each of the three financial years ending 31 December 2025:

	Annual cap for the year ending 31 December 2023 *(RMB'000)*	Annual cap for the year ending 31 December 2024 *(RMB'000)*	Annual cap for the year ending 31 December 2025 *(RMB'000)*
Category			
coal sales	10,800,000	10,800,000	10,800,000
materials supply	3,200,000	3,500,000	3,600,000
asset leasing	60,000	65,000	70,000
electricity supply	16,000	17,000	18,000
sale of chemical products	120,000	150,000	150,000
Total	**14,196,000**	**14,532,000**	**14,638,000**

(1) Considering (i) the historical amounts of coal sold by the Company to Shandong Energy; (ii) the Group has entered into new substantial coal sales contracts with Shandong Energy for coal supply to Shandong Energy in the amount of approximately RMB4,100,000,000 in 2023; (iii) Shandong Energy has established a subsidiary, Shandong Energy Group Coal Reserve Co., Ltd.*（山東能源集團煤炭儲備有限公司）as in 2022 and will expand its scale of coal procurement from the Group by an additional procurement amount of approximately RMB3,300,000,000 each year in order to complete the task of increasing storage and ensuring supply; and (iv) the sales of coal from the Target Companies to Shandong Energy after completion of the Acquisitions (which were not included in historical amounts and were not taken into account when determining the historical annual caps because the Target Companies were not subsidiaries of the Company at that time), it is expected that the amount of coal sales payable by Shandong Energy to the Company for the three financial years ending 31 December 2023, 2024 and 2025 shall be RMB10,800,000,000, RMB10,800,000,000 and RMB10,800,000,000, respectively;

(2) Considering (i) the historical amounts of materials provided by the Company to Shandong Energy; and (ii) the additional procurement of materials by Target Companies (which will be associates of Shandong Energy upon completion of the Acquisitions) from the Company after completion of the Acquisitions (which were not included in historical amounts and were not taken into account when determining the historical annual caps because the Target Companies procured materials from Shandong Energy prior to the Acquisitions) in the transaction amount of approximately RMB2,400,000,000, RMB2,600,000,000 and RMB2,600,000,000, as estimated with reference to the historical amounts of materials supply from Shandong Energy to the Target Companies; and (iii) a reasonable buffer to provide for operation

flexibility and fluctuations of market prices, it is expected that the amount of provision of materials payable by Shandong Energy to the Company for the three financial years ending 31 December 2023, 2024 and 2025 shall be RMB3,200,000,000, RMB3,500,000,000 and RMB3,600,000,000, respectively;

(3) Considering (i) the increasing demand for asset leasing of Shandong Energy in the next three financial years, and (ii) the Group will lease machineries for mining projects to additional coal mines of Shandong Energy, it is expected that the amount of provision of asset leasing payable by Shandong Energy to the Company for the three financial years ending 31 December 2023, 2024 and 2025 shall be RMB60,000,000, RMB65,000,000 and RMB70,000,000, respectively;

(4) Considering the demand for electricity of Shandong Energy's subsidiaries situated in Zoucheng in the following three financial years, it is expected that the amount of sales of electricity payable by Shandong Energy to the Company for the three financial years ending 31 December 2023, 2024 and 2025 shall be RMB16,000,000, RMB17,000,000 and RMB18,000,000, respectively; and

(5) Taking into account (i) the historical amount of sale of chemical products; (ii) the new contracts entered into between the Group and Shandong Energy for sale of catalysts in the transaction amount of RMB50,000,000 for the three years ending 31 December 2025, ammonium sulfate in the transaction amount of RMB10,000,000, RMB20,000,000, RMB20,000,000 for the three years ending 31 December 2025, and concentrated formaldehyde in the transaction amount of RMB5,000,000, RMB10,000,000 and RMB10,000,000 for the three years ending 31 December 2025; and (iii) a reasonable buffer to provide for operation flexibility and fluctuations of market prices, it is expected that the amount of sales of chemical products payable by Shandong Energy to the Company for the three financial years ending 31 December 2023, 2024 and 2025 shall be RMB120,000,000, RMB150,000,000 and RMB150,000,000, respectively.

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

Having considered the continuous provision of products from the Target Companies (which will become subsidiaries of the Company upon completion of the Acquisitions) to Shandong Energy and the provision of materials from the Company to the Target Companies (which will be associates of Shandong Energy upon completion of the Acquisitions) after completion of the Acquisitions, the Board proposes to enter into the Proposed Provision of Products, Materials and Asset Leasing Agreement to renew and supersede the Existing Provision of Products, Materials and Asset Leasing Agreement.

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

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

Implications under the Listing Rules

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

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

XIII. GENERAL

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

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of (i) the Transaction Documents and the Acquisitions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the respective proposed annual caps.

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Transaction Documents and the Acquisitions; and (ii) the Proposed Provision of Products, Materials and Asset Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps.

According to the applicable PRC regulations, the Company also submits the resolutions relating to the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and their respective proposed annual caps for the Independent Shareholders' approval at the AGM.

XIV. AGM, H SHAREHOLDERS' CLASS MEETING AND THE A SHAREHOLDERS' CLASS MEETING

The notices convening the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting were published on 1 June 2023.

The following resolutions will be proposed to the Shareholders at the AGM:

As ordinary resolutions:

1. To consider and approve the working report of the Board for the year ended 31 December 2022, details of which are set out in the section headed "Board of Directors' Report" in the 2022 annual report of the Company;

2. To consider and approve the working report of the Supervisory Committee for the year ended 31 December 2022, details of which are set out in the 2022 annual report of the Company;

3. To consider and approve the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2022, details of which are set out in the 2022 annual report of the Company;

4. To consider and approve the remuneration of the Directors and Supervisors for the year ending 31 December 2023;

5. To consider and approve the renewal of the liability insurance of the Directors, Supervisors and senior officers;

6. To consider and approve the appointment and remuneration of external auditing firm for the year 2023;

7. To consider and approve the proposal in respect of the acquisition of 51% equity interest in Luxi Mining and 51% equity interest in Xinjiang Energy;

8. To consider and approve the entering into of each of the following Proposed Continuing Connected Transactions Agreements and their proposed annual caps:

   8.01. the Proposed Provision of Materials Supply Agreement;

   8.02. the Proposed Mutual Provision of Labour and Services Agreement;

   8.03. the Proposed Provision of Insurance Fund Administrative Services Agreement; and

   8.04. the Proposed Provision of Products, Materials and Asset Leasing Agreement.

9. To consider and approve the appointment of non-independent Directors;

10. To consider and approve the appointment of independent Directors; and

11. To consider and approve the appointment of non-staff representative Supervisors.

As special resolutions:

1. To consider and approve the proposed profit distribution plan of the Company for the year ended 31 December 2022 and to authorize the Board to distribute: (i) a final cash dividend of RMB3.07 (tax inclusive) per share for the year 2022; (ii) a special cash dividend of RMB1.23 (tax inclusive) per share; and (iii) five (5) Bonus Shares for every ten (10) Shares to the Shareholders based on the number of shares on the dividend distribution record date;

2. To consider and approve the "Proposal in respect of the provision of financing guarantees to the Company's controlled subsidiaries and invested companies and the granting of authorization to Yancoal Australia Limited and its subsidiaries to provide guarantees in relation to daily operations to the subsidiaries of the Company in Australia";

3. To consider and approve the "Proposal to authorize the Company to carry out domestic and overseas financing businesses";

4. To consider and approve the amendments to the Articles of Association of Yankuang Energy Group Company Limited* and the Relevant Rules of Procedure;

5. To consider and approve the proposal regarding the general mandate authorizing the Board to issue additional H shares; and

6. To consider and approve the proposal regarding the general mandate authorizing the Board to repurchase H shares.

The following resolutions will be proposed to the Shareholders at the H Shareholders' Class Meeting and the A Shareholders' Class Meeting:

As special resolutions:

1. To consider and approve the proposed profit distribution plan of the Company for the year ended 31 December 2022 and to authorize the Board to distribute: (i) a final cash dividend of RMB3.07 (tax inclusive) per share for the year 2022; (ii) a special cash dividend of RMB1.23 (tax inclusive) per share; and (iii) five (5) Bonus Shares for every ten (10) Shares to the Shareholders based on the number of shares on the dividend distribution record date;

2. To consider and approve the amendments to the Articles of Association of Yankuang Energy Group Company Limited* and the Relevant Rules of Procedure; and

3. To consider and approve the proposal regarding the general mandate authorizing the Board to repurchase H Shares.

Whether or not you are able to attend the respective meetings in person, you are strongly advised to complete and sign the form of proxy dated 1 June 2023 in accordance with the instructions printed thereon. For holders of H Shares of the Company, the proxy form shall be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. For holders of A Shares of the Company, the proxy form shall be lodged at the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjourned meeting(s) (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting(s) or any adjourned meeting(s) should you so wish.

As at the Latest Practicable Date, Shandong Energy controlled or was entitled to exercise control over the voting rights in respect of 2,257,324,473 A Shares and 454,989,000 H Shares in the Company, representing, in aggregate, approximately 54.67% of the entire issued share capital of the Company. Shandong Energy and its associates will abstain from voting at the AGM on the ordinary resolutions approving (i) the Transaction Documents and the Acquisitions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the proposed annual caps, which will be taken by poll as required under the

Listing Rules. As at the Latest Practicable Date, so far as the Directors are aware, other than the aforesaid, no other Shareholder is required to abstain from voting on the aforesaid ordinary resolutions at the AGM.

As at the Latest Practicable Date, Shandong Energy pledged its 114,277,185 A Shares to CITIC Securities Co., Ltd. to provide guarantee for the exchangeable corporate bonds issued by Shandong Energy. Save as disclosed above, to the extent that the Company is aware, having made all reasonable enquiries, as at the Latest Practicable Date:

1. there was no voting trust or other agreement or arrangement or understanding entered into by or binding upon Shandong Energy or its associates, whereby they had or might have temporarily or permanently passed control over the exercise of the voting rights in respect of their Shares in the Company to a third party, whether generally or on a case-by-case basis;

2. Shandong Energy and its associates were not subject to any obligation or entitlement whereby they had or might have temporarily or permanently passed control over the exercise of the voting right in respect of their Shares in the Company to a third party, whether generally or on a case-by-case basis; and

3. it was not expected that there would be any discrepancy between the beneficial shareholding interest of Shandong Energy or its associates in the Company and the number of Shares in the Company in respect of which they would control or would be entitled to exercise control over the voting right at the AGM.

XV. CLOSURE OF H SHARE REGISTER OF MEMBERS OF THE COMPANY

1. Attending the AGM and H Shareholders' Class Meeting

The H Share register of members of the Company will be closed from Wednesday, 21 June 2023 to Friday, 30 June 2023 (both days inclusive), during which period no transfer of the Company's H Shares will be registered for the purpose of ascertaining the eligibility of Shareholders to attend the AGM and the H Shareholders' Class Meeting. In order to attend the AGM and the H Shareholders' Class Meeting, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 20 June 2023 for registration. H Shareholders whose names appear on the H Share register of members of the Company maintained by Hong Kong Registrars Limited at the close of business on Tuesday, 20 June 2023 will be eligible to attend the AGM and the H Shareholders' Class Meeting.

2. Receipt of final dividend, special dividend and Bonus Shares

The Company will put forward a special resolution at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting to approve the distribution of (i) a final cash dividend of RMB3.07 (tax inclusive) per share for the year 2022; (ii) a special cash dividend of RMB1.23 (tax inclusive) per share; and (iii) five (5) Bonus Shares for every ten (10) Shares to the Shareholders based on the number of shares on the Record Date.

To determine the identity of the Shareholders entitled to receive the final dividend, the special dividend and the Bonus H Shares, the Company's H Share register of members will be closed from Friday, 7 July 2023 to Friday, 14 July 2023 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the final dividend, special dividend and Bonus Shares, H Shareholders who have not registered the transfer documents are required to deposit the transfer documents together with the relevant Share certificates with the H Share Registrar of the Company, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, 6 July 2023.

XVI. RECOMMENDATION OF THE BOARD

The Directors believe that the resolutions set out in the notices of the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting.

XVII. ADDITIONAL INFORMATION

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

XVIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

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

兗礦能源集團股份有限公司

YANKUANG ENERGY GROUP COMPANY LIMITED*

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

(Stock Code: 01171)

Registered office:
949 South Fushan Road
Zoucheng
Shandong Province
PRC
Postal Code: 273500

Principal place of business in Hong Kong:
40th Floor, Dah Sing Financial Center
248 Queen's Road East
Wanchai
Hong Kong

9 June 2023

To the Independent Shareholders

Dear Sir or Madam,

(1) DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES ; AND (2) CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 9 June 2023 ("**Circular**") to the Shareholders, of which this letter forms part. Terms defined therein shall have the same meanings when used in this letter unless the context otherwise requires. We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, (i) the Transaction Documents and the Acquisitions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the proposed annual caps are fair and reasonable in so far as the Independent Shareholders are concerned.

Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee. The letter from the Independent Financial Adviser, which contains its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 118 to 234 of this Circular.

Your attention is also drawn to the "Letter from the Board" set out on pages 15 to 115 of this Circular and the additional information set out in appendices to this Circular. Having taken into account (i) the terms of the Transaction Documents and the Acquisitions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the proposed annual caps, and having considered the interests of the Independent Shareholders and the advice from the Independent Financial Adviser, we consider that (a) the terms of the Transaction Documents and the Acquisitions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole even though they are not conducted in the ordinary and usual course of business of the Group; and (b) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the proposed annual caps are on normal commercial terms and in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Shareholders vote in favour of the resolutions to approve (i) the Transaction Documents and the Acquisitions; and (ii) the Proposed Continuing Connected Transactions Agreements, the Proposed Continuing Connected Transactions and the proposed annual caps.

Yours faithfully,
Yankuang Energy Group Company Limited*
Tian Hui, Zhu Limin
Cai Chang, Poon Chiu Kwok
Independent Board Committee

The following is the full text of the letter of advice from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Unit 2502, 25/F
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

9 June 2023

The Independent Board Committee and the Independent Shareholders of
*Yankuang Energy Group Company Limited**

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITIONS AND CONTINUING CONNECTED TRANSACTIONS UNDER THE PROPOSED PROVISION OF PRODUCTS, MATERIALS AND ASSET LEASING AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to:

(i) the acquisition of the First Equity Interests (i.e., 51% equity interests in Luxi Mining) pursuant to the First Equity Transfer Agreement;

(ii) the acquisition of the Second Equity Interests (i.e., 51% equity interests in Xinjiang Energy) pursuant to the Second Equity Transfer Agreement; and

(iii) the proposed annual cap in relation to the provision of products, materials and asset leasing under the Proposed Provision of Products, Materials and Asset Leasing Agreement (the "**Provision of Products, Materials and Asset Leasing**") for the years ending 31 December 2023 ("**FY2023**"), 31 December 2024 ("**FY2024**"), and 31 December 2025 ("**FY2025**")

(collectively, the "**Non-exempt Connected Transactions**").

Details of the Non-exempt Connected Transactions are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 9 June 2023 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

As stated in the Letter from the Board,

(i) on 28 April 2023 (after trading hours), the Company entered into the First Equity Transfer Agreement with the First Vendors and Luxi Mining, pursuant to which the Company has conditionally agreed to acquire, and the First Vendors have conditionally agreed to sell, in aggregate 51% equity interests (held by Vendor A, Vendor B, Vendor C, Vendor D and Vendor E as to 13.01%, 15.93%, 10.00%, 2.70% and 9.36%, respectively) in Luxi Mining at a total consideration of approximately RMB18.319 billion;

(ii) on 28 April 2023 (after trading hours), the Company entered into the Second Equity Transfer Agreement with the Second Vendors and Xinjiang Energy, pursuant to which the Company has conditionally agreed to acquire, and the Second Vendors have conditionally agreed to sell, in aggregate 51% equity interests (held by Shandong Energy and Vendor A as to 43.16% and 7.84% respectively) in Xinjiang Energy at a total consideration of approximately RMB8.112 billion; and

(iii) on 28 April 2023 (after trading hours), the Company entered into the Proposed Provision of Products, Materials and Asset Leasing Agreement with Shandong Energy to renew the Existing Provision of Products, Materials and Asset Leasing Agreement.

As Shandong Energy has a direct and indirect equity interest of approximately 54.67% in aggregate in the Company, it is a substantial shareholder of the Company. In addition, Shandong Energy directly and wholly owns each of Vendor A, Vendor B, Vendor C, Vendor D and Vendor E. Therefore, each of the Vendor A, Vendor B, Vendor C, Vendor D and Vendor E is a connected person of the Company. Hence, each of the Non-exempt Connected Transactions constitutes a connected transaction of the Company.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the Acquisitions, on an aggregated basis, are more than 5% but less than 25% and the consideration of the Acquisitions exceeds HK$10 million, the Acquisitions are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the relevant percentage ratios under Rule 14.07 of the Listing Rules for the proposed annual cap under the Proposed Provision of Products, Materials and Asset Leasing (the "**Proposed Annual Cap**"), on an annual basis, is more than 5%, the Proposed Annual Cap is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions will be passed by way of poll at the AGM. Any shareholder with a material interest in the Non-exempt Connected Transactions and his close associates will abstain from voting on the ordinary resolutions for approving the Non-exempt Connected Transactions at the AGM. As Shandong Energy is a controlling shareholder of the Company, Shandong Energy and its associates will abstain from voting at the AGM on the ordinary resolution(s) for the purpose of approving the Non-exempt Connected Transactions. As at the Latest Practicable Date, so far as the Directors are aware, other than the aforesaid, no other associate of Shandong Energy holds shares of the Company and therefore is required to abstain from voting on such ordinary resolution(s).

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok, has been established to advise the Independent Shareholders on (i) whether the terms of the Equity Transfer Agreements and the Proposed Provision of Products, Materials and Asset Leasing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole; (ii) whether the Non-exempt Connected Transactions are on normal commercial terms and in the Company's ordinary and usual course of business; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Equity Transfer Agreements, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Non-exempt Connected Transactions, and the Proposed Annual Cap at the AGM. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE

We did not act as financial adviser to the Group and its respective connected persons in the past two years immediately preceding the Latest Practicable Date.

In the past two years immediately preceding the Latest Practicable Date, we have acted as the independent financial adviser to independent board committee and independent shareholders of the Company for:

(i) the connected transaction in relation to the grant of restricted A Shares to the connected participants under the incentive scheme, details of which are set out in the circular of the Company dated 12 January 2022;

(ii) the discloseable and continuing connected transaction in relation to the provision of financial services to Shandong Energy under the 2023 Financial Services Agreement dated 29 April 2022, and the revision of annual caps for the provision of products, materials, and asset leasing under the Provision of Products, Materials and Asset Leasing Agreement to Shandong Energy dated 9 December 2020, details of which are set out in the circular of the Company dated 10 June 2022; and

(iii) the discloseable and connected transaction in relation to the absorption and merger between Yankuang Group Finance Co., Ltd.*（兗礦集團財務有限公司）(“**Yankuang Finance Company**”) and Shandong Energy Group Finance Co., Ltd.*（山東能源集團財務有限公司）(“**Shandong Energy Finance Company**”), the major and continuing connected transaction in relation to the provision of comprehensive credit facility services from Shandong Energy Finance Company to Shandong Energy, and the discloseable and connected transaction in relation to the provision of deposit services from Shandong Energy Finance Company to the Company, details of which are set out in the circular of the Company dated 12 October 2022 (collectively, the “**Previous Engagements**”).

Under the Previous Engagements, we were required to express our opinion on and give recommendations to the independent board committee and independent shareholders of the Company in relation to (i) the grant of restricted A Shares to the connected participants; (ii) the provision of financial services to Shandong Energy and the revision of annual caps for the provision of products, materials, and asset leasing; and (iii) the absorption and merger between the Yankuang Finance Company and Shandong Energy Finance Company, the provision of comprehensive credit facility services from Shandong Energy Finance Company to Shandong Energy, and the provision of deposit services from Shandong Energy Finance Company to the Company. Apart from the independent financial adviser roles in connection with the Previous Engagements and the Non-exempt Connected Transactions, we have not acted in any capacity of the Group in the past two years immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence.

We are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules and, accordingly, are qualified to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Connected Transactions. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the AGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed that, having made all reasonable enquiries, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view regarding the Non-exempt Connected Transactions and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with the Non-exempt Connected Transactions, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

A. The Acquisitions

1. Background information of the parties

(1) The Group

The Group is principally engaged in the business of mining, preparation, processing and sales of coal and coal chemicals.

The tables below set forth a summary of the consolidated financial information of the Group for the year ended 31 December 2021 ("**FY2021**") and the year ended 31 December 2022 ("**FY2022**") as extracted from the annual report for FY2022 of the Company:

	FY2021	**FY2022**
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Total revenue	108,615,647	154,601,505
Profit after taxation	18,819,200	39,086,211

	As at	
	31 December 2021	**31 December 2022**
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Total assets	301,959,007	308,603,503
Total liabilities	194,002,521	169,385,851
Net assets	107,956,486	139,217,652

Revenue

The revenue of the Group increased from approximately RMB108,616 million for FY2021 to approximately RMB154,602 million for FY2022. The overall increase in the revenue of the Group was mainly attributed to the rise in coal price.

Profit after taxation

The profit after taxation of the Group increased from approximately RMB18,819 million for FY2021 to approximately RMB39,086 million for FY2022. The overall increase in the profit after taxation of the Group was mainly attributable to the increase in the gross profit generated from the sales of coal.

Total assets

The consolidated total assets of the Group amounted to approximately RMB301,959 million and RMB308,604 million as at 31 December 2021 and 31 December 2022, respectively. The increase in the total assets of the Group was mainly due to the increase in bank balances and property, plant and equipment.

Total liabilities

The consolidated total liabilities of the Group decreased from approximately RMB194,003 million as at 31 December 2021 to approximately RMB169,386 million as at 31 December 2022. Such decrease was mainly attributable to the repayment of borrowings.

Net assets

The net assets of the Group amounted to approximately RMB107,956 million and RMB139,218 million as at 31 December 2021 and 31 December 2022, respectively, which was mainly due to the net effect of (i) the increase in profit after taxation of the Group; and (ii) the distribution of dividends in FY2022.

(2) Luxi Mining

As at the Latest Practicable Date, Luxi Mining is principally engaged in sales of building materials and mining machinery, coal mining and processing, provision of maintenance services for railway, and provision of technical consultancy services for coal mining.

The tables below set forth a summary of the consolidated financial information of Luxi Mining for FY2021, FY2022 and the three months ended 31 March 2023 ("**3M2023**"), which is prepared in accordance with China Accounting Standards for Business Enterprises (the "**PRC GAAP**"):

	FY2021	**FY2022**	**3M2023**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Unaudited)
Total revenue	14,979,710	17,713,152	4,730,919
Profit after taxation	2,233,814	4,200,844	1,152,850

		As at	
	31 December 2021	**31 December 2022**	**31 March 2023**
	RMB'000	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Unaudited)
Total assets	49,113,554	48,266,156	47,118,003
Total liabilities	38,664,465	38,411,769	35,154,876
Net assets	10,449,089	9,854,387	11,963,127

Revenue

The consolidated revenue of Luxi Mining Group increased from approximately RMB14,980 million for FY2021 to approximately RMB17,713 million for FY2022. The increase in the revenue of Luxi Mining Group was mainly attributable to the increase in the unit selling price of the coal.

Profit after taxation

The consolidated profit after taxation of Luxi Mining Group increased from approximately RMB2,234 million for FY2021 to approximately RMB4,201 million for FY2022. The overall increase in the profit after taxation of Luxi Mining Group was mainly attributable to the increase in the revenue.

Total assets

The consolidated total assets of Luxi Mining Group decreased from approximately RMB49,114 million as at 31 December 2021 to approximately RMB48,266 million as at 31 December 2022, which was mainly due to the settlement of other receivables due from its relates parties and accounts receivable.

The consolidated total assets of Luxi Mining Group decreased from approximately RMB48,266 million as at 31 December 2022 to approximately RMB47,118 million as at 31 March 2023, which was mainly due to the decrease in other receivables.

Total liabilities

The consolidated total liabilities of Luxi Mining Group decreased from approximately RMB38,664 million as at 31 December 2021 to approximately RMB38,412 million as at 31 December 2022, which remained stable during FY2022.

The consolidated total liabilities of Luxi Mining Group decreased from approximately RMB38,412 million as at 31 December 2022 to approximately RMB35,155 million as at 31 March 2023, which was mainly due to the decrease in other payables.

(3) Xinjiang Energy

As at the Latest Practicable Date, Xinjiang Energy is principally engaged in coal mining, coal washing, and sales of coal.

The tables below set forth a summary of the consolidated financial information of Xinjiang Energy for FY2021, FY2022 and 3M2023, which is prepared in accordance with the PRC GAAP:

	FY2021 *RMB'000* (Audited)	**FY2022** *RMB'000* (Audited)	**3M2023** *RMB'000* (Unaudited)
Total revenue	4,486,126	6,062,685	1,289,918
Profit after taxation	278,285	2,168,333	341,578

		As at	
	31 December 2021 *RMB'000* (Audited)	**31 December 2022** *RMB'000* (Audited)	**31 March 2023** *RMB'000* (Unaudited)
Total assets	19,027,042	18,110,968	18,767,261
Total liabilities	19,766,998	16,694,727	17,062,881
Net assets/(liabilities)	(739,956)	1,416,241	1,704,380

Revenue

The consolidated revenue of Xinjiang Energy Group increased from approximately RMB4,486 million for FY2021 to approximately RMB6,063 million for FY2022, which was mainly due to the increase in the sales quantity of coal in FY2022. Such increase was attributable to the increase in the mining volume of coal of a coal mine of Xinjiang Energy Group in FY2022 as compared to that in FY2021 because it was permitted to extract coal from such coal mine by the PRC government authorities since May 2021.

Profit after taxation

The consolidated profit after taxation of the Xinjiang Energy Group increased from approximately RMB278 million in FY2021 to approximately RMB2,168 million in FY2022, which was mainly attributable to the increase in (i) the gross profit as a result of the increase in the unit selling price of coal; and (ii) the investment income as a result of the improvement on the profitability of its associate.

Total assets

The consolidated total assets of the Xinjiang Energy Group decreased from approximately RMB19,027 million as at 31 December 2021 to approximately RMB18,111 million as at 31 December 2022, which was mainly due to the settlement of other receivables due from its relates parties.

The consolidated total assets of the Xinjiang Energy Group increased from approximately RMB18,111 million as at 31 December 2022 to approximately RMB18,767 million as at 31 March 2023, which was mainly due to the increase in the long-term investment in one of the subsidiaries of Xinjiang Energy.

Total liabilities

The consolidated total liabilities of the Xinjiang Energy Group decreased from approximately RMB19,767 million as at 31 December 2021 to approximately RMB16,695 million as at 31 December 2022, which was mainly due to the repayment of amount due to the related parties by the Xinjiang Energy Group.

The consolidated total liabilities of the Xinjiang Energy Group increased from approximately RMB16,695 million as at 31 December 2022 to approximately RMB17,063 million as at 31 March 2023, which was mainly due to the increase in the notes payable.

(4) The Vendors

Shandong Energy is a state-owned limited liability company which is ultimately controlled by Shandong Provincial People's Government State-owned Assets Supervision and Administration Commission*（山東省人民政府國有資產監督管理委員會）.

As at the Latest Practicable Date, Shandong Energy is holding directly and indirectly approximately 54.67% of the issued share capital of the Company, thus is the controlling shareholder of the Company.

The principal business of Shandong Energy includes (i) production and sale of coal and coal chemicals; (ii) thermal power generation; (iii) high-end equipment manufacturing; (iv) development of new energy and materials; and (v) provision of logistics services.

Each of Vendor A, Vendor B, Vendor C, Vendor D and Vendor E is a company established in the PRC and a direct wholly-owned subsidiary of Shandong Energy as at the Latest Practicable Date.

Vendor A is principally engaged in mining and washing of coal. Each of Vendor B, Vendor C and Vendor D are principally engaged in mining and sales of coal. Vendor E is principally engaged in mining of coal and mineral resources.

2. The First Acquisition

(1) Background

On 28 April 2023 (after trading hours), the Company entered into the First Equity Transfer Agreement with the First Vendors and Luxi Mining, pursuant to which the Company has conditionally agreed to acquire, and the First Vendors have conditionally agreed to sell, in aggregate 51% equity interests (held by Vendor A, Vendor B, Vendor C, Vendor D and Vendor E as to 13.01%, 15.93%, 10.00%, 2.70% and 9.36%, respectively) in Luxi Mining at a total consideration of approximately RMB18.319 billion.

(2) The First Equity Transfer Agreement

The principal terms of the First Equity Transfer Agreement are summarized as follows:

(a) Date

28 April 2023

(b) Parties

(i) the Company (as purchaser); and

(ii) the First Vendors (as vendor).

(c) Subject matter and consideration

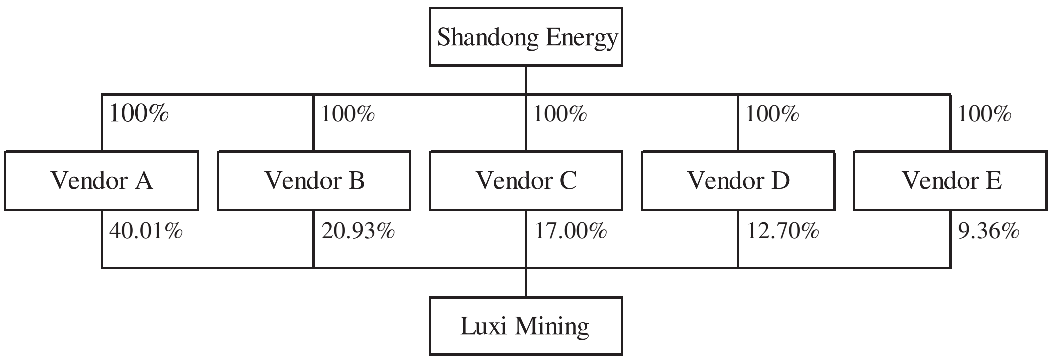
The Company has conditionally agreed to acquire, and the First Vendors have conditionally agreed to sell, in aggregate 51% equity interests in Luxi Mining at a total consideration of approximately RMB18.319 billion, details of which are set out as follows:

	Equity interest in Luxi Mining to be transferred	**Actual consideration payable**
	%	*RMB billion*
Vendor A	13.01	4.673
Vendor B	15.93	5.722
Vendor C	10.00	3.592
Vendor D	2.70	0.970
Vendor E	9.36	3.362
Total	51.00	18.319

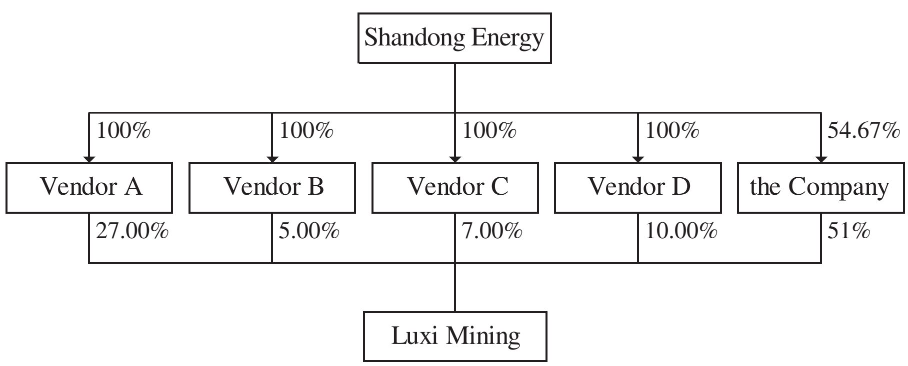
(d) Shareholding structure of Luxi Mining

The following charts set forth the shareholding structure of Luxi Mining as at the Latest Practicable Date and upon the completion of the First Acquisition:

Shareholding structure as at the Latest Practicable Date



Shareholding structure upon the completion of the First Acquisition



(e) Payment method

The total consideration amounted to approximately RMB18.319 billion. For details of the payment method, please refer to the paragraphs headed "XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES – THE FIRST EQUITY TRANSFER AGREEMENT – Payment method" in the Letter from the Board.

(f) Basis of the Consideration

The consideration of approximately RMB18.319 billion was determined based on normal commercial terms after arm's length negotiations between the parties with reference to (i) the appraised value of the entire equity interests of Luxi Mining of approximately RMB37.130 billion as disclosed in its Asset Valuation Report; (ii) the percentage of shares to be transferred by the First Vendors to the Company of 51%; and (iii) the deduction of the profit distribution to the First Vendors before the completion of the First Acquisition of approximately RMB0.617 billion, which has been agreed among the First Vendors on 16 January 2023.

(g) Conditions precedent of the First Equity Transfer Agreement

The First Equity Transfer Agreement shall take effect on the day when all the following conditions are fulfilled:

(1) The First Equity Transfer Agreement is executed by the legal representatives or authorised representatives of each party and stamped with its respective company seals; and

(2) All necessary consents or approvals have been obtained for the transfer of the First Equity Interests, including but not limited to:

(i) The filing of the valuation results of the entire equity interests of shareholders in Luxi Mining with the authorized state-owned assets regulatory agencies or its authorized units;

(ii) The approval to transfer the First Equity Interests from authorized state-owned assets regulatory agencies or its authorized units;

(iii) The completion of the internal procedures to approve the transfer of the First Equity Interest by each of the First Vendors; and

(iv) The approval from (a) the Board meeting, (b) the Shareholders' meeting, or (c) other decision-making authorities which are entitled to approve the transfer of the First Equity Interests; and

(3) The relevant creditors agree to release the Existing Guarantee provided by two subsidiaries of Luxi Mining to secure the indebtedness of Vendor D, and completes the cancellation registration procedures of the relevant mortgage.

As at the Latest Practicable Date, the conditions precedent (1), (2)(i), (2)(ii), (2)(iii), and (2)(iv)(a) have been fulfilled.

(h) Closing

Unless otherwise agreed in writing by the parties, Luxi Mining shall (i) convene a shareholders' meeting to amend its articles of association; and (ii) complete the registration or filing procedures with the company registration authority in respect of the transfer of the First Equity Interests before 31 July 2023. The First Closing Date is the date of completing the registration (filing) procedure in relation to the transfer of the First Equity Interests with the company registration authority. The rights and obligations corresponding to the First Equity Interests will be transferred to the Company with effect from the First Closing Date.

When the First Equity Transfer Agreement becomes effective and before 31 July 2023, Luxi Mining should set up a board of directors consisting of 7 directors. Except for an employee representative director who should be publicly elected, the First Vendors and the Company have the right to nominate 2 and 4 director candidates, respectively. The director candidates should be elected as directors by shareholders in a general meeting. The chairman of the board of directors should be a director nominated by the Company and elected by the board of Luxi Mining.

Luxi Mining should have a board of supervisors consisting of 3 supervisors, except for an employee representative supervisor who should be publicly elected. The First Vendors and the Company have the right to nominate 1 and 1 supervisor candidate, respectively. The supervisor candidates should be elected by shareholders in a general meeting, and the chairman of the board of supervisors should be a supervisor nominated by the Company.

The general manager and chief financial officer of Luxi Mining should be recommended by the Company and appointed by the board of Luxi Mining.

The parties should commence the relevant procedures below for the closing of the First Equity Transfer Agreement from the effective date of the First Equity Transfer Agreement, including but not limited to the following:

(i) The First Vendors should transfer the relevant documents, materials and seals relating to Luxi Mining to the Company;

(ii) The First Vendors should procure Luxi Mining to hold relevant meeting(s) in accordance with the First Equity Transfer Agreement to revise its register of members and articles of association;

(iii) The First Vendors should procure their appointed directors and management of Luxi Mining to transfer duties and related documents, materials and seals to the directors and management of Luxi Mining designated by the Company; and

(iv) The First Vendors should request Luxi Mining to handle the registration (filing) procedures involved in the transfer of the First Equity Interests with company registration authority.

(3) First Letter of Undertaking

(a) Principal terms

In view of the entering into of the First Equity Transfer Agreement, on 28 April 2023 (after trading hours), the Company and the First Vendors have entered into the First Letter of Undertaking, pursuant to which (i) the First Vendors will compensate the Company if the production of the coal mines under Luxi Mining or its subsidiaries has been adversely affected; and (ii) the First Vendors and the Company undertake to each other to settle the Transfer Fee as required.

According to the Interim Measures for the Administration of the Collection of Income from the Transfer of Mineral Rights*（礦業權出讓收益徵收管理暫行辦法）issued by the Ministry of Finance and the Ministry of Land and Resources of the PRC, the Transfer Fee is the cost charged to the owners of the mining rights for the rights to explore and/or mine the natural resources by the government authorities of the PRC.

The details of the principal terms of the First Letter of Undertaking are set out as follows:

(1) If, after the First Closing Date, the relevant government authorities take any measures which will affect the production of the coal mines under Luxi Mining or its subsidiaries, including limiting, suspending, closing and withdrawing the above production, pursuant to "Provincial Implementation of the "Three Resolute" Action Plan (2021-2022)" (Lu Dong Neng [2021] No. 3)*（《全省落實「三個堅決」行動方案(2021-2022)年》（魯動能[2021]3號））and the "14th Five-Year Plan for Energy Development in Shandong Province" (Lu Zheng Zi [2021] No. 143)*（《山東省能源發展「十四五」規劃》（魯政字[2021]143號））or specific rules issued in accordance with the aforementioned documents (the "**Government Documents**"),

(i) the First Vendors should compensate the Company with an amount to be calculated by the First Vendors and the Company pursuant to the applicable laws, regulations, policy documents or specific rules. Such amount should be determined with reference to a special report issued by an intermediary appointed by the Company and approved by each of the First Vendors and the Company. The compensation amount should be confirmed in writing within 3 months (or other reasonable period as agreed by the parties) by friendly negotiations from the date of the promulgation of the aforementioned disposal measure. The compensation amount should not exceed the relevant appraised value of Luxi Mining or its subsidiaries in the Asset Valuation Report. The compensation to be received by such subsidiaries should be calculated with reference to the total compensation multiplied by 51%. If such subsidiaries are non-wholly owned subsidiaries, the compensation amount shall not exceed the aforementioned compensation amount multiplied by Luxi Mining's shareholding ratio in such subsidiaries; and

(ii) in the event that the First Vendors and the Company are unable to mutually agree on the compensation amount within 3 months (or other reasonable period as agreed by the parties) from the date of promulgation of the aforementioned disposal measure, the Company may terminate the First Equity Transfer Agreement by written notice to the First Vendors. Within 30 days from the date of such written notice, the First Vendors should return the total consideration for the First Equity Interests and corresponding interests to the Company, and the Company should return the First Equity Interests and dividends (if any) received from Luxi Mining since the First Closing Date to the First Vendors. The aforementioned corresponding interest is calculated based on the LPR One-year Interest Rate of the month immediately preceding the date of returning the total consideration for the First Equity Interests. The calculation period, based on a 365-day year, is from the closing audit benchmark date under the First Equity Transfer Agreement to the date of returning payment of the total consideration for the First Equity Interests.

(2) Other than the above three mining rights, Guotun Coal Mine, Pengzhuang Coal Mine, Liangbaosi Coal Mine, and Chenmanzhuang Coal Mine have settled the Transfer Fee. If, after the First Closing Date, the owners of the aforementioned four mining rights still need to pay the Transfer Fee pursuant to the Circular 10, and such Transfer Fee are not reflected in the financial statements or audit reports of the subsidiaries, the First Vendors should compensate the Company, details of which are disclosed under clause (3) under the section headed "XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES – THE FIRST EQUITY TRANSFER AGREEMENT – First Letter of Undertaking" in the Letter from the Board.

(3) If, in the course of the historical circulation of the coal mines of Luxi Mining Group, a third party is liable for compensation or indemnity in respect of the Transfer Fee or other fees, the First Vendors have the right to seek compensation from the third party on behalf of Luxi Mining or its subsidiaries after the First Closing Date, and the Company shall assist accordingly. If Luxi Mining or its subsidiaries have obtained relevant compensation or indemnity from the third party, they should deduct a sum equivalent to the compensation or indemnity received multiplied by 51% from the aforementioned compensation required from the First Vendors or notify and pay in a timely manner to the First Vendors.

(4) During the negotiation between subsidiaries of Luxi Mining and the government department in respect to the matters mentioned in (1) above of the First Letter of Undertaking, the First Vendors shall actively assist the subsidiaries of Luxi Mining in communicating and negotiating the above matters with the government department in order to fully protect the rights and interests of Luxi Mining and the parties.

The First Letter of Undertaking shall take effect when all the following conditions are fulfilled: (i) the official seals of each of the First Vendors and the Company are affixed; and (ii) the First Equity Transfer Agreement is signed and becomes effective.

(b) Our assessment on the First Letter of Undertaking

We are advised by the management of the Company that the Company will be able to receive compensation from the First Vendors by way of cash in the event that (i) the production of the Luxi Coal Mines will be adversely affected due to the promulgation of the Government Documents; and/or (ii) Luxi Mining will be required to make the shortfall payment of the Transfer Fee by the government authorities. As such we are of the view that the First Letter of Undertaking will mitigate the adverse impact on the production of coal and prevent the Group from incurring substantial Transfer Fee.

Therefore, the First Letter of Undertaking is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(4) First Letter of Performance Commitment

(a) Principal terms

In view of the entering into of the First Equity Transfer Agreement, on 28 April 2023 (after trading hours), the Company, the First Vendors and Shandong Energy have entered into the First Letter of Performance Commitment, pursuant to which the First Vendors and Shandong Energy agreed to make the following commitments regarding the performance of Luxi Mining for the three years ending 31 December 2025 ("**Luxi Commitment Period**"):

(i) Luxi Mining's aggregate audited consolidated net profit attributable to shareholders of the parent company, after deducting non-recurring profit and loss ("**Luxi Actual Net Profit**"), which should be calculated in accordance with the PRC GAAP, shall not be less than approximately RMB11.425 billion ("**Luxi Committed Net Profit**") during the Luxi Commitment Period. The Luxi Committed Net Profit shall be determined with reference to the asset valuation reports which have been filed with the state-owned regulatory authorities.

(ii) If the aggregate amount of the Luxi Actual Net Profit during the Luxi Commitment Period does not meet the Luxi Committed Net Profit, the First Vendors shall compensate the Company in cash. For details of the calculation of the compensation (the "**Luxi Compensation Amount**"), please refer to the section headed "XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES – THE FIRST EQUITY TRANSFER AGREEMENT – First Letter of Performance Commitment" in the Letter from the Board.

(iii) In the event that, during the Luxi Commitment Period, the coal mines of Luxi Mining Group incurred losses due to any measures which will affect the production of the coal mines under Luxi Mining or its subsidiaries (such as limitation, suspension, closing and withdrawal) as a result of any mining activities in the mines, which take place at a depth of more than 1,000 meters and where the rock bursts are likely to occur, the First Vendors should calculate and make the Rockburst Mines Compensation pursuant to the First Letter of Undertaking. To avoid double counting, the Luxi Compensation Amount to be paid by the First Vendors to the Company shall deduct any compensation derived from the above suspension (if the Luxi Compensation Amount is less than zero, it is deemed as nil). If the First Equity Transfer Agreement is terminated during the Luxi Commitment Period, the First Vendors are not obliged to perform the First Letter of Performance Commitment. If the First Equity Transfer Agreement is terminated after the Luxi Commitment Period, the Company shall return the paid Luxi Compensation Amount within 30 days after the termination date of the First Equity Transfer Agreement to the First Vendors.

(iv) The First Vendors undertake that they will perform all the compensation obligations within 30 days after the special audit report of Luxi Mining is issued and after receiving the notice from the Company specifying the Luxi Compensation Amount.

(v) If, during the Luxi Commitment Period, due to equity transfer, capital increase or other actions, (a) Luxi Mining is no longer controlled by the Company or the financial statements of Luxi Mining is no longer consolidated into the Group's financial statements; or (b) there is change of subsidiaries of Luxi Mining or the number of subsidiaries thereof since the date of the First Letter of Performance Commitment, the amount of Luxi Committed Net Profit and Luxi Actual Net Profit for each financial year since the occurrence of the aforementioned changes of the subsidiaries (including the financial year when the changes thereof occurred) and up to the end of the Luxi Commitment Period can be adjusted after the First Vendors and the Company reach a consensus.

(vi) during the Luxi Commitment Period, if, due to Force Majeure (as defined in the Letter from the Board), (a) the business operation of Luxi Mining Group is materially and adversely affected; or (b) Luxi Mining Group is no longer controlled by the Company, the First Vendors and the Company may negotiate to adjust the amount of the Luxi Committed Net Profit and other clauses under the First Letter of Performance Commitment according to the degree of impact of the abovementioned circumstances starting from the year (such year inclusive) in which the abovementioned circumstances occurred.

"Force Majeure" does not include the circumstances under which the coal mines of Luxi Mining Group are subject to disposal measures such as limiting, suspending, closing and withdrawing its production pursuant to the Government Documents.

The First Letter of Performance Commitment shall take effect when all the following conditions are fulfilled: (i) the official seals of each of the First Vendors and the Company are affixed; and (ii) the First Equity Transfer Agreement is signed and becomes effective. The Company will comply with the disclosure requirements under Rule 14A.63 of the Listing Rules.

(b) Our assessment on the First Letter of Performance Commitment

We are advised by the management of the Company that the Luxi Committed Net Profit is the total of (i) the net profit of each subsidiary of Luxi Mining Group (excluding the net profit generated from the intercompany transactions among the subsidiaries of Luxi Mining Group) multiplied by (ii) the shareholding percentage in each subsidiary held by Luxi Mining during the Luxi Commitment Period.

We have reviewed the profit forecasts as disclosed in the asset valuation reports of the subsidiaries of Luxi Mining, and understand that:

(i) the revenue of each subsidiary of Luxi Mining Group during the Luxi Commitment Period is estimated based on the annual production volumes (which is determined based on the annual mining volumes) and the estimated selling price of the coal of each subsidiary. The selling price of coal is estimated with reference to historical selling prices of the coal of each subsidiary;

(ii) the operating costs of each subsidiary of Luxi Mining Group during the Luxi Commitment Period, which mainly consist of cost of materials for the process of coal, cost of utility, labor cost, repairment and maintenance cost of the coal mines, are forecasted with reference to the historical costs incurred by each subsidiary;

(iii) the expenses of each subsidiary of Luxi Mining Group during the Luxi Commitment Period, which mainly consist of selling expenses, administration expenses, research and development expense, are forecasted with reference to the historical costs incurred by each subsidiary; and

(iv) the income tax expense of each subsidiary of Luxi Mining Group during the Luxi Commitment Period is estimated based on its profit before income tax multiplied by the income tax rate.

Taking into account (i) the consolidated revenue generated from the existing business of Luxi Mining Group of approximately RMB14,980 million and approximately RMB17,713 million for FY2021 and FY2022, respectively; (ii) the consolidated net profit of Luxi Mining Group of approximately RMB2,234 million and approximately RMB4,201 million for FY2021 and FY2022, respectively; and (iii) the fact that we are not aware of any publicly available information regarding Luxi Mining Group and the industry involved therein which will impose significant adverse impact on the operation of Luxi Mining Group as at the Latest Practicable Date, we are of the view that the forecasted net profit of the Luxi Mining Group is attainable, fair, and reasonable.

In respect of the calculation of the Luxi Compensation Amount, we understand that it is determined with reference to (i) the variance between the Luxi Actual Net Profit and the Luxi Committed Net Profit multiplied by (ii) the shareholding percentage of 51%.

We also noted that the Luxi Committed Net Profit is determined with reference to the forecasted consolidated net profit of each subsidiary of the Luxi Mining Group (excluding the net profit generated from the intercompany transactions among the subsidiaries of the Luxi Mining Group) multiplied by the shareholding percentage in each subsidiary held by Luxi Mining, while the Luxi Actual Net Profit is based on the consolidated net profit attributable to shareholders of the parent company (after deducting non-recurring profit and loss). Given that the calculation of the Luxi Actual Net Profit is similar to that of the Luxi Committed Net Profit, we consider that (i) the calculation method between the Luxi Committed Net Profit and the Luxi Actual Net Profit is worthy of comparison; and (ii) the calculation of the Luxi Compensation Amount is fair and reasonable.

Based on the above, we consider that the First Letter of Performance Commitment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. The Second Acquisition

(1) Background

On 28 April 2023 (after trading hours), the Company entered into the Second Equity Transfer Agreement with the Second Vendors and Xinjiang Energy, pursuant to which the Company has conditionally agreed to acquire, and the Second Vendors have conditionally agreed to sell, in aggregate 51% equity interests (held by Shandong Energy and Vendor A as to 43.16% and 7.84% respectively) in Xinjiang Energy at a total consideration of approximately RMB8.112 billion.

(2) The Second Equity Transfer Agreement

The principal terms of the Second Equity Transfer Agreement are summarized as follows:

(a) Date

28 April 2023

(b) Parties

(i) the Company (as purchaser); and

(ii) the Second Vendors (as vendor).

(c) Subject matter and consideration

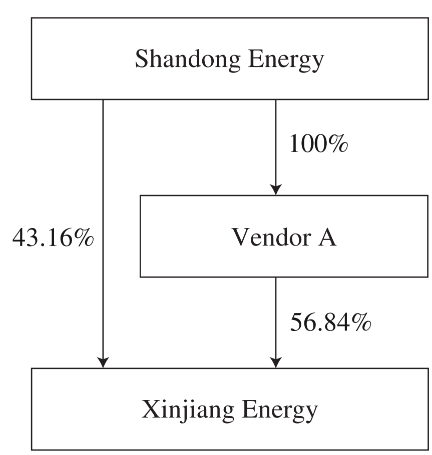
The Company has conditionally agreed to acquire, and the Second Vendors have conditionally agreed to sell, in aggregate 51% equity interests in Xinjiang Energy at a total consideration of approximately RMB8.112 billion, details of which are set out as follows:

	Equity interest in Xinjiang Energy to be transferred	**Consideration**
	%	*RMB billion*
Shandong Energy	43.16	6.865
Vendor A	7.84	1.247
Total	51.00	8.112

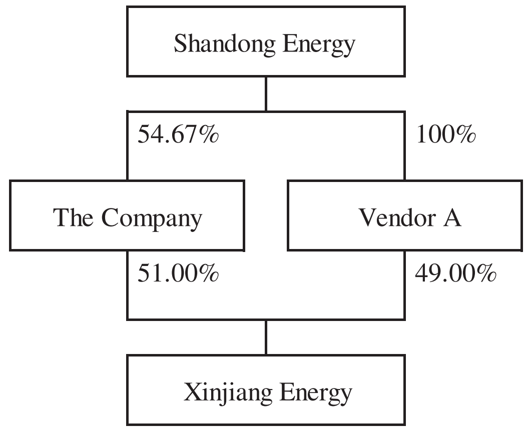
(d) Shareholding structure of Xinjiang Energy

The following charts set forth the shareholding structure of Xinjiang Energy as at the Latest Practicable Date and upon the completion of the Second Acquisition:

Shareholding structure as at the Latest Practicable Date



Shareholding structure upon the completion of the Second Acquisition



(e) Payment method

The total consideration amounted to approximately RMB8.112 billion. For details of the payment method, please refer to the paragraphs headed "XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES – THE SECOND EQUITY TRANSFER AGREEMENT – Payment method" in the Letter from the Board.

(f) Basis of the Consideration

The consideration of approximately RMB8.112 billion was determined based on normal commercial terms after arm's length negotiations between the parties with reference to (i) the appraised value of the entire equity interests of Xinjiang Energy of approximately RMB15.906 billion as disclosed in its Asset Valuation Report; multiplied by (ii) the percentage of shares to be transferred by the Second Vendors to the Company of 51%.

(g) Conditions precedent of the Second Equity Transfer Agreement

The Second Equity Transfer Agreement shall take effect on the day when all the following conditions are fulfilled:

(1) The Second Equity Transfer Agreement is executed by the legal representatives or authorised representatives of each party and stamped with its respective company seals; and

(2) All necessary consents or approvals have been obtained for the transfer of the Second Equity Interests, including but not limited to:

(i) The filing of the valuation results of the entire equity interests of shareholders in Xinjiang Energy with the authorized state-owned assets regulatory authorities or its authorized units;

(ii) The approval to transfer the Second Equity Interests from authorized state-owned assets regulatory authorities or its authorized units;

(iii) The completion of the internal procedures to approve the transfer of the Second Equity Interests by each of the Second Vendors; and

(iv) The approval from (a) the Board meeting, (b) the Shareholders' meeting, or (c) other decision-making authorities which are entitled to approve the transfer of the Second Equity Interests.

As at the Latest Practicable Date, the conditions precedent (1), (2)(i), (2)(ii), (2)(iii), and (2)(iv)(a) above have been fulfilled.

(h) Closing

Unless otherwise agreed in writing by the parties, Xinjiang Energy should (i) convene a shareholders' meeting to amend its articles of association; and (ii) complete the registration or filing procedures with the company registration authority in respect of the transfer of the Second Equity Interests before 31 July 2023. The Second Closing Date is the date of completing the registration (filing) procedure in relation to the transfer of the Second Equity Interests with the company registration authority. The rights and obligations corresponding to the Second Equity Interests will be transferred to the Company with effect from the Second Closing Date.

When the Second Equity Transfer Agreement becomes effective and before 31 July 2023, Xinjiang Energy should set up a board of directors consisting of 7 directors. Except for an employee representative director who should be publicly elected, the Second Vendors and the Company have the right to nominate 2 and 4 director candidates, respectively. The director candidates should be elected by the shareholders in a general meeting. The chairman of the board of directors should be a director nominated by the Company and elected by the board of Xinjiang Energy.

Xinjiang Energy should have a board of supervisors consisting of 3 supervisors, except for an employee representative supervisor who should be publicly elected. The Second Vendors and the Company have the right to nominate 1 and 1 supervisor candidate, respectively. The supervisor candidates should be elected by the shareholders in a general meeting, and the chairman of the board of supervisors should be a supervisor nominated by the Company.

The general manager and chief financial officer of Xinjiang Energy should be recommended by the Company and appointed by the board of Xinjiang Energy.

The parties should commence the relevant procedures below for the closing of the Second Equity Transfer Agreement from the effective date of the Second Equity Transfer Agreement, including but not limited to the following:

(i) The Second Vendors should transfer the relevant documents, materials and seals relating to Xinjiang Energy which are held and controlled by them to the Company;

(ii) The Second Vendors should procure Xinjiang Energy to hold relevant meeting(s) in accordance with the Second Equity Transfer Agreement to revise its register of members and articles of association;

(iii) The Second Vendors should procure its appointed directors and management of Xinjiang Energy to transfer duties and related documents, materials and seals to the directors and management of Xinjiang Energy designated by the Company; and

(iv) the Second Vendors should request Xinjiang Energy to handle the registration (filing) procedures involved in the transfer of the Second Equity Interests with company registration authority promptly.

(3) Second Letter of Undertaking

(a) Principal terms

In view of the entering into of the Second Equity Transfer Agreement, on 28 April 2023 (after trading hours), the Company and the Second Vendors have entered into the Second Letter of Undertaking. Pursuant to the Second Letter of Undertaking,

(i) As of the date of the Second Letter of Undertaking, the Huangcaohu Exploration Rights have expired. Xinjiang Energy has submitted the application for the consolidation of Huangcaohu No. 1 to No. 11 exploration areas into one exploration area in accordance with the requirements of the relevant government authorities. The application renewal period is from 28 March 2023 to 28 March 2025. If Xinjiang Energy suffers losses due to failure to complete the aforementioned application after the Second Closing Date, the Second Vendors shall compensate such losses to the Company.

(ii) Baosheng Coal Mine and Hongshanwa Coal Mine have settled the Transfer Fee. If, after the Second Closing Date, the owners of the aforementioned two mining rights still need to pay the Transfer Fee pursuant to the Circular 10, and such Transfer Fee are not reflected in the financial statements or audit reports of the subsidiaries, the Second Vendors should compensate the Company, details of which are disclosed under clause (2) under the section headed "XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES – Second Letter of Undertaking" in the Letter from the Board.

The Second Letter of Undertaking should take effect when all the following conditions are fulfilled: (i) the official seals of each of the Second Vendors and the Company are affixed; and (ii) the Second Equity Transfer Agreement is signed and becomes effective.

(b) Our assessment on the Second Letter of Undertaking

We are advised by the management of the Company that it would be possible for Xinjiang Energy to suffer losses due to the failure to complete or complete on time the registration procedures for the change of exploration rights after the Second Closing Date.

We noted that, as at the Latest Practicable Date, the renewal of the Huangcaohu Exploration Rights has not been completed. We are advised by the management of the Company that, in the event that Xinjiang Energy fails to renew the Huangcaohu Exploration Rights and such failure results in the extinguishment of exploration rights of the Huangcaohu Exploration Rights, the aggregate amount of compensation to be received by the Company (as required under the Second Equity Transfer Agreement and the Second Letter of Undertaking) will be determined with reference to (i) the appraised value of the Huangcaohu Exploration Rights of approximately RMB6,752 million; multiplied by (ii) the shareholding percentage of the Company in Xinjiang Energy of 51%. We are of the view that such compensation amount is based on the consideration payable by the Company to acquire the Huangcaohu Exploration Rights and consider such compensation amount can safeguard the interests of the Company and the Shareholders as a whole.

Based on the above, considering that the Company will be able to receive compensation from the Second Vendors in the event that Xinjiang Energy will suffer losses during the registration procedures for the change of exploration rights, we are of the view that the Second Letter of Undertaking will prevent the Group from suffering substantial losses.

Therefore, the Second Letter of Undertaking is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(4) Second Letter of Performance Commitment

(a) Principal terms

In view of the entering into of the Second Equity Transfer Agreement, on 28 April 2023 (after trading hours), the Company and the Second Vendors have entered into the Second Letter of Performance Commitment, pursuant to which the Second Vendors agreed to make the following commitments regarding the performance of Xinjiang Energy for the three years ending 31 December 2025 (the "**Xinjiang Commitment Period**"):

(i) Xinjiang Energy's aggregate audited consolidated net profit attributable to shareholders of the parent company, after deducting non-recurring profit and loss (the "**Xinjiang Actual Net Profit**"), which should be calculated in accordance with the PRC GAAP, shall not be less than approximately RMB4.013 billion (the "**Xinjiang Committed Net Profit**") during the Xinjiang Commitment Period. The Xinjiang Committed Net Profit is determined with reference to the asset valuation reports filed with the state-owned regulatory authorities.

(ii) If the aggregate amount of Xinjiang Actual Net Profit during the Xinjiang Commitment Period does not meet the Xinjiang Committed Net Profit, the Second Vendors shall compensate the Company in cash. For details of the calculation of the compensation (the "**Xinjiang Compensation Amount**"), please refer to the section headed "XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET COMPANIES – THE SECOND EQUITY TRANSFER AGREEMENT – Second Letter of Performance Commitment" in the Letter from the Board.

(iii) If the Second Equity Transfer Agreement is terminated during the Xinjiang Commitment Period, the Second Vendors are not obliged to perform the Second Letter of Performance Commitment. If the Second Equity Transfer Agreement is terminated after the Xinjiang Commitment Period, the Company shall return the Xinjiang Compensation Amount within 30 days after the termination date of the Second Equity Transfer Agreement.

(iv) The Second Vendors undertake that they will perform all the compensation obligations within 30 days after the special audit report of Xinjiang Energy is issued and after receiving the notice from the Company specifying the Xinjiang Compensation Amount.

(v) If, during the Xinjiang Commitment Period, due to equity transfer, capital increase or other actions, (a) Xinjiang Energy is no longer controlled by the Company or the financial statements of Xinjiang Energy is no longer consolidated into the Group's financial statements; or (b) there is change of subsidiaries of Xinjiang Energy or the number of subsidiaries thereof since the date of the Second Letter of Performance Commitment, the amount of Xinjiang Committed Net Profit and Xinjiang Actual Net Profit for each financial year since the occurrence of the aforementioned changes of the subsidiaries (including the financial year when the changes thereof occurred) and up to the end of the Xinjiang Commitment Period can be adjusted after the Second Vendors and the Company reach a consensus.

(vi) During the Xinjiang Commitment Period, if, due to Force Majeure (as defined in the Letter from the Board), (a) the business operation of Xinjiang Energy Group is materially and adversely affected; or (b) Xinjiang Energy Group is no longer controlled by the Company, the Second Vendors and the Company may negotiate to adjust the amount of the Xinjiang Committed Net Profit and other clauses under the Second Letter of Performance Commitment according to the degree of impact of the abovementioned circumstances starting from the year (such year inclusive) in which the abovementioned circumstances occurred.

The Second Letter of Performance Commitment shall take effect when all the following conditions are fulfilled: (i) the official seals of each of the Second Vendors and the Company are affixed; and (ii) the Second Equity Transfer Agreement is signed and becomes effective. The Company will comply with the disclosure requirements under Rule 14A.63 of the Listing Rules.

(b) Our assessment on the Second Letter of Performance Commitment

We are advised by the management of the Company that the Xinjiang Committed Net Profit is the total of (i) the net profit of each subsidiary of the Xinjiang Energy Group (excluding the net profit generated from the intercompany transactions among the subsidiaries of the Xinjiang Energy Group) multiplied by (ii) the shareholding percentage in each subsidiary held by Xinjiang Energy during the Xinjiang Commitment Period.

We have reviewed the profit forecasts as disclosed in the asset valuation reports of the subsidiaries of Xinjiang Energy, and understand that:

(i) the revenue of each subsidiary of the Xinjiang Energy Group during the Xinjiang Commitment Period is estimated based on the annual production volumes (which is determined based on the annual mining volumes) and the estimated selling price of the coal of each subsidiary. The selling price of coal is estimated with reference to historical selling prices of the coal of each subsidiary;

(ii) the operating costs of each subsidiary of the Xinjiang Energy Group during the Xinjiang Commitment Period, which mainly consist of cost of materials for the process of coal, cost of utility, labor cost, repairment and maintenance cost of the coal mines, are forecasted with reference to the historical costs incurred by each subsidiary;

(iii) the expenses of each subsidiary of the Xinjiang Energy Group during the Xinjiang Commitment Period, which mainly consist of selling expenses, administration expenses, research and development expense, are forecasted with reference to the historical costs incurred by each subsidiary; and

(iv) the income tax expense of each subsidiary of the Xinjiang Energy Group during the Xinjiang Commitment Period is estimated based on its profit before income tax multiplied by the income tax rate.

Taking into account (i) the consolidated revenue generated from the existing business of Xinjiang Energy Group of approximately RMB4,486 million and approximately RMB6,063 million for FY2021 and FY2022, respectively; (ii) the consolidated net profit of Xinjiang Energy Group of approximately RMB278 million and approximately RMB2,168 million for FY2021 and FY2022, respectively; and (iii) the fact that we are not aware of any publicly available information regarding Xinjiang Energy Group and the industry involved therein which will impose significant adverse impact on the operation of Xinjiang Energy Group as at the Latest Practicable Date, we are of the view that the forecasted net profit of the Xinjiang Energy Group is attainable, fair, and reasonable.

In respect of the calculation of Xinjiang Compensation Amount, we understand that it is determined with reference to (i) the variance between the Xinjiang Actual Net Profit and the Xinjiang Committed Net Profit multiplied by (ii) the shareholding percentage of 51%.

We also noted that the Xinjiang Committed Net Profit is determined with reference to the forecasted consolidated net profit of each subsidiary of the Xinjiang Energy Group (excluding the net profit generated from the intercompany transactions among the subsidiaries of the Xinjiang Energy Group) multiplied by the shareholding percentage in each subsidiary held by Xinjiang Energy, while the Xinjiang Actual Net Profit is based on the consolidated net profit attributable to shareholders of the parent company (after deducting non-recurring profit and loss). Given that the calculation of the Xinjiang Actual Net Profit is similar to that of the Xinjiang Committed Net Profit, we consider that (i) the calculation method between the Xinjiang

Committed Net Profit and the Xinjiang Actual Net Profit is worthy of comparison; and (ii) the calculation of the Xinjiang Compensation Amount is fair and reasonable.

Based on the above, we consider that the Second Letter of Performance Commitment is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources

In assessing the fairness and reasonableness of the valuation on Luxi Coal Mines and Xinjiang Resources (collectively, "**Mining Rights Valuations**"), we have taken into account the following factors:

(1) The valuer

The Company has engaged Beijing Kuangtong Resource Development Consultancy Limited*（北京礦通資源開發諮詢有限責任公司）(the "**Coal Resources Valuer**") to perform the Mining Rights Valuations.

In respect of the experience of the Coal Resources Valuer, we have requested and obtained a list from the Coal Resources Valuer demonstrating their track record of the valuation of the mining rights of the coal mines similar to Luxi Coal Mines and Xinjiang Resources (collectively, the "**Coal Resources**"). Based on our review, we understand that the Coal Resources Valuer has accumulated experience in appraising the value of the mining rights of the coal mines which are similar to the Coal Resources.

In respect of the qualifications of the Coal Resources Valuer, we have reviewed the qualification on the valuation of mining rights of the Coal Resources Valuer, and understand that the Coal Resources Valuer is certified with professional qualification required to perform the Mining Rights Valuations.

In respect of the independence of the Coal Resources Valuer, it confirms that it is independent from the Company.

Based on the above, we are of the view that the Coal Resources Valuer is qualified and competent to perform the Mining Rights Valuations.

(2) Valuation methodology adopted by the Coal Resources Valuer

Considering that (i) the Coal Resources are under normal business operation; and (ii) the remaining mineral reserves, the coal-mining productivity, the sales of coal products, and the capital expenditure for the mining of the Coal Resources can be reasonably estimated, the Coal Resources Valuer has applied the discounted cash flow method to estimate the net present value of the projected cash flow of the Coal Resources at a discount rate to appraise their value.

Based on the above, we are of the view that it is fair and reasonable to adopt discounted cash flow method to appraise the value of the Coal Resources.

(3) Valuation assumptions

We noted that the Coal Resources Valuer has made the following assumptions for the Mining Rights Valuations:

(i) All the technical and economic parameters used in the calculation of Mining Rights Valuations are based on the assumption that (a) the demand for and supply of the coal products will be equal to each other; and (b) the level of productivity of the Coal Resources will be in line with the average productivity of other coal mines;

(ii) There will be no significant changes in the prevailing applicable laws, regulations and policies and the macro-economic environment of the PRC, and the political, economic and social environment in the region where the parties to the transaction operate;

(iii) It is assumed that the company can maintain a continuous business operation with the assuming resource reserves, methodology of production, the scale of production, matrix of products, level of technical development and scale of supply and demand on the products in the market after the valuation benchmark date. The Target Companies both are free from any cost, expenditure or time on obtaining the mining qualification for the remaining coal mining rights after the expiry of the current mining period;

(iv) There will be no significant changes in the market price of coal or other relative products, cost and expenditure for the business operation, national credit interest rate, exchange rate, tax base and tax rate during the beneficial period of the coal mines;

(v) There will be no commitments, mortgages, guarantees or any other restrictive factors on the mining rights owned by the Target Companies, which may have impact on the result of the Mining Rights Valuations; and

(vi) No other force majeure or unforeseeable factors will have material adverse impact on the business of the company.

After considering the above, we are of the view that the assumptions adopted by the Coal Resources Valuer for the Mining Rights Valuations are fair and reasonable.

(4) The Transfer Fee of the Coal Resources

According to the Interim Measures for the Administration of the Collection of Income from the Transfer of Mineral Rights*（礦業權出讓收益徵收管理暫行辦法）issued by the Ministry of Finance and the Ministry of Land and Resources of the PRC, the Transfer Fee is the cost of the rights to explore and/or mine the natural resources charged to the owners of the mining rights by the government authorities of the PRC.

We are advised by the Coal Resources Valuer that the Transfer Fee of (i) Lilou Coal, Tangkou Coal, and Xinjulong Coal of Luxi Coal Mines; and (ii) Yili No. 1 Coal Mine, Yili No. 4 Coal Mine, Liuhuanggou Mine, the Huangcaohu Exploration Rights, and the Wucaiwan Exploration Right of Xinjiang Resources was not fully settled.

Given the companies owning the mining rights or exploration rights of the above coal mines are likely to pay the Transfer Fee in the future, the Coal Resources Valuer and Shandong Zhongping Hengxin Asset Valuation Co., Ltd.*（山東中評恒信資產評估有限公司）(the "**Asset Valuer**"), who is engaged by the Company to perform the valuation on the entire equity interests of Luxi Mining (the "**Luxi Asset Valuation**") and Xinjiang Energy (the "**Xinjiang Asset Valuation**") (collectively, the "**Asset Valuations**"), has deducted the Transfer Fee from the intrinsic value of the mining rights of the Coal Resources.

(5) Valuation of the mining rights under Luxi Coal Mines

The following table sets forth the appraised value of each of the mining rights under Luxi Coal Mines:

No.	Name of the mines	Owner of the mining rights	Intrinsic value	Transfer Fee	Appraised value
			RMB'000	*RMB'000*	*RMB'000*
			a	b	c=a-b
1	Chenmanzhuang Coal	Shanxian Energy ("**Company A**")	847,110	–	847,110
2	Lilou Coal	Lilou Coal Industry ("**Company B**")	4,368,473	532,146	3,836,327
3	Tangkou Coal	Tangkou Coal Industry ("**Company C**")	3,830,060	593,809	3,236,251
4	Liangbaosi Coal	Liangbaosi Energy ("**Company D**")	3,323,218	–	3,323,218
5	Guotun Coal	Heze Coal Electricity ("**Company F**")	3,126,223	–	3,126,223
6	Pengzhuang Coal	Company F	273,053	–	273,053
		Subtotal of Company F	3,399,276	–	3,399,276
7	Xinjulong Coal	Xinjulong Energy ("**Company G**")	26,795,311	1,869,818	24,925,493

(a) Intrinsic value

The intrinsic value of the mining rights under Luxi Coal Mines is determined with reference to (i) the remaining mineral reserves; (ii) the estimated profits to be derived from Luxi Coal Mines; and (iii) the estimated capital expenditure to be incurred by using discounted cash flow method.

The revenue in relation to the respective mining rights of Luxi Coal Mines is forecasted based on their respective production volumes (which is determined based on the annual mining volumes and the production rate after coal washing) and the estimated selling price of the coal, which is anticipated based on the historical selling prices of the respective owners for the four years ended 31 December 2022. The following table sets forth the breakdown of the forecasted revenue of each mining right of Luxi Coal Mines:

	Chenmanzhuang Coal Mine	**Lilou Coal**	**Tangkou Coal**	**Liangbaosi Coal**	**Guotun Coal**	**Pengzhuang Coal**	**Xinjulong Coal**
Production volume *(thousand tons)*	700	1,830	3,900	3,300	2,400	800	5,880
Average unit price *(RMB per ton)*	1,190	1,125	848	681	932	789	1,238
Forecasted revenue *(RMB'000)*	833,000	2,058,750	3,307,200	2,247,300	2,236,800	631,200	7,279,440

We are also advised by the Coal Resources Valuer that, pursuant to the Standards of Mining Rights Appraisal of the PRC*（中國礦業權評估準則）(the "**Appraisal Standards**") published by Chinese Association of Mineral Resources Appraisers*（中國礦業權評估師協會）("**CAMRA**"), an industry association established with the approval of the then Ministry of Land and Resources of the PRC（中華人民共和國國土資源部）and the Ministry of Civil Affairs of the PRC（中華人民共和國民政部）in 2006, the revenue of the Coal Resources should be estimated based on the weighted moving average or arithmetic average of the historical price. Therefore, no terminal growth rate was adopted in the Mining Rights Valuations. Considering that the estimation of revenue and the adoption of terminal growth rate complies with the requirements stated in the Appraisal Standards, we are of the view that the terminal growth rate of nil is fair and reasonable.

The costs in relation to the respective mining rights of Luxi Coal Mines, mainly consisting of cost of coal, cost of utility, labor cost, repairment and maintenance cost of the coal mines, are forecasted based on the historical costs of the respective owners incurred for the year ended 31 December 2022. The following table sets out the historical costs used for the valuations of the Coal Resources:

	Chenmanzhuang Coal Mine	Lilou Coal	Tangkou Coal	Liangbaosi Coal (*Note*)	Guotun Coal	Pengzhuang Coal	Xinjulong Coal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Material cost	78,653	154,831	113,503	62,810	108,701	49,001	301,859
Utility cost	31,937	88,943	82,114	23,138	69,825	24,051	138,038
Employee benefits	161,546	341,405	407,996	164,950	569,572	248,972	519,984
Depreciation and amortization cost	191,255	250,792	156,861	62,498	260,202	102,168	363,268
Maintenance cost	8,748	24,998	73,954	17,219	16,927	9,269	57,889
Enhancement cost of safety production environment and improvement of facilities	54,377	176,475	802,311	10,434	189,991	48,960	400,872
Other cost	75,625	117,450	321,810	15,791	74,550	3,203	679,984
Total	602,141	1,154,894	1,958,549	356,840	1,289,768	485,624	2,461,894

Note: Due to safety production accidents, the production of Liangbaosi Coal Mine was suspended since 20 August 2020. Liangbaosi Coal has obtained approval to resume production from relevant government authorities on 19 October 2021, and has resumed production on 23 June 2022.

The capital expenditure in relation to the respective mining rights of Luxi Coal Mines is forecasted mainly based on the net book value of the existing property, plant and equipment of the respective owners as at 31 December 2022 which will be used for the mining of the remaining mineral reserves. The following table sets out the breakdown of the net book value of the property, plant and equipment under the respective mining rights of Luxi Coal Mines:

	Chenmanzhuang Coal Mine	Lilou Coal	Tangkou Coal	Liangbaosi Coal	Guotun Coal and Pengzhuang Coal (Note)	Xinjulong Coal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	250,196	497,388	149,933	369,382	753,031	378,259
Structures	1,323,415	3,677,945	552,783	1,718,191	1,980,439	2,296,277
Plant and machinery	306,643	905,138	375,894	305,150	1,032,677	1,305,802
Total	1,880,254	5,080,471	1,078,610	2,392,723	3,766,147	3,980,338

Note: Both Guotun Coal and Pengzhuang Coal are owned by Heze Coal Electricity. The figures represented the breakdown of the net book value of the property, plant and equipment of Heze Coal Electricity used for the Mining Rights Valuations as at 31 December 2022.

The discount rate in relation to the valuation of the respective mining rights of Luxi Coal Mines is determined with reference to (i) the risk-free rate; and (ii) the risk premium. The risk-free rate is determined by the yield on PRC government bonds which will expire after five years from the Valuation Benchmark Date. The risk premium is determined with reference to (a) the risk derived from the exploration and the development of the respective mining rights under Luxi Coal Mines; (b) the industry of the respective owners; (c) the financial risk of the respective owners; and (d) the geological structure of the respective coal mines.

We have reviewed the parameters used in the valuation of the respective mining rights under Luxi Coal Mines, including (i) the historical financial information of each of the mines under Luxi Coal Mines; (ii) annual mining volume; and (iii) the yield on PRC government bonds, and noted that the above figures are in line with the parameters used for the valuation of the mining right. As such, we are of the view that the intrinsic value of the respective mining rights under Luxi Coal Mines is fair and reasonable.

(b) Transfer Fee

The Transfer Fee of the mining rights under Lilou Coal, Tangkou Coal and Xinjulong Coal (the "**Luxi Coal Transfer Fee**") is determined with reference to the respective Transfer Fee of the above mining rights up to 31 December 2022 as stated in the Transfer Fee Calculation Report. issued by the Coal Resources Valuer.

The Luxi Coal Transfer Fee was calculated with reference to (i) the revenue to be derived from the estimated mineral reserves under the respective mining rights; (ii) the levy of Transfer Fee; and (iii) the discount rate.

The revenue used in calculating the Luxi Coal Transfer Fee is the same as the estimated revenue as disclosed under the paragraph headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines – (a) Intrinsic value" above.

The levy of Transfer Fee of 2.4% was determined according to the percentage promulgated under the Circular 10.

The discount rate used in estimating the Luxi Coal Transfer Fee is the same as the discount rate as disclosed under the paragraph headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines – (a) Intrinsic value" above.

Based on the above, we are of the view that the calculation of the estimation of the Luxi Coal Transfer Fee is fair and reasonable.

(6) Valuation of the mining rights and exploration rights under Xinjiang Resources

The following table sets forth the appraised value of each of the mining rights and the exploration rights under Xinjiang Resources:

No.	Name of the mines	Owner of the mining rights and exploration rights	Intrinsic value	Transfer Fee	Appraised value
			RMB'000	*RMB'000*	*RMB'000*
			a	*b*	*c=a-b*
Mining rights					
1	Yili No. 1 Coal Mine	Yili Energy ("**Company Q**")	5,228,360	527,862	4,700,498
2	Yili No. 4 Coal Mine	Yixin Coal Industry ("**Company S**")	3,306,675	86,814	3,219,861
3	Liuhuanggou Mine	Xinjiang Mining ("**Company L**")	601,546	38,921	562,625
4	Baosheng Coal Mine	Company L	10,573	–	10,573
5	Hongshanwa Coal Mine	Company L	37,318	–	37,318
		Subtotal of Company L	649,437	38,921	610,516
Exploration rights					
6	Huangcaohu Exploration Rights	Xinjiang Energy	7,522,186	770,290	6,751,896
7	Wucaiwan Exploration Rights	Qineng Coal Industry ("**Company M**")	1,903,880	352,872	1,551,008

(a) Intrinsic value

Mining rights

The intrinsic value of the mining rights under Xinjiang Resources is determined with reference to (i) the remaining mineral reserves; (ii) the estimated profits to be derived from Xinjiang Resources; and (iii) the estimated capital expenditure to be incurred by using discounted cash flow method.

The revenue in relation to the respective mining rights under Xinjiang Resources is forecasted based on the annual production volumes (which is determined based on the mining volume and the production rate after coal washing) and the estimated selling price of the coal, which is anticipated based on the historical selling prices for the three years ended 31 December 2022. The following table sets forth the breakdown of the forecasted revenue of each mining right under Xinjiang Resources:

	Yili No. 1 Coal Mine	**Yili No. 4 Coal Mine**	**Liuhuanggou Mine**	**Baosheng Coal Mine**	**Hongshanwa Coal Mine**
Production volume *(thousand tons)*	10,000	8,730	1,500	90	300
Average unit price *(RMB per ton)*	179	175	299	249	249
Forecasted revenue *(RMB'000)*	1,790,000	1,527,750	448,500	22,410	74,700

In addition, we are of the view that the terminal growth rate of nil is fair and reasonable. For the details of our analysis on the terminal growth rate, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines – (a) Intrinsic value" above.

The costs in relation to Yili No. 1 Coal Mine, Yili No. 4 Coal Mine, and Liuhuanggou Mine, mainly consisting of cost of coal, cost of utility, labor cost, repairment and maintenance cost of the coal mines, are forecasted based on the historical costs for the year ended 31 December 2022. The following table sets out the historical costs used for the valuations of the Xinjiang Resources:

	Yili No. 1 Coal Mine *RMB'000*	**Yili No. 4 Coal Mine** *RMB'000*	**Liuhuanggou Mine** *RMB'000*
Material cost	4,418	65,641	17,265
Utility cost	19,847	27,146	11,535
Employee benefits	129,695	180,975	137,010
Depreciation and amortization cost	586,035	393,315	40,806
Maintenance cost	5,173	9,073	1,335
Enhancement cost of safety production environment and improvement of facilities	243,353	183,846	58,140
Other cost	179,168	219,039	36,075
Total	1,167,689	1,079,035	302,166

The capital expenditure in relation to the exploration rights under Yili No. 1 Coal Mine, Yili No. 4 Coal Mine, and Liuhuanggou Mine is forecasted mainly based on the net book value of the existing property, plant and equipment which will be used for the mining of the remaining mineral reserves. The following table sets out the breakdown of the net book value of the property, plant and equipment under Yili No. 1 Coal Mine, Yili No. 4 Coal Mine, and Liuhuanggou Mine as at 31 December 2022:

	Yili No. 1 Coal Mine *RMB'000*	**Yili No. 4 Coal Mine** *RMB'000*	**Liuhuanggou Mine** *RMB'000*
Buildings	905,554	782,781	290,094
Structures	1,773,527	1,604,936	180,774
Plant and machinery	1,027,880	796,420	146,285
Construction in progress	100,045	–	–
Total	3,807,006	3,184,137	617,153

Regarding Baosheng Coal Mine and Hongshanwa Coal Mine, since the above coal mines did not operate since obtaining the respective mining rights certificates, the Coal Resources Valuer used an alternative method to appraise the intrinsic value of the above two mining rights, which is determined with reference to (i) the revenue to be generated by Baosheng Coal Mine and Hongshanwa Coal Mine, respectively, which has been mentioned above; (ii) the discount rate, which is disclosed below; and (iii) the equity factor of mining rights, which is an adjustment factor of the present value of the estimated revenue when the cost is not identifiable. The equity factor of mining rights is determined according to (a) the requirements as stated in The Guidance on Mining Rights Evaluation Parameters*（礦業權評估參數指導意見）published by CAMRA; and (b) the discount rate.

The discount rate in relation to the valuation of the respective mining rights under Xinjiang Resources is determined with reference to (i) the risk-free rate; and (ii) the risk premium. The risk-free rate is determined by the yield on PRC government bonds which will expire after five years from the Valuation Benchmark Date. The risk premium is determined with reference to (a) the respective risk derived from the exploration and the development of the coal mines; (b) the industry of the respective owners; (c) the financial risk of the respective owners; and (d) the geological structure of the respective coal mines.

We have reviewed the parameters used in the valuation of the respective mining rights under Xinjiang Resources, including (i) the historical financial information of each of the mining rights under Xinjiang Resources; (ii) annual mining volume; and (iii) the yield on

PRC government bonds, and noted that the above figures are in line with the parameters used for the valuation of the mining right. As such, we are of the view that the intrinsic value of the respective mining rights under Xinjiang Resources is fair and reasonable.

Exploration rights

The intrinsic value of the exploration rights under Xinjiang Resources is determined with reference to (i) the remaining mineral reserves; (ii) the estimated profits to be derived from Xinjiang Resources; and (iii) the estimated capital expenditure to be incurred by using discounted cash flow method.

The revenue in relation to the exploration rights under Xinjiang Resources is forecasted based on the annual production volume (which is determined based on the annual mining volume) and the estimated selling price of the coal, which is anticipated based on the historical selling prices of the coal in the same region for FY2022.

Regarding the annual production volume of the exploration rights, we have reviewed the valuation reports of Huangcaohu Exploration Rights and Wucaiwan Exploration Rights and noted that, taking into account the geological characteristics of the above exploration rights (including but not limited to the stratum (a layer of rock or sediment characterized by certain lithologic properties or attributes that distinguish it from adjacent layers) and the ore body (a mass of rock that contains ore and from which a commodity of value will be extracted)), the estimation of the volume of coal reserve is reliable.

Based on the above, although Huangcaohu Exploration Rights and Wucaiwan Exploration Rights are still under exploration stage, we are of the view that the estimated production volume used in the determination of the intrinsic value is fair and reasonable due to the following reasons:

(i) the estimation of the volume of coal reserve is reliable as mentioned above; and

(ii) the annual production volume has been approved by the National Development and Reform Commission of the PRC.

Regarding the estimated selling price of the coal, the following table sets forth the breakdown of the forecasted revenue of each exploration rights of Xinjiang Resources:

	Huangcaohu Exploration Rights	**Wucaiwan Exploration Right**
Production volume *(thousand tons)*	29,110	9,830
Average unit price *(RMB per ton)*	161	189
Forecasted revenue *(RMB'000)*	4,686,710	1,857,870

In addition, we are of the view that the terminal growth rate of nil is fair and reasonable. For the details of our analysis on the terminal growth rate, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines – (a) Intrinsic value" above.

The costs in relation to the exploration rights under Xinjiang Resources, mainly consisting of cost of coal, cost of utility, labor cost, repairment and maintenance cost of the coal mines, are forecasted based on the costs incurred after the mining project was put into operation.

The capital expenditure in relation to the exploration rights under Xinjiang Resources is forecasted mainly based on the net book value of the existing property, plant and equipment which will be used for the mining of the remaining mineral reserves. The following table sets out the breakdown of the net book value of the property, plant and equipment under the respective exploration rights of Xinjiang Resources as at 31 December 2022:

	Huangcaohu Exploration Rights *RMB'000*	**Wucaiwan Exploration Rights** *RMB'000*
Construction in progress	194,819	41,698

The discount rate in relation to the valuation of the exploration rights under Xinjiang Resources is determined with reference to (i) the risk-free rate; and (ii) the risk premium. The risk-free rate is determined by the yield on PRC government bonds which will expire after five years from Valuation Benchmark Date. The risk premium is determined with reference to (a) the respective risk derived from the exploration and the development of the coal mines; (b) the industry of the respective owners; (c) the financial risk of the respective owners; and (d) other risk factors in relation to coal mining projects.

We have reviewed the parameters used in the valuation of the respective exploration rights under Xinjiang Resources, including (i) the historical financial information of each of the exploration rights under Xinjiang Resources; and (ii) the yield on PRC government bonds, and noted that the above figures are in line with the parameters used for the valuation of the exploration rights. As such, we are of the view that the intrinsic value of the respective exploration rights under Xinjiang Resources is fair and reasonable.

(b) Transfer Fee

The Transfer Fee of the mining rights under Xinjiang Resources (the "**Xinjiang Resources Transfer Fee**") is determined with reference to the transfer fee of the respective mining rights and exploration rights up to 31 December 2022 as stated in the Transfer Fee Calculation Report.

The Xinjiang Resources Transfer Fee was calculated with reference to (i) the revenue to be derived from the estimated mineral reserves under the respective mining rights and exploration rights; (ii) the levy of Transfer Fee; and (iii) the discount rate.

The revenue used in calculating the Xinjiang Resources Transfer Fee is determined based on (i) the remaining mineral reserves subject to the payment of the Transfer Fee as at 31 December 2022; and (ii) the estimated selling price of the coal, which is the same as the selling price as disclosed under the paragraph headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (6) Valuation of the mining rights and exploration rights under Xinjiang Resources – (a) Intrinsic value" above.

The levy of Transfer Fee of 2.4% was determined according to the percentage promulgated under the Circular 10.

The discount rate used in estimating the Xinjiang Resources Transfer Fee is the same as the discount rate as disclosed under the paragraph headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (6) Valuation of the mining rights and exploration rights under Xinjiang Resources – (a) Intrinsic value" above.

Based on the above, we are of the view that the calculation of the estimation of the Xinjiang Resources Transfer Fee is fair and reasonable.

(7) Conclusion

Based on the above assessment, we are of the view that the appraised value of (i) the mining rights under Luxi Coal Mines; (ii) the mining rights under Xinjiang Resources; and (iii) the exploration rights under Xinjiang Resources is fair and reasonable.

5. Our assessment on the valuation of the assets of the Target Companies

In assessing the fairness and reasonableness of the Asset Valuations, we have taken into account the following factors:

(1) The Asset Valuer

The Company has engaged the Asset Valuer to perform the Asset Valuations and prepare the Asset Valuation Reports.

In respect of the experience of the Asset Valuer, we have requested and obtained a list from the Asset Valuer demonstrating their track record of valuation in relation to the transaction principally engaged in the similar businesses as those of the Target Companies. Based on our review, we understand that the Asset Valuer has accumulated experience in evaluating company and/or assets in mining industry which is similar to the Target Companies.

We have reviewed the qualification on the valuation of assets of the Asset Valuer, and understand that the Asset Valuer is certified with professional qualification required to perform the Asset Valuations.

In respect of the independence of the Asset Valuer, it confirms that it is independent from the Company.

Based on the above, we are of the view that the Asset Valuer is qualified and competent to perform the Asset Valuations.

(2) Valuation methodology adopted by the Asset Valuer

We have reviewed the Asset Valuation Reports and discussed with the Asset Valuer regarding the methodology adopted for the Asset Valuations. We note that the appraised value of the entire equity interests of the Target Companies were determined based on the asset approach and understand that:

(i) the appraised value of the entire equity interests of the Target Companies were not determined based on the income approach since the income generated from the net assets of the Target Companies could not be accurately quantified or ascertained mainly due to the fact that both Luxi Mining and Xinjiang Energy are investment holding companies and do not engage in any substantial business of sale and production of coal;

(ii) the appraised value of the entire equity interests of the Target Companies were not determined based on the market approach since (a) there were no acquisitions of companies in the market comparable to the Acquisitions; and (b) the features of the Target Companies, including but not limited to the management of the business, business segments, business operation, business scale, business growth, operating risks, and financial risks, differ from those of the listed companies which are engaged in the same industry as the Target Companies. Very little information of the above has been disclosed in the market and the Asset Valuer is unable to obtain sufficient information to value the entire equity interest of the Target Companies by using market approach; and

(iii) the appraised value of the entire equity interests of the Target Companies were determined based on the asset-based approach since asset-based approach is a form of valuation that focuses on the value of a company's assets or the fair market value of its total assets after deducting liabilities. The Asset Valuer is able to obtain all the information in relation to the valuation of all the assets and liabilities of the Target Companies.

After considering the reasons above, we are of the view that the valuation methodology adopted by the Asset Valuer is fair and reasonable for the Asset Valuations.

(3) Valuation assumptions

We noted that the Asset Valuer has made the following assumptions for the Asset Valuations:

General assumptions

(i) All assets to be appraised were assumed to be in the course of trading;

(ii) The buyers and sellers, on equal footing, have the opportunity and time to get sufficient market information, and are able to trade in a voluntary and sensible manner, free from any compulsory or restrictive conditions;

(iii) The assets being appraised are in use and will continue to be used;

(iv) The company will continue as going concern. The management has the ability to take the responsibilities for the operation of the business. The company will fully comply with all applicable laws and regulations. The business is profitable and sustainable; and

(v) The information provided by the management remains trustworthy. The conclusion of the valuations is made with reference to the above information. The asset valuer has conducted necessary verification on the above information according to the appraisal procedure, but the asset valuer does not make any guarantee for the authenticity, legality and integrity of the information.

Special assumptions

(i) There will be no significant changes in the prevailing applicable laws, regulations and policies and the macro-economic environment of the PRC, and the political, economic and social environment in the region where the parties to the transaction operate;

(ii) The management of the company is responsible for the operation of the business and has the ability to perform his duties;

(iii) The company will comply with all applicable laws and regulations unless otherwise specified;

(iv) The accounting policies of the company to be adopted in the future are assumed to be, in all material aspects, consistent with the accounting policies adopted when the valuation report was being prepared;

(v) The operation of business and the scope of activities of the company are assumed to be consistent with the present management style and level;

(vi) No material change on the interest rates, exchange rates, tax bases and rates, and policy duties and levies is expected;

(vii) No other force majeure or unforeseeable factors that will have material adverse impact on the business of the company is expected;

(viii) The annual cash inflow and outflows during the forecast year are assumed to be stable;

(ix) It is assumed that the business operation of the company during the forecast year is consistent with the current business model without material changes;

(x) The production and sales of products are equal. The operation of the business continues based on the set resource reserves, production method, production scale, product structure, development technology level, and the supply and demand of the products in the market. The mining license will be renewed and registered upon expiration; and

(xi) The product prices, costs and expenses, tax rates, and interest rates will vary within the normal range during the development and production period of the mines.

After considering the above, we are of the view that the assumptions adopted by the Asset Valuer for the Asset Valuations are fair and reasonable.

(4) Luxi Asset Valuation

The following table sets forth the difference between the appraised value and the net book value of the financial items of Luxi Mining as at the Valuation Benchmark Date:

	As at 31 December 2022		
Financial items	**Appraised value** *RMB'000* *a*	**Net book value** *(Note)* *RMB'000* *b*	**Variance between the net book value and appraised value** *RMB'000* *c=a-b*
Long-term investments	36,771,467	8,745,836	28,025,631
Property, plant, and equipment	38,980	33,913	5,067
Intangible assets	2,504	–	2,504
Other non-current assets	7,938	7,989	(51)
Current assets	5,033,493	5,033,493	–
Total assets	41,854,382	13,821,231	28,033,151
Total liabilities	4,724,072	4,724,072	–
Total net assets	37,130,310	9,097,159	28,033,151

Note: The figures represented the company level net book value of the financial items of Luxi Mining.

(a) Long-term investments

The following table sets forth the details of the long-term investments as at the Valuation Benchmark Date:

			As at 31 December 2022			
Company	**Nature of the investments**	**Shareholding percentage**	**Appraised value of the long-term investments**	**Net book value of the long-term investments**	**Variance between the net book value and appraised value**	**Basis of valuation**
			RMB'000	*RMB'000*	*RMB'000*	
			a	*b*	*c=a-b*	
Shanxian Energy ("**Company A**")	Investment of Luxi Mining in its subsidiary	100%	1,403,579	509,297	894,282	Asset-based approach
Shandong Lilou Coal Industry ("**Company B**")	Investment of Luxi Mining in its subsidiary	100%	3,317,765	3,974,888	(657,123)	Asset-based approach
Tangkou Coal Industry ("**Company C**")	Investment of Luxi Mining in its subsidiary	100%	5,949,326	1,528,463	4,420,863	Asset-based approach
Liangbaosi Energy ("**Company D**")	Investment of Luxi Mining in its subsidiary	85%	2,821,013	–	2,821,013	Asset-based approach
Shandong Menglu Mining Engineering Co., Ltd.* (山東盟魯採礦工程有限公司) ("**Company E**")	Investment of Luxi Mining in its subsidiary	100%	281,184	197,973	83,211	Asset-based approach
Heze Coal Electricity ("**Company F**")	Investment of Luxi Mining in its subsidiary	83.59%	4,330,286	937,662	3,392,624	Asset-based approach
Xinjulong Energy ("**Company G**")	Investment of Luxi Mining in its subsidiary	60%	17,397,754	1,058,111	16,339,643	Asset-based approach
Xinkuang Juye Coal Processing Co., Ltd.* (新礦巨野選煤有限公司) ("**Company H**")	Investment of Luxi Mining in its subsidiary	100%	577,194	49,418	527,776	Income approach
Shandong Zikuang Railway Transportation Co., Ltd.* (山東淄礦鐵路運輸有限公司) ("**Company I**")	Investment of Luxi Mining in its subsidiary	100%	592,550	370,097	222,453	Asset-based approach
Kasong Science and Technology Co., Ltd.* (卡松科技股份有限公司) ("**Company J**")	Investment of Luxi Mining in its subsidiary	51%	100,816	119,927	(19,111)	Asset-based approach
		Total	36,771,467	8,745,836	28,025,631	

Company A

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company A as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	486,352	491,957	5,605
Property, plant and equipment	1,878,237	2,461,701	583,464
Intangible assets	578,231	946,441	368,210
Including:			
Mining rights	*514,680*	*847,110*	*332,430*
Land use rights	*61,153*	*92,172*	*31,019*
Software and management systems	*2,398*	*6,938*	*4,540*
Patents	*–*	*221*	*221*
Other non-current assets	35,643	30,220	(5,423)
Total assets	2,978,463	3,930,319	951,856
Current liabilities	2,153,721	2,153,721	–
Non-current liabilities	376,996	373,019	(3,977)
Total liabilities	2,530,717	2,526,740	(3,977)
Net assets	447,746	1,403,579	955,833

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings and structures. Such increase in the appraised value is mainly due to the fact that (i) the labor cost and material cost for the construction of the buildings and structures as at the Valuation Benchmark Date are higher than those as at the date of the establishment of the property, plant and equipment; and (ii) the depreciation amount recognized during the Luxi Asset Valuation is lower than that recognized according to the PRC GAAP since the actual useful life of the property, plant and equipment used in the Asset Valuations (the "**Asset Valuations Useful Life**") is longer than the depreciation period from the perspective of accounting (the "**Accounting Useful Life**").

The following table sets out the Asset Valuations Useful Life and Accounting Useful Life of the property, plant and equipment by category:

	Asset Valuations Useful Life *Number of years*	**Accounting Useful Life** *Number of years*
Buildings	20-50	20
Structures	N/A *(Note 1)*	N/A *(Note 2)*
Plant and machinery	5-30	10
Motor vehicles	15	4
Electronic equipment	5-10	3-5

Notes:

1. The useful life of the structures is the lower of (i) the period of extracting the mineral and (ii) the period it is likely for the structures to remain in service.

2. The depreciation method of the structures is units of production method.

The Asset Valuations Useful Life of the property, plant and equipment is determined with reference to its period when it remains useful to its owner, whereas its Accounting Useful Life is based on its expected useable period before the property, plant and equipment is fully depreciated.

We are advised by the Asset Valuer that the period of the Asset Valuations Useful Life is further determined according to the following factors of the property, plant and equipment: (i) its maintenance; (ii) its frequency of use; (iii) the operation of the company under which the property, plant and equipment contemplated, such as trial production of new products and mass production of existing products; and (iv) the outlook of the industry in which the company involved. On the other hand, the Accounting Useful Life is based on the expected period of use of the property, plant and equipment by the Company.

Given that the Asset Valuations Useful Life reflects the full useful lifetime of the property, plant and equipment (i.e., a period from when it is used until when it is scrapped or no longer useful to its owner), we consider that it is fair and reasonable to adopt Asset Valuations Useful Life to appraise the market value of the property, plant and equipment.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly attributable to the increase in the appraised value of the mining rights of coal. The net book value of the mining rights of coal is recognized according to their purchase cost while their appraised value is determined with reference to the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines" in this letter.

The increase in the appraised value of the intangible assets is also attributable to the appreciation in the appraised value of the land use rights. Such increase is due to the fact that the market value of the land use rights has substantially appreciated since the date of the purchase of the land use rights.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the property, plant and equipment from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

Non-current liabilities

The depreciation in the appraised value of the non-current liabilities is attributable to the decrease in the appraised value of the government grant of Company A. The net book value of the government grant is recognized according to the remaining value of the government grant which has not been recognized in the profit and loss account of Company A. The appraised value of the government grant merely consisted of the outstanding income tax payable derived from the recognition of government grants as profits given that such government grant was not required to be returned to the government authorities.

Conclusion on the appraised value of the net assets for Company A

Based on the above assessments, we are of the view that the appraised value of the net assets for Company A is fair and reasonable.

Company B

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company B as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	2,000,480	2,016,401	15,921
Property, plant and equipment	5,060,391	3,961,818	(1,098,573)
Intangible assets	3,906,826	3,905,951	(875)
Including:			
Mining rights	*3,842,080*	*3,836,327*	*(5,753)*
Land use rights	*64,746*	*68,848*	*4,102*
Patents and software	*–*	*776*	*776*
Constructions in progress	19,609	64,777	45,168
Other non-current assets	294,148	283,322	(10,826)
Total assets	11,281,454	10,232,269	(1,049,185)
Current liabilities	5,669,769	5,669,514	(255)
Non-current liabilities	1,244,990	1,244,990	–
Total liabilities	6,914,759	6,914,504	(255)
Net assets	4,366,695	3,317,765	(1,048,930)

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The depreciation in the appraised value of the property, plant and equipment is mainly attributable to the drop in the appraised value of the buildings, vehicles and electronic devices. Such decrease in the appraised value is mainly due to the fact that the net book value of the construction of the buildings was overestimated since excessive expenses were capitalized as the result of the unreasonably long duration of the construction of the buildings.

Intangible assets

The depreciation in the appraised value of the intangible assets is mainly attributable to the decrease in the appraised value of the mining rights of coal.

The net book value of the mining rights of coal is recognized according to their purchase cost while their appraised value is determined with reference to (i) the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method; and (ii) the Transfer Fee.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines" in this letter.

Constructions in progress

The appraised value of the construction in progress has increased as compared to its net book value since the net book value of the constructions in progress is recognized according to the costs of labor and cost of building material, while its appraised value is determined with reference to its actual cost incurred, including cost of labor, cost of building material, management expense on the construction projects and interest of the borrowings used for the construction.

Current liabilities

The depreciation in the appraised value of the current liabilities is due to the decrease in the appraised value of accrued employee benefits. Such decrease is attributable to the fact that the accrued employee benefits are not obliged to be settled by the company.

Conclusion on the appraised value of the net assets for Company B

Based on the above assessments, we are of the view that the appraised value of the net assets for Company B is fair and reasonable.

Company C

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company C as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	4,721,568	4,718,807	(2,761)
Property, plant and equipment	1,080,745	2,152,499	1,071,754
Constructions in progress	4,883	4,987	104
Intangible assets	191,657	3,505,225	3,313,568
Including:			
Mining rights	*12,346*	*3,236,251*	*3,223,905*
Land use rights	*146,763*	*232,929*	*86,166*
Patents and software	*32,548*	*36,045*	*3,497*
Other non-current assets	232,615	128,077	(104,538)
Total assets	6,231,468	10,509,595	4,278,127
Current liabilities	3,791,221	3,791,221	–
Non-current liabilities	859,749	769,048	(90,701)
Total liabilities	4,650,970	4,560,269	(90,701)
Net assets	1,580,498	5,949,326	4,368,828

Current assets

The depreciation in the appraised value of the current assets is attributable to the decrease in the appraised value of the inventories. The net book value of the inventories was overestimated since excessive relocation costs of coal were allocated to the net book value of inventories.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings, structures and equipment. Such increment in the appraised value is mainly due to the fact that (i) the labor cost and material cost for the construction of the buildings and structures as at the Valuation Benchmark Date are higher than those as at the date of the establishment of the property, plant and equipment; and (ii) the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

The following table sets out the Asset Valuations Useful Life and Accounting Useful Life of the property, plant and equipment by category:

	Asset Valuations Useful Life	**Accounting Useful Life**
	Number of years	*Number of years*
Buildings	15-50	20
Structures	N/A *(Note 1)*	N/A *(Note 2)*
Plant and machinery	8-30	4-15
Motor vehicles	15	6-8
Electronic equipment	5-10	3-5

Notes:

1. The useful life of the structures is the lower of (i) the period of extracting the mineral and (ii) the period it is likely for the structures to remain in service.

2. The depreciation method of the structures is units of production method.

We consider that it is fair and reasonable to adopt Asset Valuations Useful Life to appraise the market value of the property, plant and equipment. Regarding (i) the basis of determining the Asset Valuations Useful Life and the Accounting Useful Life; and (ii) our analysis on the determination of the useful life to be used in the Asset Valuations, please refer to the paragraphs headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 5. Our assessment on the valuation of the assets of the Target Companies – (4) Luxi Asset Valuation – (a) Long-term investments – Company A – Property, plant and equipment" in this letter.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly attributable to the increase in the appraised value of the mining rights of coal and land use rights.

The net book value of the mining rights of coal is recognized according to their purchase cost while their appraised value is determined with reference to (i) the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method; and (ii) the Transfer Fee.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines" in this letter.

The appreciation in the appraised value of the land use rights is mainly attributed to the increase in the market price of the land use rights since the acquisition of land use rights by Company C.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the fixed assets from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

Non-current liabilities

The depreciation in the appraised value of the non-current liabilities is attributable to the decrease in the appraised value of the government grant of Company C. The net book value of the government grant is recognized according to the remaining value of the government grant which has not been recognized in the profit and loss account of Company C. The appraised value of the government grant merely consisted of the outstanding income tax payable derived from the recognition of government grants as profits given that such government grant was not required to be returned to the government authorities and the income tax payable derived from the recognition of the government grant as profits has been fully settled.

Conclusion on the appraised value of the net assets for Company C

Based on the above assessments, we are of the view that the appraised value of the net assets for Company C is fair and reasonable.

Company D

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company D as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	347,215	342,197	(5,018)
Property, plant and equipment	2,388,969	3,142,646	753,677
Intangible assets	159,204	3,630,924	3,471,720
Including:			
Mining rights	*37,505*	*3,323,218*	*3,285,713*
Land use rights	*121,699*	*307,594*	*185,895*
Patents and software	*–*	*112*	*112*
Other non-current assets	465,050	429,076	(35,974)
Total assets	3,360,438	7,544,843	4,184,405
Current liabilities	1,735,907	1,735,907	–
Non-current liabilities	2,510,341	2,490,098	(20,243)
Total liabilities	4,246,248	4,226,005	(20,243)
Net assets/(liabilities)	(885,810)	3,318,838	4,204,648

Current assets

The depreciation in the appraised value of the current assets is attributable to the decrease in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings, structures and equipment. Such increase in the appraised value is mainly due to (i) the increase in the labor cost and material cost since the establishment of the property, plant and equipment; and (ii) the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

The following table sets out the Asset Valuations Useful Life and Accounting Useful Life of the property, plant and equipment by category:

	Asset Valuations Useful Life *Number of years*	**Accounting Useful Life** *Number of years*
Buildings	20-50	20
Structures	N/A *(Note 1)*	N/A *(Note 2)*
Plant and machinery	8-30	10
Motor vehicles	15	4
Electronic equipment	5-10	3

Notes:

1. The useful life of the structures is the lower of (i) the period of extracting the mineral and (ii) the period it is likely for the structures to remain in service.

2. The depreciation method of the structures is units of production method.

We consider that it is fair and reasonable to adopt Asset Valuations Useful Life to appraise the market value of the property, plant and equipment. Regarding (i) the basis of determining the Asset Valuations Useful Life and the Accounting Useful Life; and (ii) our analysis on the determination of the useful life to be used in the Asset Valuations, please refer to the paragraphs headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 5. Our assessment on the valuation of the assets of the Target Companies – (4) Luxi Asset Valuation – (a) Long-term investments – Company A – Property, plant and equipment" in this letter.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly attributable to the increase in the appraised value of the mining rights of coal and land use rights.

The net book value of the mining rights of coal is recognized according to their purchase cost while their appraised value is determined with reference to the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines" in this letter.

The appreciation in the appraised value of the land use rights is mainly attributed to the increase in the market price of the land use rights since the acquisition of land use rights by Company D.

Non-current liabilities

The depreciation in the appraised value of the non-current liabilities is attributable to the decrease in the appraised value of the government grant of Company D. The net book value of the government grant is recognized according to the remaining value of the government grant which has not been recognized in the profit and loss account of Company D. The appraised value of the government grant merely consisted of the outstanding income tax payable derived from the recognition of government grants as profits given that such government grant was not required to be returned to the government authorities.

Conclusion on the appraised value of the net assets for Company D

Based on the above assessments, we are of the view that the appraised value of the net assets for Company D is fair and reasonable.

Company E

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company E as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	209,955	213,183	3,228
Property, plant and equipment	111,264	156,217	44,953
Intangible assets	72,546	113,323	40,777
Other non-current assets	1,358	–	(1,358)
Total assets	395,123	482,723	87,600
Current liabilities	200,029	200,029	–
Non-current liabilities	1,510	1,510	–
Total liabilities	201,539	201,539	–
Net assets	193,584	281,184	87,600

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings, structures and equipment. Such increase in the appraised value is mainly due to (i) the increase in the labor cost and material cost since the establishment of the property, plant and equipment; and (ii) the fact that the Asset Valuations Useful Life life of the property, plant and equipment is longer than their Accounting Useful Life.

The following table sets out the Asset Valuations Useful Life and Accounting Useful Life of the property, plant and equipment by category:

	Asset Valuations Useful Life	**Accounting Useful Life**
	Number of years	*Number of years*
Buildings	20-50	20
Plant and machinery	8-25	10
Motor vehicles	15	5
Electronic equipment	5-8	5

We consider that it is fair and reasonable to adopt Asset Valuations Useful Life to appraise the market value of the property, plant and equipment. Regarding (i) the basis of determining the Asset Valuations Useful Life and the Accounting Useful Life; and (ii) our analysis on the determination of the useful life to be used in the Asset Valuations, please refer to the paragraphs headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 5. Our assessment on the valuation of the assets of the Target Companies – (4) Luxi Asset Valuation – (a) Long-term investments – Company A – Property, plant and equipment" in this letter.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly due to (i) the increase in the market price of the land use rights since the acquisition of land use rights by Company E; and (ii) the fact that the Asset Valuer appraised the market value of the patents whereas the cost incurred for the patents was not recognized as intangible assets according to the PRC GAAP.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is mainly due to the fact that no deductible temporary differences will derive from the inventories and property, plant and equipment from the perspective of the Asset Valuations given that the appraised value of the above assets has been appreciated as compared to their respective net book value.

Conclusion on the appraised value of the net assets for Company E

Based on the above assessments, we are of the view that the appraised value of the net assets for Company E is fair and reasonable.

Company F

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company F as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	2,340,427	2,374,525	34,098
Property, plant and equipment	3,742,448	5,247,607	1,505,159
Construction in progress	62,923	61,734	(1,189)
Intangible assets	882,994	3,624,858	2,741,864
Including:			
Mining rights	*724,845*	*3,399,276*	*2,674,431*
Land use rights	*154,172*	*217,684*	*63,512*
Patents and software	*3,977*	*7,898*	*3,921*
Other non-current assets	70,464	26,647	(43,817)
Total assets	7,099,256	11,335,371	4,236,115
Current liabilities	2,796,471	2,796,471	–
Non-current liabilities	3,358,513	3,358,513	–
Total liabilities	6,154,984	6,154,984	–
Net assets	944,272	5,180,387	4,236,115

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings, structures and equipment. Such increase in the appraised value is mainly due to (i) the increment in the labor cost and material cost since the establishment of the property, plant and equipment; and (ii) the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

Constructions in progress

The appraised value of the construction in progress has decreased as compared to its net book value because some construction in progress has been completed and was valued under the property, plant and equipment.

Intangible assets

The increase in the appraised value of the intangible assets is mainly attributable to the rise in the appraised value of the mining rights of coal and land use rights.

The net book value of the mining rights of coal is recognized according to their purchase cost while their appraised value is determined with reference to the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines" in this letter.

The appreciation in the appraised value of the land use rights is mainly attributed to the increase in the market price of the land use rights since the acquisition of land use rights by Company F.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the fixed assets from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

Conclusion on the appraised value of the net assets for Company F

Based on the above assessments, we are of the view that the appraised value of the net assets for Company F is fair and reasonable.

Company G

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company G as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	10,191,777	10,422,254	230,477
Long term investment	20,000	7,994	(12,006)
Property, plant and equipment	3,986,616	5,883,494	1,896,878
Construction in progress	720,125	768,712	48,587
Intangible assets	245,380	25,076,682	24,831,302
Including:			
Mining rights	*144,969*	*24,925,493*	*24,780,524*
Land use rights	*99,652*	*148,523*	*48,871*
Patents and software	*759*	*2,666*	*1,907*
Other non-current assets	898,652	833,971	(64,681)
Total assets	16,062,550	42,993,107	26,930,557
Current liabilities	11,087,451	11,087,451	–
Non-current liabilities	2,909,398	2,909,398	–
Total liabilities	13,996,849	13,996,849	–
Net assets	2,065,701	28,996,258	26,930,557

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Long-term investment

The long-term investment of Company G represents its investment in 100% equity interest in Heze Longgang Coal Storage Co., Ltd.*（菏澤龍港煤炭儲運有限公司）(“**Company R**”).

The variance between the appraised value and the net book value of the long-term investment in Company R is mainly due to the fact that (i) its net book value does not take into account the changes in the market value of the net assets of Company R, whereas (ii) its appraised value has considered the market value of its net assets.

The net book value of the long-term investment is recognized according to the original costs on the 100% equity interest of Company R, while the appraised value of Company R is determined with reference to its market value of the net assets of Company R.

In our assessment of the appraised value of the long-term investment of Company G, we have reviewed the valuation report of Company R as at 31 December 2022. We noted that the Asset Valuer has adopted asset-based approach on the asset valuation of Company R. The following table sets forth the difference between the appraised value and the net book value of the financial items of Company R as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	2,736	2,736	–
Property, plant and equipment	34,723	36,863	2,140
Intangible assets	81,757	94,473	12,716
Other non-current assets	6,501	6,501	–
Total assets	125,717	140,573	14,856
Current liabilities	126,240	126,240	–
Non-current liabilities	6,339	6,339	–
Total liabilities	132,579	132,579	–
Net assets/(liabilities)	(6,862)	7,994	14,856

We further noted that:

(i) The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increment in the appraised value of structures and equipment. Such increase in the appraised value is mainly due to the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life; and

(ii) The appreciation in the appraised value of the intangible assets is mainly due to the increase in the market price of the land use rights since the acquisition of land use rights and business trademark by Company R.

As such, we are of the view that the appraised value of the net assets of Company R is fair and reasonable.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings, structures and equipment. Such increase in the appraised value is mainly due to (i) the increment in the labor cost and material cost since the establishment of the property and equipment; (ii) the lower value-added tax rate as at the Valuation Benchmark Date as compared to that on the date of the purchase of the equipment; and (iii) the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

Constructions in progress

The appraised value of the construction in progress has increased as compared to its net book value since the net book value of the constructions in progress is recognized according to the costs of labor and cost of building material, while its appraised value is determined with reference to its actual cost incurred, including cost of labor, cost of building material, management expense on the construction projects and interest of the borrowings used for the construction.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly attributable to the increase in the appraised value of the mining rights of coal and land use rights.

The net book value of the mining rights of coal is recognized according to their purchase cost while their appraised value is determined with reference to (i) the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method; and (ii) the Transfer Fee.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (5) Valuation of the mining rights under Luxi Coal Mines" in this letter.

The appreciation in the appraised value of the land use rights is mainly attributed to the increase in the market price of the land use rights since the acquisition of land use rights by Company G.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the fixed assets from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

Conclusion on the appraised value of the net assets for Company G

Based on the above assessments, we are of the view that the appraised value of the net assets for Company G is fair and reasonable.

Company H

Company H is mainly engaged in the provision of coal washing services.

The Asset Valuer adopted income approach during the valuation since (i) the appraised value of some types of intangible assets of Company H, including but not limited to customer resources, and human resources cannot be directly measured and valued under the asset-based approach; and (ii) the profitability of the business of coal washing is stable and the income generated from the net assets in the future can be accurately quantified. In particular, Company H is mainly engaged in the provision of coal washing services and Company G is its only customer. Company H entered into a coal-washing subcontracting agreement with Company G, pursuant to which Company H provides coal washing service to Company G from 1 January 2021 to 31 December 2040. The annual production of Company G is steady at a volume of 6 million tons pursuant to the valuation result of Xinjulong Coal. Based on the above, the Asset Valuer is of the view that profitability of the business of coal washing is stable and the income generated from the net assets in the future can be accurately quantified. Therefore, income approach was adopted to appraise the market value of the entire equity interest of Company H.

In our assessment of the appraised value of Company H, we noted that the Asset Valuer has applied the discounted cash flow method to estimate the net present value of the projected cash flow of the existing or planned business operation at a discount rate to calculate the appraised value.

In estimating the projected cash flow for the income approach, we have reviewed the calculation of projected cash flow, which is based on the forecasted revenue, gross profit and expenses during the forecast period of Company H. We noted that:

(i) the revenue of Company H of approximately RMB203 million during each year of the forecast period is estimated with reference to (a) the annual volume of coal to be washed of 6 million tons; (b) the historical unit price of coal washing according to the long-term contract entered into between Company H and its customer of approximately RMB33.5 (value-added tax exclusive); and (c) historical average revenue derived from the removal of coal gangue (worthless materials closely attaching to or surrounding the coal) from the coal of approximately RMB2 million for the three years ended 31 December 2022; and

(ii) the operating costs of Company H during the forecast period are estimated based on the historical expenses incurred for the three years ended 31 December 2022. The following table sets out the breakdown of the operating costs of Company H for the periods indicated:

	FY2020	**FY2021**	**FY2022**
	RMB'000	*RMB'000*	*RMB'000*
Material cost	20,605	39,469	31,420
Utility cost	20,510	33,238	30,235
Employee benefits	39,405	41,328	48,808
Depreciation and amortization cost	56	66	118
Maintenance cost	322	-	93
Tax expenses	702	1,682	1,304
Other cost	654	1,048	809
Total	82,254	116,831	112,787

In estimating the discount rate for the income approach, the Asset Valuer has adopted the cost of equity to compute the cost of capital as the discount rate since Company H does not have interest-bearing borrowings as at the Valuation Benchmark Date. We understand from the Asset Valuer that the cost of equity was adopted with reference to the following methodology:

(a) Nominal risk-free rate is the yield on PRC government bonds which will expire after 10 years from the Valuation Benchmark Date.

(b) Equity risk premium is the level of risk-reward that equity investors in the stock market would require compensating them for the level of risk undertaken. The figure is determined based on the average closing price of CSI 300 Index.

(c) Levered beta is determined with reference to the average unlevered beta of 12 comparable companies mainly engaged in the coal washing business listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange, debt-to-equity ratio (calculated based on total liabilities divided by total net assets) of Company H, and the applicable income tax rate of Company H.

(d) Enterprise-specific risk adjustment factor is based on the risks of the following factors of Company H, including but not limited to (i) operational risk; (ii) financial risk; and (iii) legal risk.

Regarding the levered beta, we have reviewed the list of the comparable companies of Company H and noted that these comparable companies are engaged in the coal washing business listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange. As such, we are of the view that the comparable companies selected by the Asset Valuer are fair and representative samples.

We have reviewed the specific data of the comparable companies and noted that:

(i) the levered beta is of each comparable company is extracted from the database of Hithink RoyalFlush Information Network Co., Ltd. (浙江核新同花順網路資訊股份有限公司), a PRC-listed company (stock code: 300033) principally engaged in the provision of financial data, information, and software services in the PRC; and

(ii) the unlevered beta of each comparable company is determined based on their respective above levered beta.

As such, we are of the view that the discount rate of 10.07% applied by the Asset Valuer to estimate the net present value of the projected cash flow to calculate the appraised value of Company H is fair and reasonable.

Conclusion on the appraised value of the net assets for Company H

Based on the above assessments, we are of the view that the appraised value of the net assets for Company H is fair and reasonable.

Company I

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company I as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	219,944	220,106	162
Property, plant and equipment	111,743	256,638	144,895
Constructions in progress	1,135	1,135	–
Intangible assets	196,008	286,268	90,260
Other non-current assets	2,931	10	(2,921)
Total assets	531,761	764,157	232,396
Current liabilities	166,347	166,347	–
Non-current liabilities	5,260	5,260	–
Total liabilities	171,607	171,607	–
Net assets	360,154	592,550	232,396

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings and structures. Such increase in the appraised value is mainly due to (i) the rise in the labor cost and material cost since the establishment of the building and structures; and (ii) the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

The following table sets out the Asset Valuations Useful Life and Accounting Useful Life of the property, plant and equipment by category:

	Asset Valuations Useful Life	**Accounting Useful Life**
	Number of years	*Number of years*
Buildings	25-50	20
Plant and machinery	10-30	10
Motor vehicles	15	5
Electronic equipment	5-10	5

We consider that it is fair and reasonable to adopt Asset Valuations Useful Life to appraise the market value of the property, plant and equipment. Regarding (i) the basis of determining the Asset Valuations Useful Life and the Accounting Useful Life; and (ii) our analysis on the determination of the useful life to be used in the Asset Valuations, please refer to the paragraphs headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 5. Our assessment on the valuation of the assets of the Target Companies – (4) Luxi Asset Valuation – (a) Long-term investments – Company A – Property, plant and equipment" in this letter.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly due to (i) the increase in the market price of the land use rights since the acquisition of land use rights by Company I; and (ii) the fact that the Asset Valuer appraised the market value of the patents whereas the cost incurred for the patents was not recognized as intangible assets according to the PRC GAAP.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the fixed assets from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

Conclusion on the appraised value of the net assets for Company I

Based on the above assessments, we are of the view that the appraised value of the net assets for Company I is fair and reasonable.

Company J

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company J as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	204,745	208,058	3,313
Property, plant and equipment	99,100	106,664	7,564
Intangible assets	12,649	21,059	8,410
Other non-current assets	2,551	1,569	(982)
Total assets	319,045	337,350	18,305
Current liabilities	136,214	136,214	–
Non-current liabilities	3,457	3,457	–
Total liabilities	139,671	139,671	–
Net assets	179,374	197,679	18,305

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly due to (i) the rise in the labor cost and material cost since the establishment of the building and structures; and (ii) the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

The following table sets out the Asset Valuations Useful Life and Accounting Useful Life of the property, plant and equipment by category:

	Asset Valuations Useful Life	**Accounting Useful Life**
	Number of years	*Number of years*
Buildings	20-50	50
Plant and machinery	8-20	5-50
Motor vehicles	15	10
Electronic equipment	5-10	3-5

We consider that it is fair and reasonable to adopt Asset Valuations Useful Life to appraise the market value of the property, plant and equipment. Regarding (i) the basis of determining the Asset Valuations Useful Life and the Accounting Useful Life; and (ii) our analysis on the determination of the useful life to be used in the Asset Valuations, please refer to the paragraphs headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 5. Our assessment on the valuation of the assets of the Target Companies – (4) Luxi Asset Valuation – (a) Long-term investments – Company A – Property, plant and equipment" in this letter.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly due to (i) the increase in the market price of the land use rights since the acquisition of land use rights by Company J; and (ii) the fact that the Asset Valuer appraised the market value of the patents whereas the cost incurred for the patents was not recognized as intangible assets according to the PRC GAAP.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the fixed assets from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

Conclusion on the appraised value of the net assets for Company J

Based on the above assessments, we are of the view that the appraised value of the net assets for Company J is fair and reasonable.

Reason for the variance between the net book value and the appraised value of the long-term investments

According to the PRC GAAP, Luxi Mining shall recognize the investment in the subsidiaries as long-term investment. The investment in the subsidiaries is initially recognized at cost. The net book value of the investment in the subsidiaries will not change unless Luxi Mining (i) increases or disposes of its investment in the subsidiaries; or (ii) no longer controls the subsidiaries. The measurement of the long-term investment does not take into account the changes in the market value of the net asset of the subsidiaries.

The difference between the appraised value and net book value of the long-term investments was mainly attributable to the fact that the market value of the net asset of the subsidiaries is higher than the initial investment cost of the long-term investments. The net book value of the long-term investments remained unchanged since Luxi Mining initially invested in the subsidiaries regardless of (i) profit or loss generated during the subsidiaries' business operation; or (ii) any changes occurred in the net asset value or the market value of the net assets of the subsidiaries, whereas the appraised value of the net asset value was determined with reference to the market value of the net asset of the subsidiaries.

Conclusion on the appraised value of the long-term investments

Based on our assessment as shown above, we are of the view that the appraised value of the long-term investments of Luxi Mining is fair and reasonable.

(b) Property, plant, and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the machinery, vehicles and electronic devices. Such increase in the appraised value is mainly due to the fact that the market price of same models of the machinery, vehicles and electronic devices has significantly increased since the date of the purchase of the machinery, vehicles and electronic devices.

(c) Intangible assets

The appraised value of the intangible assets is the cost of the development of the patents. According to the PRC GAAP, the cost incurred for the patents was not recognized as intangible assets.

(d) Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the property, plant and equipment from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

(e) Our view on the result of the Luxi Asset Valuation

Based on the above, we are of the view that the Luxi Asset Valuation is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

(5) Xinjiang Asset Valuation

The following table sets forth the difference between the appraised value and the net book value of the financial items of Xinjiang Energy as at the Valuation Benchmark Date:

	As at 31 December 2022		
Financial items	**Appraised value** *RMB'000* *a*	**Net book value** *(Note)* *RMB'000* *b*	**Variance between the net book value and appraised value** *RMB'000* *c=a-b*
Long-term investments	10,516,958	3,690,402	6,826,556
Property, plant, and equipment	9,213	7,967	1,246
Construction in progress	3,403	194,819	(191,416)
Intangible assets	6,752,438	–	6,752,438
Including:			
Exploration right	*6,751,896*	–	*6,751,896*
Patents	*542*	–	*542*
Current assets	1,393,986	1,393,986	–
Total assets	18,675,998	5,287,174	13,388,824
Total liabilities	2,770,405	2,770,405	–
Total net assets	15,905,593	2,516,769	13,388,824

Note: The figures represented the company level net book value of the financial items of Xinjiang Energy.

(a) Long-term investments

The following table sets forth the details of the long-term investments as at the Valuation Benchmark Date:

		As at 31 December 2022				
Company	**Nature of the investments**	**Shareholding percentage**	**Appraised value of the long-term investments**	**Net book value of the long-term investments**	**Variance between the net book value and appraised value**	**Basis of valuation**
			RMB'000	*RMB'000*	*RMB'000*	
			a	*b*	*c=a-b*	
Zhongyin Xinjiang Real Estate Development Co., Ltd.*（中垠新疆房地產開發有限公司）(“**Company K**”)	Investment of Xinjiang Mining in its subsidiary	86.67%	189,676	130,000	59,676	Asset-based approach
Xinjiang Mining (“**Company L**”)	Investment of Xinjiang Mining in its subsidiary	51%	3,886	195,500	(191,614)	Asset-based approach
Qineng Coal Industry (“**Company M**”)	Investment of Xinjiang Mining in its subsidiary	76%	1,221,721	76,000	1,145,721	Asset-based approach
Xinjiang Shanneng Chemical Co., Ltd.*（新疆山能化工有限公司）(“**Company N**”)	Investment of Xinjiang Mining in its subsidiary	100%	100,797	100,000	797	Asset-based approach
Yankuang Xinjiang Coal Chemicals Co., Ltd.*（兗礦新疆煤化工有限公司）(“**Company O**”)	Investment of Xinjiang Mining in its subsidiary	100%	3,284,222	3,130,000	154,222	Income approach
Xinwen Mining Group (Xinjiang) Energy Co., Ltd.*（新汶礦業集團(新疆)能源有限公司）(“**Company P**”)	Investment of Xinjiang Mining in its subsidiary	100%	81,056	58,902	22,154	Asset-based approach
Yili Energy (“**Company Q**”)	Investment of Xinjiang Mining in its subsidiary	100%	5,635,600	–	5,635,600	Asset-based approach
		Total	10,516,958	3,690,402	6,826,556	

Company K

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of Company K as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	28,498	26,203	(2,295)
Investment property	261,459	358,533	97,074
Property, plant and equipment	451	585	134
Total assets	290,408	385,321	94,913
Current liabilities	163,833	163,833	–
Non-current liabilities	2,640	2,640	–
Total liabilities	166,473	166,473	–
Net assets	123,935	218,848	94,913

Current assets

The depreciation in the appraised value of the current assets is attributable to the decrease in the appraised value of the car parks (which are recognized as inventories in the financial statements of Company K). Such decrease in the appraised value of the car parks is due to the long turnover days.

Investment property

The appreciation in the appraised value of the investment properties is attributable to the increase in the market value of the self-constructed investment properties of Company K. The net book value of the self-constructed investment properties is recognized according to their construction costs while their appraised value is determined with reference to their market price.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increment in the appraised value of electronic equipment. Such increment is mainly due to the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

Conclusion on the appraised value of the net assets of Company K

Based on the above assessments, we are of the view that the appraised value of the net assets for Company K is fair and reasonable.

Company L

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company L as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	71,446	71,534	88
Property, plant and equipment	555,023	836,125	281,102
Construction in progress	7,429	7,430	1
Intangible assets	180,560	697,184	516,624
Including:			
Mining rights	*163,824*	*610,516*	*446,692*
Land use rights	*16,736*	*81,243*	*64,507*
Patents and software	*–*	*5,425*	*5,425*
Other non-current assets	42,958	31,841	(11,117)
Total assets	857,416	1,644,114	786,698
Current liabilities	1,294,389	1,294,389	–
Non-current liabilities	353,187	342,110	(11,077)
Total liabilities	1,647,576	1,636,499	(11,077)
Net assets/(liabilities)	(790,160)	7,615	797,775

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the buildings and structures. Such increase is due to the fact that (i) the depreciation rate adopted by the Asset Valuer is lower than that used to calculate the net book value of buildings and structures; and (ii) the cost of labor, machineries, and the materials has increased as at the Valuation Benchmark Date compared to that as at the date of the construction of the property, plant and equipment.

The following table sets out the Asset Valuations Useful Life and Accounting Useful Life of the property, plant and equipment by category:

	Asset Valuations Useful Life	**Accounting Useful Life**
	Number of years	*Number of years*
Buildings	10-50	10-35
Structures	N/A *(Note 1)*	N/A *(Note 2)*
Plant and machinery	5-25	5-20
Motor vehicles	15-20	6-10
Electronic equipment	5-10	5-10

Notes:

1. The useful life of the structures is the lower of (i) the period of extracting the mineral and (ii) the period it is likely for the structures to remain in service.

2. The depreciation method of the structures is units of production method.

We consider that it is fair and reasonable to adopt Asset Valuations Useful Life to appraise the market value of the property, plant and equipment. Regarding (i) the basis of determining the Asset Valuations Useful Life and the Accounting Useful Life; and (ii) our analysis on the determination of the useful life to be used in the Asset Valuations, please refer to the paragraphs headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 5. Our assessment on the valuation of the assets of the Target Companies – (4) Luxi Asset Valuation – (a) Long-term investments – Company A – Property, plant and equipment" in this letter.

Construction in progress

The appraised value of the construction in progress has increased as compared to its net book value because the appraised value has taken into account the cost of capital.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly attributable to the increase in the appraised value of the land use right and the mining rights of coal.

The appreciation in the appraised value of the land use right is mainly due to the increase in the market value of the land since the acquisition of the land use right by Company L.

The net book value of the mining rights is recognized according to their purchase cost while their appraised value is determined with reference to (i) the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method; and (ii) the Transfer Fee.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (6) Valuation of the mining rights and exploration rights under Xinjiang Resources" in this letter.

Other non-current assets

The depreciation in the appraised value of the other non-current assets is attributable to the decrease in the appraised value of deferred tax assets. Such decrease is due to the fact that no deductible temporary differences will derive from the property, plant and equipment from the perspective of the Asset Valuations given that the appraised value of the property, plant and equipment has been appreciated as compared to its net book value.

Non-current liabilities

The decrease in the appraised value of the non-current liabilities is attributable to the decrease in the appraised value of the government grant of Company L. The net book value of the government grant is recognized according to the remaining value of the government grant which has not been recognized in the profit and loss account of Company L. The appraised value of the government grant is nil as at the Valuation Benchmark Date given that such government grant was not required to be returned to the government authorities and the income tax payable derived from the recognition of the government grant as profits has been fully settled.

Conclusion on the appraised value of the net assets of Company L

Based on the above assessments, we are of the view that the appraised value of the net assets for Company L is fair and reasonable.

Company M

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company M as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	41,351	41,351	–
Property, plant and equipment	1,307	1,569	262
Construction in progress	41,698	18,908	(22,790)
Intangible assets	–	1,551,008	1,551,008
Total assets	84,356	1,612,836	1,528,480
Current liabilities	4,347	4,347	–
Non-current liabilities	960	960	–
Total liabilities	5,307	5,307	–
Net assets	79,049	1,607,529	1,528,480

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the increase in the appraised value of the vehicles and electronic equipment. Such rise is due to the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

Construction in progress

The depreciation in the appraised value of construction in progress is mainly due to decrease in the appraised expenditure in relation to mine exploration.

Intangible assets

The appreciation in the appraised value of the intangible assets is attributable to the increase in the appraised value of the exploration rights of coal. The net book value of the exploration rights of coal is recognized according to (i) their purchase cost while their appraised value is determined with reference to their remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method; and (ii) the Transfer Fee.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (6) Valuation of the mining rights and exploration rights under Xinjiang Resources" in this letter.

Conclusion on the appraised value of the net assets of Company M

Based on the above assessments, we are of the view that the appraised value of the net assets for Company M is fair and reasonable.

Company N

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company N as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	52,420	52,420	–
Construction in progress	9,909	9,931	22
Intangible assets	43,343	44,118	775
Total assets	105,672	106,469	797
Current liabilities	5,672	5,672	–
Total liabilities	5,672	5,672	–
Net assets	100,000	100,797	797

Construction in progress

The appreciation in the appraised value of construction in progress is mainly due to the fact that the net book value does not include the interest expense of the borrowings for the construction in progress whereas the appraised value includes the above interest expense.

Intangible assets

The appreciation in the appraised value of intangible assets is attributable to the increase in the appraised value of the land use right. Such rise is due to the fact that the actual useful life of the land is longer than the amortization period based on straight line method.

Conclusion on the appraised value of the net assets of Company N

Based on the above assessments, we are of the view that the appraised value of the net assets for Company N is fair and reasonable.

Company O

Company O is mainly engaged in the manufacturing and sales of coal chemicals.

The Asset Valuer adopted income approach in the valuation of the entire equity interests in Company O because (i) asset-based approach can only reflect the value of the assets of Company O but cannot reflect the profitability of the assets and the growth of Company O; (ii) income approach can reflect the value of certain intangible assets which are not included in the balance sheet in Company O including but not limited to customer resources and human resources; and (iii) no comparable companies which are similar to Company O in relation to development stage, business operation, business risk and financial risk can be found in the market. In particular, as at the Latest Practicable Date, Company O owns 44 patents in terms of the production of urea and methanol and the purification of the by-products, which significantly improved the production rate and the profitability of urea and methanol. Company O is able to maintain its competitive edge by owning such patents. However, these patents are not recognized as assets in the financial statements of Company O. Considering income approach can reflect the benefits of the above patents and the research and development capabilities attached thereto, which are not measurable in monetary terms and thus not included in the balance sheet of Company O, brought to Company O, the Asset Valuer adopted income approach to appraise the market value of the entire equity interest of Company O.

In our assessment of the appraised value of Company O, we noted that the Asset Valuer has applied the discounted cash flow method to estimate the net present value of the projected cash flow of the existing or planned business operation at a discount rate to calculate the appraised value.

In estimating the projected cash flow for the income approach, we have reviewed the calculation of projected cash flow, which is based on the forecasted revenue, gross profit and expenses during the forecast period of Company O. We noted that:

(i) the revenue of Company O during the forecast period is estimated based on (a) average the selling price of urea of approximately RMB2,055 per ton and methanol of approximately RMB1,690 per ton during the two years ended 31 December 2022; and (b) the average historical sales volume of urea of approximately 592,000 tons and methanol of approximately 390,000 tons for the three years ended 31 December 2022. The Asset Valuer did not take into account the selling price of urea and methanol for the year ended 31 December 2020 ("**FY2020**") because such selling price was significantly lower than that during FY2021 and FY2022 as a result of the initial outbreak of COVID-19 pandemic for the year ended 31 December 2020; and

(ii) the operating costs of Company O during the forecast period are estimated based on the historical incurred operating costs for the three years ended 31 December 2022. The following table sets out the breakdown of the operating costs of Company O for the periods indicated:

	FY2020	**FY2021**	**FY2022**
	RMB'000	*RMB'000*	*RMB'000*
Material cost	510,197	735,976	989,946
Utility cost	97,500	98,099	107,281
Employee benefits	160,661	184,963	218,962
Depreciation and amortization cost	196,002	189,429	205,327
Maintenance cost	17,747	38,683	26,735
Tax expenses	11,357	20,195	17,023
Enhancement cost of safety production environment and improvement of facilities	9,265	4,133	10,433
Other cost	80,951	95,688	34,324
Total	1,083,680	1,367,166	1,610,032

In estimating the discount rate for the income approach, the Asset Valuer has adopted the weighted average cost of capital to compute the cost of capital as the discount rate. We understand from the Asset Valuer that the discount rate was adopted with reference to the following methodology:

(i) Cost of equity is determined by the following:

(a) Nominal risk-free rate is the yield on PRC government bonds which will expire after 10 years from the Valuation Benchmark Date.

(b) Equity risk premium is the level of risk-reward that equity investors in the stock market would require compensating them for the level of risk undertaken. The figure is determined based on the average closing price of CSI 300 Index.

(c) Levered beta is determined with reference to the average unlevered beta of five comparable companies mainly engaged in the production and sales of chemical materials listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange, debt-to-equity ratio (calculated based on total liabilities divided by total net assets) of Company O, and the applicable income tax rate of Company O.

(d) Enterprise-specific risk adjustment factor is based on the risks of the following factors of Company O, including but not limited to (i) operational risk; (ii) financial risk; and (iii) legal risk.

(ii) Cost of debt is determined with reference to the loan prime rate (the "**LPR**") of the five-year bank loan as at the Valuation Benchmark Date.

Regarding the cost of equity, we have reviewed the list of the comparable companies of Company O and noted that these comparable companies are principally engaging in the production and sales of chemical material listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange. As such, we are of the view that the comparable companies selected by the Asset Valuer are fair and representative samples.

We have reviewed the specific data of the comparable companies and noted that:

(i) the levered beta of each comparable company is extracted from the database of Wind Information Co., Ltd. (the "**Wind Database**"), a leading company principally engaged in the provision of financial data, information, and software services in the PRC; and

(ii) the unlevered beta of each comparable company is determined based on the following figures of the respective comparable company: the levered beta, the target debt-to-equity ratio of comparable company, and the applicable income tax rate of each comparable company.

As such, we are of the view that the discount rate of 10.65% applied by the Asset Valuer to estimate the net present value of the projected cash flow to calculate the appraised value of Company O is fair and reasonable.

Based on the above assessments, we are of the view that the appraised value of Company O is fair and reasonable.

Company P

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company P as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	177,235	177,235	–
Property, plant and equipment	12	470	458
Other non-current assets	22	22	–
Total assets	177,269	177,727	458
Current liabilities	96,671	96,671	–
Total liabilities	96,671	96,671	–
Net assets	80,598	81,056	458

Property, plant and equipment

The appreciation in the appraised value of the property, plant and equipment is mainly attributable to the rise in the appraised value of the vehicles. Such rise is mainly due to the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

Conclusion on the appraised value of the net assets of Company P

Based on the above assessments, we are of the view that the appraised value of the net assets for Company P is fair and reasonable.

Company Q

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of the Company Q as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	3,316,672	3,334,047	17,375
Long-term investment	2,231,365	3,650,975	1,419,610
Property, plant and equipment	3,705,314	3,268,828	(436,486)
Construction in progress	100,045	115,705	15,660
Intangible assets	177,662	4,941,869	4,764,207
Including:			
Mining right	–	*4,700,498*	*4,700,498*
Land use rights	*177,401*	*241,104*	*63,703*
Software	*261*	*266*	*5*
Other non-current assets	51,130	31,327	(19,803)
Total assets	9,582,188	15,342,751	5,760,563
Current liabilities	5,562,879	5,562,879	–
Non-current liabilities	4,144,272	4,144,272	–
Total liabilities	9,707,151	9,707,151	–
Net assets/(liabilities)	(124,963)	5,635,600	5,760,563

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Long-term investment

The following table sets forth the details of the long-term investments as at the Valuation Benchmark Date:

Company	Nature of the investments	Shareholding percentage	Appraised value of the long-term investments	Net book value of the long-term investments	Variance between the net book value and appraised value	Basis of valuation
			As at 31 December 2022			
			RMB'000	*RMB'000*	*RMB'000*	
			a	*b*	*c=a-b*	
Yixin Coal Industry ("**Company S**")	Investment of Company P in its subsidiary	55.00%	1,583,368	762,300	821,068	Asset-based approach
Yili Xintian Coal Chemical Co., Ltd.*（伊犁新天煤化工有限責任公司）("**Company T**")	Company P cannot control but has significant influence on it	45.00%	2,067,607	1,469,065	598,542	Income approach
		Total	3,650,975	2,231,365	1,419,610	

For the details of the assessment of the appraised value of the entire equity interests of Company S and Company T, please refer to the paragraphs headed "Company S" and "Company T", respectively, in this section below.

Property, plant and equipment

The decrease in the appraised value of the property, plant and equipment is mainly due to the reduction in the appraised value of the buildings and structures. Such reduction is mainly due to (i) the fact that the net book value of the construction of the buildings was overestimated since excessive expenses were capitalized as the result of the unreasonably long duration of the construction of the buildings; and (ii) the appraised original costs are lower than the original costs in book due to the relatively low cost of capital as a result of the decrease in the market loan interest rate.

Construction in progress

The appreciation in the appraised value of construction in progress is mainly due to the fact that the net book value does not include the interest expense of the borrowings and management fees for the construction in progress whereas the appraised value includes the above interest expense.

Intangible assets

The appreciation in the appraised value of intangible assets is mainly due to the increase in the appraised value of the land use right and the mining rights. The increase in the appraised value of the land use right is mainly due to the increment in the market value of the land since the acquisition of the land use right by Company Q. In terms of the increase in the appraised value of the mining rights, please refer to the paragraphs headed "other non-current assets" below.

Other non-current assets

The other non-current assets mainly consist of the prepaid Transfer Fee of the mining rights of Yili No.1 Coal Mine. Such prepaid Transfer Fee was estimated by the management of Company Q with reference to the minimum payment for the development of the mining rights as required by the government authorities of the PRC. The exact Transfer Fee of the mining rights of Yili No.1 Coal Mine was not confirmed by the government authorities of the PRC as at the Valuation Benchmark Date.

We are advised by the management of the Company that the prepaid Transfer Fee were recognized as other non-current assets instead of intangible assets as at the Valuation Benchmark Date since the Transfer Fee of the mining rights of Yili No.1 Coal Mine was not confirmed as at the same date.

We are also advised by the Asset Valuer that the appraised value of the whole mining rights was considered under as intangible assets the valuation of the entire equity interests in Company Q given that (i) Company Q has obtained the licenses of the mining right of Yili No.1 Coal Mine as at the Valuation Benchmark Date and was entitled to explore Yili No.1 Coal Mine; and (ii) Company Q will settle the Transfer Fee as soon as the government authorities of the PRC confirms the amount of the Transfer Fee. In view of the above reasons, we concurred with the Asset Valuer's view that the appraised value of the whole mining rights should be considered as intangible assets under the valuation of the entire equity interests in Company Q.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (6) Valuation of the mining rights and exploration rights under Xinjiang Resources" in this letter.

Conclusion on the appraised value of the net assets of Company Q

Based on the above assessments, we are of the view that the appraised value of the net assets for Company Q is fair and reasonable.

Company S

The following table sets out the details of the comparison between the appraised value and the net book value of the assets and liabilities of Company S as at the Valuation Benchmark Date:

	As at 31 December 2022		
	Net book value	**Appraised value**	**Variance**
	RMB'000	*RMB'000*	*RMB'000*
	a	*b*	*c=b-a*
Current assets	544,632	551,865	7,233
Property, plant and equipment	3,184,447	3,113,638	(70,809)
Construction in progress	33,950	34,336	386
Intangible assets	1,360,133	3,288,182	1,928,049
Including:			
Mining rights	*1,300,829*	*3,219,861*	*1,919,032*
Land use rights	*58,577*	*62,868*	*4,291*
Patents and software	*727*	*5,453*	*4,726*
Other non-current assets	58,108	58,108	–
Total assets	5,181,270	7,046,129	1,864,859
Current liabilities	3,485,964	3,484,835	(1,129)
Non-current liabilities	682,443	682,443	–
Total liabilities	4,168,407	4,167,278	(1,129)
Net assets	1,012,863	2,878,851	1,865,988

Current assets

The appreciation in the appraised value of the current assets is attributable to the increase in the appraised value of the inventories. The net book value of the inventories is recognized according to their costs while their appraised value is determined with reference to their market value.

Property, plant and equipment

The depreciation in the appraised value of the property, plant and equipment is mainly due to the reduction in the appraised value of the buildings and structures. The net book value of the construction of the buildings was overestimated since excessive expenses including interest expense of borrowings were capitalized as the result of the comparably high borrowing rate and unreasonably long duration of the construction of the buildings.

Construction in progress

The appreciation in the appraised value of construction in progress is mainly due to the fact that the net book value does not include the interest expense of the borrowings for the construction in progress whereas the appraised value includes the above interest expense.

Intangible assets

The appreciation in the appraised value of the intangible assets is mainly due to the increment in the appraised value of mining rights of coal.

The net book value of the mining rights of coal is recognized according to their purchase cost while their appraised value is determined with reference to (i) the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method; and (ii) the Transfer Fee.

For the details of our assessment of the appraised value of the mining rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (6) Valuation of the mining rights and exploration rights under Xinjiang Resources" in this letter.

Current liabilities

The depreciation in the appraised value of the current liabilities is due to the decrease in the appraised value of accrued employee benefits. Such decrease is attributable to the fact that the accrued employee benefits are not obliged to be settled by the company.

Conclusion on the appraised value of the net assets of Company S

Based on the above assessments, we are of the view that the appraised value of the net assets for Company S is fair and reasonable.

Company T

Company T is mainly engaged in the manufacturing and sales of coal chemicals.

The Asset Valuer adopted income approach in the valuation of the entire equity interests in Company T because (i) asset-based approach can only reflect the value of the assets of Company T but cannot reflect the profitability of the assets in Company T and the growth of Company T; (ii) income approach can reflect the value of certain intangible assets which are not included in the balance sheet in Company T including but not limited to customer resources and human resources; and (iii) no comparable companies which are similar to Company T in relation to development stage, business operation, business risk and financial risk and no comparable transactions which are similar to the acquisition of Company T are available under market approach. We are also advised by the Asset Valuer that the income generated from the net assets of Company T in the future can be accurately quantified since Company T sells almost all the coal-mine methane (a form of natural gas extracted from coal beds and also a sort of coal chemicals), the major product of Company T, to a subsidiary of its controlling shareholder, an energy company ultimately owned by State-owned Assets Supervision and Administration Commission of the State Council of Zhejiang Province（浙江省人民政府國有資產監督管理委員會）(the "**Energy Company**"). In November 2019, Company T and such subsidiary of the Energy Company entered into coal-mine methane supply agreement, pursuant to which Company T provides and such subsidiary of the Energy Company procures 2,000 million cubic meters ("**m^3**") of coal-mine methane on an annual basis. The above supply agreement will be renewed annually given that such subsidiary of the Energy Company, being the controlling shareholder of Company T, has continuous demand for the coal-mine methane and it was the intention of the Energy Company to establish Company T to fulfil the demand of the Energy Company and its subsidiaries for the coal-mine methane. Based on the aforesaid, income approach was adopted to appraise the market value of the entire equity interest of Company T.

In our assessment of the appraised value of Company T, we noted that the Asset Valuer has applied the discounted cash flow method to estimate the net present value of the projected cash flow of the existing or planned business operation at a discount rate to calculate the appraised value.

In estimating the projected cash flow for the income approach, we have reviewed the calculation of projected cash flow, which is based on the forecasted revenue, gross profit and expenses during the forecast period of Company T. We noted that:

(i) the revenue of Company T during the forecast period is estimated based on (a) the estimated selling price of coal-mine methane and other coal chemical products derived from the production of coal-mine methane during the forecast period which is anticipated based on the selling price of coal-mine methane and the above coal chemical products for the three years ended 31 December 2022; and (b) the estimated selling volume of coal-mine methane and other coal chemical products during the forecast period which is anticipated based on the historical sales volume of coal-mine methane and other coal chemical products for the three years ended 31 December 2022. The following table sets out the breakdown of the revenue of the coal-mine methane and other coal chemical products of Company T for the periods indicated:

	Coal-mine methane	**Other coal chemicals** *(Note)*
Average sales volume for the three years ended 31 December 2022 *(thousand m^3/thousand tons)*	1,941,319	375
Average unit price for the three years ended 31 December 2022 *(RMB per m^3/RMB per ton)*	2.68	1,446.85
Average revenue for the three years ended 31 December 2022 *(RMB'000)*	5,211,542	542,570

Note: Other coal chemicals include hydrocarbon, phenol, ammonia solution, and ammonia.

; and

(ii) the operating costs of Company T during the forecast period are estimated based on the historical incurred operating costs for the three years ended 31 December 2022. The following table sets out the breakdown of the operating costs of Company T for the periods indicated:

	FY2020	**FY2021**	**FY2022**
	RMB'000	*RMB'000*	*RMB'000*
Transportation expense	1,541,497	1,537,217	1,650,441
Material cost	804,685	887,894	1,303,718
Utility cost	339,791	363,037	473,554
Employee benefits	368,362	404,482	488,027
Depreciation and amortization cost	24,641	48,228	70,233
Maintenance cost	232,695	257,985	238,330
Tax expenses	22,270	22,653	23,541
Enhancement cost of safety production environment and improvement of facilities	10,264	13,149	15,900
Other cost	131,893	127,935	162,856
Total	3,476,098	3,662,580	4,426,600

In estimating the discount rate for the income approach, the Asset Valuer has adopted the weighted average cost of capital to compute the cost of capital as the discount rate. We understand from the Asset Valuer that the discount rate was adopted with reference to the following methodology:

(i) Cost of equity is determined by the following:

(a) Nominal risk-free rate is the yield on PRC government bonds which will expire after 10 years from the Valuation Benchmark Date.

(b) Equity risk premium is the level of risk-reward that equity investors in the stock market would require compensating them for the level of risk undertaken. The figure is determined based on the average closing price of CSI 300 Index.

(c) Levered beta is determined with reference to the average unlevered beta of six comparable companies mainly engaged in the production and sales of coal chemicals listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange, debt-to-equity ratio (calculated based on total liabilities divided by total net assets) of Company T, and the applicable income tax rate of Company T.

(d) Enterprise-specific risk adjustment factor is based on the risks of the following factors of Company T, including but not limited to (i) operational risk; (ii) financial risk; and (iii) legal risk.

(ii) Cost of debt is determined with reference to the LPR of the five-year bank loan as at the Valuation Benchmark Date.

Regarding the cost of equity, we have reviewed the list of the comparable companies of Company T and noted that these comparable companies are principally engaging in the production and sales of coal chemicals (other than coal-mine methane) listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange whereas Company T produced and sold both coal-mine methane and other coal chemical products. In this regard, we have enquired the Asset Valuer whether the comparable companies are fair and representative samples.

We are advised by the Asset Valuer that, given that no listed companies in the Shanghai Stock Exchange and Shenzhen Stock Exchange were engaged in the production and sales of coal-mine methane, they have formulated the following criteria to select the comparable companies: (i) the comparable companies should be listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange; (ii) the business of the comparable companies should be mainly operated in the PRC; and (iii) the chemical products produced and sold by the comparable companies should be the same as or similar to those of Company T. Based on the above criteria, the Asset Valuer selected these six comparable companies.

In view of the above, we consider that the comparable companies selected by the Asset Valuer are fair and representative samples.

We have reviewed the specific data of the comparable companies and noted that:

(i) the levered beta of each comparable company is extracted from the Wind Database; and

(ii) the unlevered beta of each comparable company is determined based on the following figures of the respective comparable company: the levered beta, the target debt-to-equity ratio of comparable company, and the applicable income tax rate of each comparable company.

As such, we are of the view that the discount rate of 9.64% applied by the Asset Valuer to estimate the net present value of the projected cash flow to calculate the appraised value of each of Company T is fair and reasonable.

Based on the above assessments, we are of the view that the appraised value of the net assets for Company T is fair and reasonable.

Reason for the variance between the net book value and the appraised value of the long-term investments

According to the PRC GAAP, Xinjiang Energy shall recognize the investment in the subsidiaries as long-term investment. The investment in the subsidiaries is initially recognized at cost. The net book value of the investment in subsidiaries will not change unless Xinjiang Energy (i) increases or disposes of its investment in the subsidiaries; or (ii) no longer controls the subsidiaries. The measurement of the long-term investment does not take into account the changes in the market value of the net asset of the subsidiaries.

The difference between the appraised value and net book value of the long-term investments was mainly attributable to the fact that the market value of the net asset of the subsidiaries is higher than the initial investment cost of the long-term investments. The net book value of the long-term investments remained unchanged since Xinjiang Energy initially invested in the subsidiaries regardless of (i) profit or loss generated during the subsidiaries' business operation; or (ii) any changes occurred in the net asset value or the market value of the net assets of the subsidiaries, whereas the appraised value of the net asset value was determined with reference to the market value of the net asset of the subsidiaries.

Conclusion on the appraised value of the long-term investments

Based on our assessment as shown above, we are of the view that the appraised value of the long-term investments of Xinjiang Energy is fair and reasonable.

(b) Property, plant, and equipment

The appreciation in the appraised value of property, plant, and equipment is mainly due to the increase in the appraised value of vehicles and electronic devices. The increase in the appraised value of vehicles and electronic devices is mainly due to the fact that the Asset Valuations Useful Life of the property, plant and equipment is longer than their Accounting Useful Life.

(c) Construction in progress

The depreciation in the appraised value of construction in progress is mainly due to decrease in the appraised expenditure in relation to mine exploration.

(d) Intangible assets

The appreciation in the appraised value of intangible assets is mainly attributable to the increment in the appraised value of the exploration rights under Xinjiang Resources. The net book value of the exploration rights under Xinjiang Resources is recognized according to their purchase cost while their appraised value is determined with reference to (i) the remaining mineral reserves and the estimated cash flow to be derived from the Coal Resources by using discounted cash flow method; and (ii) the Transfer Fee.

For the details of our assessment of the appraised value of the exploration rights, please refer to the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – A. The Acquisitions – 4. Our assessment on the valuation of Luxi Coal Mines and Xinjiang Resources – (6) Valuation of the mining rights and exploration rights under Xinjiang Resources" in this letter.

(e) Our view on the result of the Xinjiang Valuation

Based on the above, we are of the view that the Xinjiang Valuation is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

6. Reasons for and benefits of the Acquisitions

(1) Anticipated increase in the demand for and the price of the coal

Pursuant to a research report, namely, Investment Strategy on the Coal Industry in 2023* (《煤炭2023年投資策略》), dated 16 December 2022, issued by Zhongtai Securities Company Limited, a security firm established in the PRC and listed on Shanghai Stock Exchange (SH: 600918), the domestic consumption volume of coal will increase by approximately 150 million tons in 2023 with higher coal price as compared to 2022.

We noted that the increasing trend in consumption volume and price of coal is mainly attributed to the expected increase in the demand for the coal in the future as a result of (i) a number of thermal power stations under construction in the PRC for the purpose of alleviating the shortage of electricity; and (ii) the global sanctions of the Russian energy export after the outbreak of the Russia-Ukraine crisis since 2022.

Based on the above, we are of the view that the demand for and the price of the coal will continue to increase in the future.

(2) Enhancing the coal business through the First Acquisition

Luxi Mining Group is mainly engaged in (i) mining and sales of coal; (ii) the installation and sales of mining machinery and equipment; and (iii) the provision of geological drilling services.

Considering:

(i) the expected increase in the price of and the demand for coal as mentioned under the paragraph headed "(1) Anticipated increase in the demand for and the price of the coal" above; and

(ii) Luxi Mining Group is also engaged in (a) the installation and sales of mining machinery and equipment; and (b) the provision of geological drilling services,

we are of the view that, upon the completion of the First Acquisition, the Group is able to:

(a) explore and develop its coal mines with the machinery and geological drilling services provided by the Target Companies and their subsidiaries. Under the circumstances, the Group can reduce the reliance regarding the provision of mining machinery and geological drilling services on the independent suppliers. As such, the Group is able to (1) prevent any disruptions in the production of coal caused by the negotiation with the external suppliers; and (2) ensure a high standard to maintain the mining safety to avoid any hazard, thus reducing loss incurred from mining accidents; and

(b) expand the production and the supply of the coal products of the Group to meet the customers' demand for the coal in the future.

(3) Expanding its market share in the sales of coal-related products in southwestern China through the Second Acquisition

According to a research report, namely, An Analysis Regarding the Supply and Demand of Coal of and the Delivery of Coal out of Xinjiang Province, the PRC* (《新疆煤炭供需與疆煤外運形勢分析》), dated 20 September 2022 issued by Cinda Securities Co., Ltd., a security firm established in the PRC, due to the depletion of coal reserves in southwestern China and the shutdown of the coal mines as a result of the promulgation of the supply side reform in the PRC, the supply of the coal was far from adequate in 2021.

Taking into account:

(i) the expected increase in the price of and the demand for coal as mentioned under the paragraph headed "(1) Anticipated increase in the demand for and the price of the coal" above;

(ii) the sufficient mineral reserves as disclosed under the section headed "XI. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 51% EQUITY INTEREST IN TARGET

COMPANIES – BASIC INFORMATION ON TARGET COMPANIES AND TARGET GROUPS – 2. Xinjiang Energy – Mineral Rights of Xinjiang Energy" in the Letter from the Board;

(iii) the shortage in the supply and the demand for coal in southwestern China as mentioned above;

(iv) the proximity between Xinjiang Province and southwestern China; and

(v) the Group's extensive experience in the production and sales of coal and coal-related products,

we are of the view that, upon the completion of the Second Acquisition, the Group will be able to expand its coal-related business in southwestern China and thus improve its profitability.

(4) Conclusion

Based on the above, we are of the view that the Acquisitions are fair and reasonable and in the interests of the Company and Independent Shareholders as a whole.

B. THE PROVISION OF PRODUCTS, MATERIALS AND ASSET LEASING AGREEMENT

1. Background

On 9 December 2020, the Company entered into the Existing Provision of Products, Materials and Asset Leasing Agreement with Shandong Energy for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023.

On 29 April 2022, the Board has resolved to revise the annual caps for the years ended/ending 31 December 2022 and 2023 under the Existing Provision of Products, Materials and Asset Leasing Agreement, which has been approved by the then independent shareholders of the Company at the annual general meeting of the Company on 30 June 2022.

For the details of the above, please refer to the announcements of the Company dated 9 December 2020 and 29 April 2022 and the circulars of the Company dated 13 January 2021 and 10 June 2022.

On 28 April 2023 (after the trading hours), the Company entered into the Proposed Provision of Products, Materials and Asset Leasing Agreement with Shandong Energy to renew the Existing Provision of Products, Materials and Asset Leasing Agreement.

In order to better manage the provision of products, materials and asset leasing between the Group and Shandong Energy, the Company and Shandong Energy decided to consolidate the sale of chemical products by the Company to Shandong Energy under the Raw Material Coal Purchase and Chemical Products Sales Agreement into the Proposed Provision of Products, Materials and Asset Leasing Agreement. For details of the Raw Material Coal Purchase and Chemical Products Sales Agreement, please refer to the announcement of the Company dated 26 March 2021.

Unless otherwise agreed in writing, the Proposed Provision of Products, Materials and Asset Leasing Agreement shall take effect upon (i) the execution by the legal representative or the authorised representative of the respective party; and (ii) the approval by the Board and Independent Shareholders in accordance with the regulatory requirements of the stock exchanges where the shares of the Company are listed. The Proposed Provision of Products, Materials and Asset Leasing Agreement will be effective commencing from 1 January 2023 and expire on 31 December 2025. When the Proposed Provision of Products, Materials and Asset Leasing Agreement becomes effective:

(i) the Existing Provision of Products, Materials and Asset Leasing Agreement and the Raw Material Coal Purchase and Chemical Products Sales Agreement will be superseded by the Proposed Provision of Products, Materials and Asset Leasing Agreement with effect from 1 January 2023; and

(ii) all the transactions contemplated under the Existing Provision of Products, Materials and Asset Leasing Agreement and the Raw Material Coal Purchase and Chemical Products Sales Agreement since 1 January 2023 will be classified as the transactions contemplated under the Proposed Provision of Products, Materials and Asset Leasing Agreement.

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

(1) Regarding the supersedure of the existing annual cap for FY2023 under the Existing Provision of Products, Materials and Asset Leasing Agreement

Upon the completion of the Acquisitions, the Target Groups will become the subsidiaries of the Company. Since then, the Target Groups will continue to provide products and materials to the subsidiaries and associates of Shandong Energy (excluding the Group and the Target Groups) (the "**Shandong Energy Members**"). Nevertheless, the Company did not take into account the provision of products and materials when determining the existing annual cap in December 2020 since the Target Groups were not the subsidiaries of the Company at that time.

In addition, in order to reduce the reliance of the purchase from Shandong Energy by the Target Groups, upon the completion of the Acquisitions, the Target Groups will purchase materials from the Group instead of the Shandong Energy Members. Given that the Target Groups will be the connected subsidiaries of the Company upon the completion of the Acquisitions, the transactions regarding the sales of materials by the Group to the Target Groups contemplated under the Proposed Provision of Products, Materials and Asset Leasing Agreement will constitute connected transactions of the Group. Therefore, additional annual caps are required by the Group before such transactions commence.

In view of the above, the management of the Company expected that the existing annual cap for FY2023 under the Existing Provision of Products, Materials and Asset Leasing Agreement would not be sufficient. As such, the aforementioned existing annual cap needs to be revised upwards to accommodate the latest business needs of the Group. Therefore, the above existing annual cap will be superseded.

(2) Regarding the Proposed Annual Cap for FY2024 and FY2025

As the Group has provided products, materials, and equipment lease services to the Target Groups (before the completion of the Acquisitions) and/or Shandong Energy Members for several years, the Group fully understands the business and operation needs of the Target Groups (before the completion of the Acquisitions) and/or Shandong Energy Members and has provided them with quality products and services required. In addition, the price under the Provision of Products, Materials and Asset Leasing are determined with reference to the Market Price. As such, we consider that the price under the Proposed Provision of Products, Materials and Asset Leasing Agreement will be ascertained based on normal commercial terms, which is in the interest of the Company and the Shareholders as a whole.

(3) Conclusion

In light of above, we conclude that the entering into of the Proposed Provision of Products, Materials and Asset Leasing Agreement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3. Principal terms of the Proposed Provision of Products, Materials and Asset Leasing Agreement

(1) Date

28 April 2023

(2) Parties

(i) the Company; and

(ii) Shandong Energy

(3) Term

Three years commencing from 1 January 2023 and expiring on 31 December 2025.

(4) Major Terms

Pursuant to the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Company would provide the followings to Shandong Energy:

(i) coal products;

(ii) electricity;

(iii) chemical products (methanol, glycol, acetic acid, ammonia, ammonium sulfate and other chemical products);

(iv) materials (including but not limited to steel, non-ferrous metal, timber, grease and oil products, axles, mining equipment and machineries such as hydraulic support and rubber conveyors, and other similar materials); and

(v) asset leasing services.

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

(5) Pricing

The price of coal products, chemical products, materials and asset leasing shall be determined according to the Market Price.

The Market Price is a price determined according to normal commercial terms and with reference to the following:

(i) the price offered by independent third parties for provision of the same or similar type of services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such independent third parties; and

(ii) if paragraph (i) above is not applicable, the price offered by independent third parties in the PRC for provision of the same or similar type of services under normal commercial terms in the ordinary course of business of such independent third parties.

The price of electricity shall be determined with reference to the electricity trading price in the electricity spot market of Shandong Province.

4. Assessment on the internal control procedures of the pricing method

In assessing the internal control associate with the continuing connected transactions of the Provision of Products, Materials and Asset Leasing, we have carried out the following procedures:

(i) we have randomly selected two transactions (one transaction for each of FY2021 and FY2022) under each of coal sales, materials supply, asset leasing, and sales of chemical products, and noted that the prices of the above transactions (a) were determined with reference to the Market Price; and (b) were no less favorable than those offered to the Independent Third Parties; and

(ii) we have randomly selected two transactions (one transaction for each of FY2021 and FY2022) under electricity supply, and noted that the price of electricity supply was determined based on the price approved by State Grid Shandong Electric Power Company Jining Branch (國網山東省電力公司濟寧供電公司).

Taking into account the above, we are of the view that the Group has adequate internal control policies and procedures in place to ensure that the Proposed Annual Cap will not be exceeded and the relevant Listing Rules will be complied with from time to time.

5. Analysis on the annual caps

(1) The historical amount and the annual caps under the Existing Provision of Products, Materials and Asset Leasing Agreement and the Raw Material Coal Purchase and Chemical Products Sales Agreement

The following table sets forth:

(i) the comparison between the historical transaction amount of the transactions contemplated under the Provision of Products, Materials and Asset Leasing for FY2021 and FY2022 and the existing annual caps for the same periods;

(ii) the historical amount of the transactions contemplated under the Raw Material Coal Purchase and Chemical Products Sales Agreement (the "**Sales of Chemical Products**") for FY2021 and FY2022;

(iii) the comparison between the existing annual cap under (a) the Existing Provision of Products, Materials and Asset Leasing Agreement; and (b) the Raw Material Coal Purchase and Chemical Products Sales Agreement and their respective Proposed Annual Cap for FY2023; and

(iv) the Proposed Annual Caps for FY2024 and FY2025:

	FY2021			FY2022			FY2023		FY2024	FY2025
	Historical transaction amount	Annual cap	Utilization rate	Historical transaction amount	Annual cap	Utilization rate	Existing Annual Cap	Proposed Annual Cap	Proposed Annual Cap	Proposed Annual Cap
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	a	*b*	*c=a/b*	*d*	*e*	*f=d/e*				
Under the Provision of Products, Materials and Asset Leasing										
Coal sales	2,362,057	2,500,000	94.5	2,878,282	6,600,000	43.6	7,900,000	10,800,000	10,800,000	10,800,000
Materials supply	699,873	700,000	99.98	489,051	800,000	61.1	900,000	3,200,000	3,500,000	3,600,000
Asset leasing	26,295	100,000	26.3	95,590	200,000	47.8	250,000	60,000	65,000	70,000
Electricity supply	14,300	20,000	71.5	8,430	20,000	42.2	22,000	16,000	17,000	18,000
Sub-total	3,102,525	3,320,000	–	3,471,353	7,620,000 *(Note 1)*	–	9,072,000 *(Note 1)*	14,076,000	14,382,000	14,488,000
Under the Sales of Chemical Products										
Sales of chemical products	22,168	400,000 *(Note 2)*	5.5	18,002	400,000 *(Note 2)*	4.5	400,000 *(Note 2)*	120,000	150,000	150,000
Total	3,124,695	3,720,000	84.0	3,489,355	8,020,000	43.5	9,472,000	14,196,000	14,532,000	14,638,000

Notes:

1. *The annual caps under the Provision of Products, Materials and Asset Leasing for FY2022 and FY2023 have been revised from approximately RMB4,130 million and RMB4,542 million to approximately RMB7,620 million and RMB9,072 million, respectively. Such increase in the annual cap is mainly due to (i) the increase in the demand for the coal from the then subsidiaries and associates of Shandong Energy (excluding the Group) and unit price of coal during FY2022 and FY2023; and (ii) the increase in the demand for the asset leasing from the then subsidiaries and associates of Shandong Energy (excluding the Group). For details, please refer to the Company's circular dated 10 June 2022 in relation to the revision of the annual caps of the continuing connected transaction for FY2022 and FY2023.*

2. *Pursuant to the announcement of the Company dated 26 March 2021, on the same date, the Company and Yankuang Group Company Limited (presently known as Shandong Energy) entered into the Raw Material Coal Purchase and Chemical Products Sales Agreement. The then annual cap of the Sales of Chemical Products for each of the three years ending 31 December 2023 was RMB400 million.*

(a) Analysis regarding the low utilization rate under coal sales

For FY2022, the provision of coal by the Company to the then subsidiaries and associates of Shandong Energy (excluding the Group) amounted to approximately RMB2,878 million, representing approximately 43.6% of its existing annual cap for the same period. The low utilization rate was mainly due to the fact the Company reduced the coal sales to the then subsidiaries and associates of Shandong Energy (excluding the Group) and provided more coal to the independent power plants located in Shandong Province in order to comply with the policy promulgated by the authorities of the PRC that the demand of the electricity for the residential should be fulfilled with top priority (the "**Coal Supply Policy**").

(b) Analysis regarding the low utilization rate under materials supply

For FY2022, the provision of materials by the Company to the then subsidiaries and associates of Shandong Energy (excluding the Group) amounted to approximately RMB489 million, representing approximately 61.1% of its existing annual cap for the same period. The low utilization rate was mainly due to the fact that the materials were provided to the Group with top priority to fulfil its production needs. Such practice was mainly attributable to the substantial delay in delivering the materials from the suppliers of the Group to the Group as a result of the implementation of transportation restriction measures for the COVID-19 during FY2022 in various cities of the PRC. As such, the provision of materials to the then subsidiaries and associates of Shandong Energy (excluding the Group) was less than expected.

(c) Analysis regarding the low utilization rate under asset leasing

For FY2021, the provision of asset leasing by the Company to the then subsidiaries and associates of Shandong Energy (excluding the Group) amounted to approximately RMB26.3 million, representing approximately 26.3% of its existing annual cap for the same period. The low utilization rate was mainly attributable to the following reasons:

(i) the Group ceased to provide asset leasing service to Shanghai Yankuang Xinda Hotel Management Co., Ltd. since FY2021 as the Group intends to hold the property for its own use. For details, please refer to the Company's circular dated 13 January 2021 and the annual report of the Company for FY2021; and

(ii) the Group did not provide asset leasing services to three mining projects during FY2021. Based on the evaluation of the operation of the machineries by the management of three mining projects during FY2021, the above management noted the machineries were still able to operate effectively and considered it unnecessary to upgrade the machineries in FY2021.

For FY2022, the provision of asset leasing by the Company to the then subsidiaries and associates of Shandong Energy (excluding the Group) amounted to approximately RMB95.6 million, representing approximately 47.8% of its existing annual cap for the same period. The low utilization rate was mainly due to the fact that the implementation of quarantine control measures for the COVID-19 in various cities of the PRC had hindered the Group to provide asset leasing services to the then subsidiaries and associates of Shandong Energy (excluding the Group) as a result of the substantial delay in delivering the machineries to the then subsidiaries and associates of Shandong Energy (excluding the Group) and providing installation and maintenance services for the machineries. In light of the above, the then subsidiaries and associates of Shandong Energy (excluding the Group) sought asset leasing services from the local suppliers in proximity to them. As such, the provision of asset leasing services was less than expected.

(d) Analysis regarding the low utilization rate under electricity supply

For FY2022, the provision of electricity by the Company to the then subsidiaries and associates of Shandong Energy (excluding the Group) amounted to approximately RMB8 million, representing approximately 42.2% of the annual cap for the same period. The low utilization rate was mainly due to the reduction in the consumption of electricity by the then subsidiaries and associates of Shandong Energy (excluding the Group) during FY2022. Such reduction was mainly due to the suspension of production of products by the then subsidiaries and associates of Shandong Energy (excluding the Group) as a result of the implementation of quarantine control measures for the COVID-19 in various cities of the PRC during FY2022.

(e) Analysis regarding the low utilization rate under sales of chemical products

For each of the two years ended 31 December 2022, the Sales of Chemical Products amounted to approximately RMB22.2 million and RMB18.0 million, respectively, representing approximately 5.5% and 4.5% of the respective annual caps for the same periods. The low utilization rates were mainly attributable to the fact that the then subsidiaries and associates of Shandong Energy (excluding the Group) did not purchase as many chemical products as expected for the two years ended 31 December 2022 because the prices and/or the terms of the chemical products offered by the Independent Third Parties are more favorable than those offered by the Group.

(2) Assessment on the Proposed Annual Cap

(a) The Proposed Annual Cap under coal sales

We noted that the Proposed Annual Cap for FY2023 under coal sales has increased by approximately 36.7% as compared to the existing annual cap for the same period. We are advised by the management of the Company that the Proposed Annual Cap for FY2023 is determined with reference to the following:

	FY2023
	RMB'000
The existing annual cap	7,900,000
Add: Sales of coal from the Target Groups to the Shandong Energy Members	1,800,000
Add: Sales of coal from the Group to the Shandong Energy Members	1,100,000
The Proposed Annual Cap	10,800,000

Sales of coal from the Target Groups to the Shandong Energy Members

Upon the completion of the Acquisitions, the Target Groups will become the subsidiaries of the Company. Since then, the Target Groups will continue to provide coal to the Shandong Energy Members. Nevertheless, the Company did not take into account the provision of coal to the Shandong Energy Members when determining the existing annual cap for FY2023 in December 2020 since the Target Companies were not the subsidiaries of the Company at that time.

In light of the above, the volume to be sold by the Target Groups to the Shandong Energy Members for FY2023 amounted to approximately 1.2 million tons at the average selling price of approximately RMB1,500 per ton. Such average selling price was determined with reference to the average coal prices under the sales from the Target Groups to the Shandong Energy Group Members for FY2022. As such, the existing annual cap for FY2023 will increase by approximately RMB1,800 million.

Sales of coal from the Group to the Shandong Energy Members

As advised by the management of the Company, the annual cap under the sales of coal from the Group to the Shandong Energy Members for FY2023 increased due to the additional demand for the coal for its storage and sales from a subsidiary of Shandong Energy, namely, Shandong Energy Group Coal Reserve Co., Ltd.*（山東能源集團煤炭儲備有限公司）(“**Shandong Energy Coal Reserve**”), which was established in January 2022. In the fourth quarter of 2022, Shandong Energy Coal Reserve and two subsidiaries of the Company entered into two separate long-term agreements, respectively, pursuant to which the two subsidiaries of the Company will provide Shandong Energy Coal Reserve at an aggregate of approximately 1.8 million tons of coal with an average coal price of approximately RMB600 per ton, totaling approximately RMB1,100 million for FY2023.

We noted that the utilization rate of the provision of coal by the Company to the then subsidiaries and associates of Shandong Energy (excluding the Group) was approximately 43.6% for FY2022, which was mainly due to the compliance of the policy to provide more coal to the independent power plants located in Shandong Province. In view of the above, we have inquired the management of the Company the fairness and reasonableness to increase such annual cap for FY2023. We are advised by the management of the Company that:

(i) the thermal power plant owned by Shandong Luxi Power Generation Company Limited*（山東魯西發電有限公司）, a subsidiary of Shandong Energy as at the Latest Practicable Date and thus a connected person of the Company, commenced the power generation since FY2023. Based on the above, in order to comply with the Coal Supply Policy, the Group should also provide coal to Shandong Luxi Power Generation Company Limited*（山東魯西發電有限公司）; and

(ii) as required by the government authorities of Shaanxi Province and Inner Mongolia Autonomous Region, the proportion of volume of coal provided to the power plants to aggregate saleable volume of coal in the above regions have increased. In light of the above, the supply of coal for the production of coal chemicals in the above regions will significantly decrease. As such, the Shandong Energy Members located in the above regions will purchase coal from the Group for their production of coal chemical products.

Based on the aforesaid, we are of the opinion that the increase in such annual cap for FY2023 is fair and reasonable.

Proposed Annual Caps for FY2024 and FY2025

We noted that the Proposed Annual Caps under coal sales for the two years ending 31 December 2025 are the same as that for FY2023. We are advised by the management of the Company that both the demand of the coal from the Shandong Energy Members and the unit price of coal are expected to remain stable in FY2024 and FY2025.

Our assessment on the unit price of coal

We have performed due diligence work on the fairness and reasonableness of the average selling price of the coal. According to the publicly available information from 21 companies which are listed in Shanghai Stock Exchange and Shenzhen Stock Exchange and engaged in the sales of saleable coal, we noted that the selling prices per ton of coal for the nine months ended 30 September 2022 ranged from approximately RMB482 per ton to approximately RMB1,441 per ton. The selling price per ton of coal of approximately RMB1,500 per ton and RMB600 per ton is higher than the lowest price of the above range of RMB482 per ton.

Based on the above, we are of the view that the unit price of the coal is fair and reasonable.

Conclusion

Based on the above, we are of the view that the Proposed Annual Caps under coal sales for the three years ending 31 December 2025 are fair and reasonable.

(b) The Proposed Annual Cap under materials supply

We noted that the Proposed Annual Cap under material supply for FY2023 has increased by approximately 255.56% as compared to the existing annual cap for the same period. The following table sets forth the Proposed Annual Caps under material supply for the three years ending 31 December 2025 by suppliers of the materials:

	FY2023 (Existing annual cap)	FY2023 (Proposed Annual Cap)	FY2024	FY2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of materials from the Group to the Target Groups	–	2,400,000	2,600,000	2,600,000
Sales of materials from the Group to the Shandong Energy Members	900,000	800,000	900,000	1,000,000
Total	900,000	3,200,000	3,500,000	3,600,000

Sales of materials from the Group to the Target Groups for the three years ending 31 December 2025

We are advised by the management of the Company that the Proposed Annual Caps under material supply (between the Group and the Target Groups) for the three years ending 31 December 2025 are determined with reference to (i) the historical transaction amount of sales of materials for the year ended 31 December 2022 of approximately RMB1.5 million; (ii) the demand of materials, such as mine carts, accessories for the shotcrete machines, and accessories for belt conveyors, from the coal mines under the Target Groups; and (iii) a buffer of approximately 5% to ensure the flexibility of the Group in dealing with any unforeseeable increase in the purchase price or the purchase volume of the materials by the Target Groups.

In order to assess the fairness and reasonableness of the additional annual cap on the Proposed Annual Cap, we have reviewed the breakdown of the materials to be purchased by the subsidiaries under the Target Groups. We noted that the aggregate purchase amount is in line with the information provided by the management of the Company.

Based on the above, considering the demand for the materials from the Target Groups, we are of the view that the Proposed Annual Caps under the material supply (between the Group and the Target Groups) for the three years ending 31 December 2025 are fair and reasonable.

Sales of materials from the Group to the Shandong Energy Members for FY2024 and FY2025

We are advised by the management of the Company that the Proposed Annual Caps under material supply for FY2024 and FY2025 are determined according to (i) the historical transaction amount of sales of materials for the two years ended 31 December 2022; (ii) the demand of materials, such as electric cables and hydraulic support, from the coal mines under the Shandong Energy Members; and (iii) a buffer of approximately 5% to ensure the flexibility of the Group in dealing with any unforeseeable increase in the purchase price or the purchase volume of the materials by the Shandong Energy Members.

In order to assess the fairness and reasonableness of the Proposed Annual Caps under material supply for FY2024 and FY2025, we have reviewed the breakdown of the purchase amount of the materials by Shandong Energy Members. We noted that the aggregate amount is in line with the information provided by the management of the Company.

Based on the above, considering the demand for the materials from the Shandong Energy, we are of the view that the Proposed Annual Caps under the material supply for FY2024 and FY2025 are fair and reasonable.

(c) The Proposed Annual Cap under asset leasing

We noted that the Proposed Annual Cap under asset leasing for FY2023 has significantly decreased to RMB60 million. Such decrease is mainly attributable to the fact that:

(i) the Shandong Energy Members have purchased the mining machineries, whose mining efficiency is higher than that of the mining machineries leased by the Group, instead of leasing machineries from the Group due to the improvement in their cash level for FY2022. Such improvement is mainly attributable to the increase in the coal price and their profits during FY2022; and

(ii) the machineries and equipment to be provided to the Shandong Energy Members are no longer suitable for the coal mine development since the actual maximum height of the coal deposits in the mines are higher than the largest applicable working height of the above machineries and equipment, which will lead to a circumstance that the coal deposits in the mines are not fully extracted. The types of the machineries and equipment to be used for the mining were determined by the Shandong Energy Members with reference to the estimated mining height of the undeveloped coal mines before their exploration.

We are advised by the management of the Company that the Proposed Annual Caps for the three years ending 31 December 2025 are determined with reference to the demand for leasing the machineries and equipment from the Shandong Energy Members.

	FY2023 (Proposed Annual Cap)	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
Coal mining machine	45,000	50,000	54,000
Hydraulic support	2,400	2,400	2,400
A buffer for the Proposed Annual Caps to deal with any unforeseeable increase in the demand for the machineries and equipment	12,600	12,600	12,600
Total	60,000	65,000	70,000

The Group has adopted a buffer of approximately RMB13 million for the three years ending 31 December 2025 to ensure the flexibility of the Group to deal with any unforeseeable increase in the demand for the machineries and equipment by the Shandong Energy Members. As advised by the management of the Company, we understand that the average leasing price for a set of machineries and equipment charged by the Group to the Shandong Energy Members normally amounted to approximately RMB13 million. Considering that (i) the Shandong Energy Members will continue to develop new coal mines to sustain its business operation in the future; and (ii) the above buffer is close to the price of leasing only one set of machineries and equipment, we are of the view that the buffer adopted by the Group is fair and reasonable.

Based on the demand from the Shandong Energy Members and our assessment on the buffer as shown above, we are of the view that the Proposed Annual Caps under asset leasing for the three years ending 31 December 2025 are fair and reasonable.

(d) The Proposed Annual Cap under electricity supply

We are advised by the management of the Company that (i) the Proposed Annual Caps under electricity supply for the three years ending 31 December 2025 are determined with reference to actual consumption of the electricity for FY2022; and (ii) the consumption of electricity by the Shandong Energy Members will increase by approximately 10% year on year for the three years ending 31 December 2025 due to the commencement of the construction projects by the Shandong Energy Members as a result of the relief of the implementation of the quarantine policies regarding COVID-19. In view of the above, the Proposed Annual Caps under electricity supply for the three years ending 31 December 2025 are determined with reference to the following:

		FY2022 *(Actual)*	**FY2023** *(Proposed Annual Cap)*	**FY2024**	**FY2025**
Approximate consumption of electricity *(kilowatt-hours in thousands)*	*a*	10,538	17,700	19,500	21,400
Approximate unit price of electricity *(RMB)*	*b*	0.80	0.80	0.80	0.80
Approximate historical transaction amount/ Estimated annual cap for the electricity supply *(RMB'000)*	*c=a*b*	8,430	14,160	15,600	17,120
A buffer for the Proposed Annual Caps to deal with any unforeseeable increase in the unit price or the consumption of the electricity *(RMB'000)*	*d*	–	1,840	1,400	880
Approximate historical transaction amount/The Proposed Annual Caps *(RMB'000)*	*e=c+d*	8,430	16,000	17,000	18,000

Taking into account (i) that the Proposed Annual Caps are determined based on the historical consumption of the electricity by the then subsidiaries and associates of Shandong Energy (excluding the Group) for FY2022; and (ii) the demand for the electricity by the subsidiaries and associates of Shandong Energy (excluding the Group) according to their construction plans for the construction projects for the three years ending 31 December 2025, we are of the view that the Proposed Annual Caps under electricity supply for the three years ending 31 December 2025 are fair and reasonable.

(e) The Proposed Annual Cap under provision of chemical products

We are advised by the management of the Company that the Proposed Annual Caps under provision of chemical products for the three years ending 31 December 2025 are determined according to the production plans of the Shandong Energy Members. The Group will mainly provide chemical products at an aggregate amount of approximately RMB120 million, RMB150 million, and RMB150 million to the Shandong Energy Members for FY2023, FY2024, and FY2025, respectively.

In order to assess the fairness and reasonableness of the Proposed Annual Caps under the sales of chemical products for the three years ending 31 December 2025, we have reviewed the breakdown of the type and total purchase amount of the chemical products requested by the Shandong Energy Members. We noted that the aggregate amount is in line with the information provided by the management of the Company.

Based on the above, considering the demand for the chemical products from the Shandong Energy Members, we are of the view that the Proposed Annual Caps under the provision of chemical products for the three years ending 31 December 2025 are fair and reasonable.

(3) Conclusion

Based on the above, we are of the view that the Proposed Annual Caps under Provision of Products, Materials and Asset Leasing for the three years ending 31 December 2025 are fair and reasonable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that:

(i) although the Acquisitions are not in the Company's ordinary and usual course of business, the terms of the Equity Transfer Agreements are on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(ii) the Provision of Products, Materials and Asset Leasing are in the Company's ordinary and usual course of business. The terms of the Provision of Products, Materials and Asset Leasing Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolution(s) to be proposed at the AGM to approve the Equity Transfer Agreements and the Proposed Annual Cap and we recommend the Independent Shareholders to vote in favor of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 21 years of experience in corporate finance advisory.

* *For identification purposes only*

This explanatory statement contains all the information required to be given to the Shareholders pursuant to Rule 10.06(1)(b) of the Listing Rules in connection with the proposed Repurchase Mandate, which is set out as follows:

1. Hong Kong Listing Rules

The Hong Kong Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their securities subject to certain restrictions. Repurchases must be funded out of funds legally available for the purpose and in accordance with the company's constitutional documents and the applicable laws of the jurisdiction in which the company is incorporated or otherwise established. Any repurchase must be made out of funds which are legally available for the purpose and in accordance with the laws of the PRC and the memorandum and articles of association of the company. Any premium payable on a repurchase over the par value of the shares may be effected out of funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purchase of repurchase.

2. Reasons for Repurchase of H Shares

The Board believes that the flexibility afforded by the Repurchase Mandate to repurchase H Shares would be beneficial to and in the best interests of the Company and its Shareholders. Such repurchase may, depending on the market conditions and funding arrangement at the time, lead to an enhancement of the net asset value and/or its earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and its Shareholders.

3. Registered Capital

As at the Latest Practicable Date, the registered capital of the Company as filed in the relevant company registration agency of the PRC was RMB 4,961,360,480 comprising 1,900,000,000 H Shares of RMB1.00 each and 3,061,360,480 A Shares of RMB1.00 each. As at the Latest Practicable Date, the Company has 3,061,360,480 A Shares and 1,900,000,000 H Shares.

4. Exercise of the Repurchase Mandate

Subject to the passing of the special resolution approving the granting of the Repurchase Mandate to the Board at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting respectively, the Board will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in the special resolutions in the notice of the AGM, the notice of the H Shareholders' Class Meeting and the notice of the A Shareholders' Class Meeting, respectively). The exercise of the Repurchase Mandate is subject to: (1) the approvals of the relevant PRC regulatory authorities as required by the laws, rules and regulations of the PRC being obtained; and (2) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the provisions of the Articles of Association applicable to reduction of share capital.

The exercise in full of the Repurchase Mandate (on the basis of 1,900,000,000 H Shares in issue as at the Latest Practicable Date and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting) would result in a maximum of 190,000,000 H Shares being repurchased by the Company during the Relevant Period, being the maximum of 10% of the total H Shares in issue as at the date of passing the relevant resolutions.

5. Funding of Repurchases

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and undistributed profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to purchase its H Shares. Any repurchases by the Company may only be made out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose, or from sums standing to the credit of the share premium account of the Company. 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.

Based on the financial position disclosed in the recently published audited accounts for the year ended 31 December 2022, the Board considers that there will not be any material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Board at the relevant time having regard to the circumstances then prevailing and in the best interests of the Company.

6. Status of Repurchased H Shares

The Hong Kong Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under the PRC laws, the H Shares repurchased by the Company for the purpose of reducing registered capital will be cancelled within 10 days after the repurchase date; the H Shares repurchased by the Company for the purpose of protecting the value of the Company and the interests of the Shareholders will be cancelled or transferred within three years. The Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

7. H Shares Prices

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

	H Share Prices	
	Highest	**Lowest**
	HK$	*HK$*
2022		
May	26.02	20.24
June	28.47	22.40
July	25.15	20.35
August	32.75	24.60
September	35.45	28.25
October	29.45	22.10
November	25.85	22.25
December	25.65	23.55
2023		
January	26.75	22.95
February	25.70	22.10
March	28.10	21.60
April	27.95	25.50
May	28.55	19.84
June (up To the Latest Practicable Date)	20.30	19.84

8. Substantial Shareholders

As at the Latest Practicable Date, the interests of substantial shareholder of the Company which was interested in more than 10% of the issued Shares was as follows:

Name	Class of shares	Capacity	Nature of interests	Number of ordinary shares held in the Company	Percentage of total issued share capital of the Company[b]
Shandong Energy	A Shares (state legal person share)	Beneficial owner	Long position	2,257,324,473	45.50%
			Short position	114,277,185	2.30%
Shandong Energy [a]	H Shares	Interest of controlled corporation	Long position	454,989,000	9.17%
Total				**2,712,313,473**	**54.67%**

Notes:

(a) Shandong Energy's controlled subsidiary incorporated in Hong Kong holds such H Shares in the capacity of beneficial owner.

(b) The figures of the percentage ratios are rounded to the nearest two decimal places.

9. General Information

(a) None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their close associates, have any present intention to sell any H Shares to the Company or any of its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

(b) The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to repurchase the H Shares pursuant to the Repurchase Mandate in accordance with the Hong Kong Listing Rules and the applicable laws of the PRC.

(c) No core connected person (as defined in the Hong Kong Listing Rules) of the Company has notified the Company that he has a present intention to sell H Shares to the Company or its subsidiaries, or has undertaken not to do so, if the Repurchase Mandate is granted and is exercised.

10. Takeovers Code

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

Assuming that the substantial Shareholders do not dispose of their Shares, if the Repurchase Mandate was exercised in full, the percentage shareholdings of the substantial Shareholders before and after such repurchase would be as follows:

Substantial Shareholder	Before repurchase	After repurchase
Shandong Energy	54.67%	56.85%

On the basis of the shareholdings held by the substantial Shareholder named above, an exercise of the Repurchase Mandate in full will not have any implications for the substantial Shareholders under the Takeovers Code.

The Company was informed by Shandong Energy that Shandong Energy had issued exchangeable corporate bonds that are exchangeable into A Shares of the Company, which may result in a decline of Shandong Energy's percentage shareholdings in the Company. For detailed information about the exchangeable corporate bonds issued by Shandong Energy, please refer to the relevant announcements of the Company dated 8 April 2022, 14 April 2022 and 22 April 2022.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Hong Kong Stock Exchange.

The Directors have no intention to exercise the Repurchase Mandate to an extent which may result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

Save as disclosed above, the Directors are not aware of any consequences that may arise under the Takeovers Code and/or any relevant law of which the Directors are aware, if any, as a result of any share repurchases made.

11. Share Repurchases Made by the Company

During the six months period preceding the Latest Practicable Date, the Company did not repurchase any H shares (whether on the Hong Kong Stock Exchange or otherwise).

The biographical details of the candidate for appointment as the non-independent Directors and independent Directors of the ninth session of the Board are set out as follows:

Non-independent Directors

Mr. Li Wei, born in September 1966, is a research fellow in engineering technology applications and holds a Doctor's degree in engineering. Currently, Mr. Li Wei serves as the chairman of the Company, the secretary of the CPC committee and the chairman of Shandong Energy. Mr. Li joined the Company's predecessor in 1988, took office as the vice general manager of Baodian coal mine of Yankuang Group Company Limited ("Yankuang Group") in December 1996 and was appointed as the director of the restructuring division of strategic resource development department of Yankuang Group in May 2002. In September 2002, Mr. Li was appointed as the secretary of the CPC committee, chairman and general manager of Yankuang Xilin Neng Hua Co., Ltd. Mr. Li started to preside over works at Baodian Coal Mine of the Company in March 2004 and later became the deputy secretary of the CPC committee and the general manager of Baodian Coal Mine in September 2004. Mr. Li was appointed as the deputy secretary of the CPC committee and the general manager of Nantun Coal Mine in August 2007, then was appointed as the deputy chief engineer and deputy director of the safety supervision bureau of Yankuang Group in August 2009. Mr. Li took positions as the vice general manager and director of the safety supervision bureau of Yankuang Group in April 2010, and was employed as deputy secretary of the CPC committee, director and general manager of Yankuang Group in May 2015. Mr. Li was promoted as the vice chairman of the Board in June 2016, the deputy secretary of the CPC committee, director and general manager of Hualu Holdings Co., Ltd. in August 2020 and the secretary of the CPC committee and the chairman of Shandong Energy in June 2021. In August 2021, Mr. Li took the position as the chairman of the Board of the Company. Mr. Li graduated from Beijing University of Science and Technology.

As at the Latest Practicable Date, Mr. Li Wei was interested in 10,000 shares of the Company, representing approximately 0.0002% of the entire issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO.

Mr. Xiao Yaomeng, born in March 1972, is a research fellow in engineering technology applications with a Master's degree of engineering. Currently, Mr. Xiao serves as the secretary of the CPC committee, director and general manager of the Company. Mr. Xiao joined the Company's predecessor in 1994 and was appointed as the director of the safety inspection department of Dongtan Coal Mine of the Company in August 2013, and the CPC committee secretary, the chairman and the general manager of Guizhou Wulunshan Coal Mining Company Limited in October 2014. In December 2016, Mr. Xiao was appointed as the vice general manager of Yankuang Guizhou Neng Hua Company Limited, together with the secretary of the CPC committee and chairman of Guizhou Wulunshan Coal Mining Company Limited. In July 2018, Mr. Xiao was appointed as the deputy secretary of the CPC committee and the general manager of Jining No. 3 Coal Mine of the Company. In April 2020, Mr. Xiao was appointed as the vice general manager of the Company. In July 2021, Mr. Xiao took office as the secretary of the CPC committee and the general manager of the Company. Mr. Xiao became the Director of the Company in August 2021. Mr. Xiao graduated from China University of Mining and Technology.

In May 2022, Mr. Xiao Yaomeng was appointed as a director of Yancoal Australia Limited, a subsidiary of the Company, and was appointed as the chairman of Yankuang Donghua Heavy Industry Co., Ltd and a director of Yancoal International (Holding) Co., Ltd. (both are wholly-owned subsidiaries of the Company) in November 2022.

As at the Latest Practicable Date, Mr. Xiao Yaomeng was interested in 350,000 shares of the Company, representing approximately 0.007% of the entire issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO, the interest includes 150,000 underlying shares in respect of the Share Options exercised pursuant to the Company's share option scheme, and 200,000 underlying shares in respect of the restricted shares granted but still locked-up pursuant to the Company's restricted A share incentive scheme.

Mr. Liu Jian, born in February 1969, a research fellow in engineering technology applications and holds a Master's degree of engineering, currently is a Director of the Company, the vice general manager and a member of the CPC standing committee of Shandong Energy. Mr. Liu joined the Company's predecessor in 1992 and was appointed as the vice general manager of Dongtan Coal Mine of the Company in 2009. Mr. Liu was appointed as the deputy secretary of the CPC committee and the general manager of Jining No.3 Coal Mine of the Company in 5 March 2014. In January 2016, Mr. Liu took positions as the deputy secretary of the CPC committee and the general manager of Dongtan Coal Mine of the Company. In December 2016, Mr. Liu was appointed as the vice general manager of the Company. In April 2020, Mr. Liu was appointed as the general manager and the secretary of the CPC committee of the Company. In February 2021, Mr. Liu took positions as the vice general manager and the member of the CPC standing committee of Shandong Energy. Mr. Liu was appointed as a Director of the Company in May 2019. Mr. Liu graduated from Shandong University of Science and Technology.

Mr. Liu Jian was appointed as a director of Yanmei Heze Neng Hua Company Limited, a subsidiary of the Company, in March 2017.

As at the Latest Practicable Date, Mr. Liu Jian was interested in 85,800 shares of the Company, representing approximately 0.0017% of the entire issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO.

Mr. Liu Qiang, born in October 1972, a senior engineer and holds a Master's degree of engineering, currently is a member of the CPC standing committee and the vice general manager of Shandong Energy. Mr. Liu joined Shandong Lunan Chemical Fertilizer Factory in 1995, was appointed as the vice general manager of Yankuang Cathay Coal Chemical Company Limited in October 2009. Mr. Liu took office as the vice general manager of Yankuang Lunan Chemicals Co., Ltd. in May 2012 and took office as the chairman of the CPC committee, the general manager and an executive director of Yankuang Coal Chemical Engineering Company Limited in April 2014. Mr. Liu took office as the vice chairman of the CPC committee and general manager of Yankuang Lunan Chemicals Co., Ltd. in March 2016 and the deputy secretary of the CPC committee, the chairman and the general manager of Yankuang Lunan Chemicals Co., Ltd. in May 2017. Mr. Liu took office as the vice general manager of Yankuang Chemical Engineering Company Limited and the secretary of

CPC committee and chairman of Yankuang Lunan Chemicals Co., Ltd. in September 2019. Mr. Liu was appointed as the vice general manager of the Company in September 2021, then was appointed as a member of the CPC standing committee and the vice general manager of Shandong Energy in March 2022. Mr. Liu graduated from East China University of Science and Technology and Zhejiang University.

As at the Latest Practicable Date, Mr. Liu Qiang was interested in 160,000 shares of the Company, representing approximately 0.003% of the entire issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO, the interest includes 160,000 underlying shares in respect of the restricted shares granted but still locked-up pursuant to the Company's restricted A share incentive scheme.

Mr. Zhang Haijun, born in December 1973, is currently a senior accountant and the head of planning and development department of Shandong Energy. Mr. Zhang joined the Company's predecessor in 1996, and in December 2013, Mr. Zhang was appointed as the deputy director (in charge of work) of the finance department of the Aluminum Branch of Yankuang Group and was appointed as the director of the finance department of the Aluminum Branch of Yankuang Group in November 2014, then was appointed as the chief financial officer and general counsel of the Aluminum Branch of Yankuang Group in November 2015. In May 2018, Mr. Zhang took office as the director of the investment development department and the decision consulting center of Yankuang Group. In August 2020, Mr. Zhang was appointed as the director of the investment and development department of Shandong Energy. In May 2022, Mr. Zhang was appointed as the director of the planning and development department of Shandong Energy. Mr. Zhang graduated from the Party School of the CPC Shandong Provincial Committee.

Mr. Huang Xiaolong, born in November 1977, is currently a senior economist with a Master's degree in laws and a director and the secretary of the Board of the Company. Mr. Huang joined the Company's predecessor in 1999 and became the securities affairs representative of the Company in 2006. In 2008 and 2012, Mr. Huang took office as the deputy director level secretary of the Board secretariat of the Company and the deputy director of the Board secretariat successively. Mr. Huang served as the director of the former Shandong Energy equity reform and restructuring office in 2013, and was appointed as a standing director of the board secretariat of Shandong Energy in August 2020. In July 2021 and August 2021, Mr. Huang became the secretary to the Board and a Director of the Company successively. Mr. Huang graduated from the University of International Business and Economics.

Mr. Huang Xiaolong was appointed as the vice chairman of the supervisory committee of Shandong Huaju Energy Co., Ltd.(a subsidiary of the Company) and a director of Yancoal International (Holding) Co., Ltd. in November 2022.

As at the Latest Practicable Date, Mr. Huang Xiaolong was interested in 160,000 shares of the Company, representing approximately 0.003% of the entire issued share capital of the Company as at the Latest Practicable Date, within the meaning of Part XV of the SFO, the interest includes 160,000 underlying shares in respect of the restricted shares granted but still locked-up pursuant to the Company's restricted A share incentive scheme.

Independent Directors

Mr. Zhu Limin, born in October 1951, holds a Master's degree in Economics, is an independent Director of the Company. Mr. Zhu has assumed the positions as the vice director of the pilot department of former State Commission for Economic Restructuring ("SCER"), the director of the planning department of the former SCER, the vice general manager of the Chinese Joint-Stock Enterprise Consulting Company under the former SCER, the deputy director of the inspection department of CSRC, the deputy director-general of the inspection bureau of CSRC, the director of the dispatched offices work coordination department of CSRC and the director of investor education office of CSRC, the compliance director of China Securities Finance Limited, the chairman of the supervisory committee of China Securities Finance Limited. At present, Mr. Zhu serves as a director of Focus Technology Company Limited, the independent director of China Resources Chemical Innovative Materials Co., Ltd., Cinda Securities Co., Ltd., and Nantong Guosheng Intelligence Technology Group. In June 2020, Mr. Zhu became an independent Director of the Company. Mr. Zhu graduated from Nankai University and Renmin University of China.

Mr. Peng Suping, born in June 1959, holds a Doctor's degree in geology and as an academician of Chinese Academy of Engineering. Mr. Peng had served in various capacities, including the vice director and director of the department of energy and mining engineering of Chinese Academy of Engineering, an independent director of China Shenhua Energy Company Limited, Tiandi Science & Technology Co., Ltd., Tibet Huayu Mining Co., Ltd., Beijing LongRuan Technologies Inc and Beijing Haohua Energy Company Limited. At present, Mr. Peng has served as a professor of China University of Mining and Technology (Beijing), an academician of Chinese Academy of Engineering, the director of state key laboratory of coal resources and safe mining of China University of Mining and Technology (Beijing) and an independent director of Hydrogen Energy Technology Development Co., Ltd under the State Power Investment Corporation Limited. Mr. Peng graduated from Huainan Mining Institute and Beijing Postgraduate Department of China University of Mining and Technology.

Mr. Woo Kar Tung, Raymond, born in June 1969, holds a Bachelor of Commerce degree, and as a senior member of the Hong Kong Institute of Certified Public Accountants and a member of the Australian Society of Certified Practising Accountants. Mr. Woo was employed in investment banks at ING, CITIC Securities and Credit Suisse, was appointed as an independent director of Huaneng Renewables Corporation Limited and IRC Limited and served as a certified accountant at Arthur Andersen & Co. At present, Mr. Woo serves as an independent director of SMIT Holdings Limited and Yuanda China Holdings Limited. Mr. Woo graduated from the University of New South Wales, Australia.

Ms. Zhu Rui, born in February 1975, holds a Doctor's degree in business administration. Ms. Zhu has extensive knowledge in branding, consumer behavior and business for good and social innovation. Ms. Zhu was an associate professor at the University of British Columbia, Canada and an assistant professor at Rice University, the United States. At present, Ms. Zhu is a professor of marketing, director of ESG and the social innovation centre of Cheung Kong Graduate School of Business, and also an independent director of Jiumaojiu International Holdings Limited and ATRenew Inc. (a company listed on The New York Stock Exchange). Ms. Zhu graduated from the University of International Business and Economics and University of Minnesota, the United States.

The Company has received confirmation of independence from Mr. Zhu Limin, Mr. Peng Suping, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui pursuant to Rule 3.13 of the Hong Kong Listing Rules and on this basis, and the Company considers them to be independent.

The term of office of the non-independent Directors and the independent Directors are three years from the date of the conclusion of the AGM till the date of the conclusion of the general meeting for the election of the members of the tenth session of the Board.

Subject to the Shareholders' approval for their respective appointments, each of the above proposed non-independent Directors and independent Directors will enter into a service contract with the Company commencing from the date of the conclusion of the AGM and ending on the date of the conclusion of the general meeting for the election of the members of the tenth session of the Board.

As far as the Directors are aware and save as disclosed above, Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Huang Xiaolong, Mr. Zhu Limin, Mr. Peng Suping, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui: (i) had not held any directorships in any public companies the securities of which were listed on any securities market in Hong Kong and/or overseas in the past three years, nor held any other major appointment and professional qualification; (ii) do not hold any other position with the Company or its subsidiaries; (iii) did not have any interests in the shares or securities of the Company within the meaning of Part XV of the SFO; and (iv) did not have any relationship with other current directors, senior management and substantial or controlling shareholders of the Company.

The remuneration of the above proposed non-independent Directors and independent Directors will be determined at the general meeting of the Company with reference to their respective duties, responsibilities, experience and the prevailing market conditions.

Save as disclosed above, the Board is not aware of any other matter in relation to the above proposed non-independent Directors and independent Directors which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and any other matter that needs to be brought to the attention of the Shareholders.

The biographical details of the candidates for appointment as non-staff representative Supervisors of the ninth session of the Supervisory Committee are set out as follows:

Mr. Li Shipeng, born in February 1978, is a senior accountant and holds a Master's degree of engineering. At present, Mr. Li serves as the vice chairman of the Supervisory Committee of the Company and the director of the finance management department of Shandong Energy. Mr. Li joined the Company in 2000, and was appointed as the chief accountant, the vice director (in charge of work) and the director of finance management department of Yankuang Group in November 2017 and January 2020 successively. In July 2020, Mr. Li was appointed as the director of the finance management department of Shandong Energy. Mr. Li was appointed as a Supervisor of the Company in June 2020 and then became the vice chairman of the Supervisory Committee of the Company in August 2021. Mr. Li graduated from China University of Petroleum.

Mr. Zhu Hao, born in October 1971, is a senior economist, and also serves as a Supervisor of the Company and the director of the operational management department of Shandong Energy. Mr. Zhu was appointed as the chief economist of Suncun Coal Mine of Xinwen Mining Group Co., Ltd. in 2001, and served as the chief economist and a member of the CPC committee of Suncun Coal Mine in 2007. Mr. Zhu took the position as deputy director of the operational management department of Xinwen Mining Group in 2010 and was promoted as the director in 2012 while serving as the head of which inspection office. In 2014, Mr. Zhu was the deputy director of the performance operation department of the former Shandong Energy and then became the director of economic operation department, director of operational management department of the former Shandong Energy in 2017 and in August 2020 successively. Mr. Zhu started to serve as the Supervisor of the Company in August 2021. Mr. Zhu graduated from Shandong University.

The term of office of the Supervisors are three years from the date of the conclusion of the AGM till the date of the conclusion of the general meeting for the election of the members of the tenth session of the Supervisory Committee.

Subject to the Shareholders' approval for their respective appointments, each of the above proposed Supervisors will enter into a service contract with the Company commencing from the conclusion of the AGM and ending on the conclusion of the general meeting for the election of the members of the tenth session of the Board.

As far as the Directors are aware and save as disclosed above, Mr. Li Shipeng and Mr. Zhu Hao: (i) had not held any directorships in any public companies the securities of which were listed on any securities market in Hong Kong and/or overseas in the past three years, nor held any other major appointment and professional qualification; (ii) do not hold any other position with the Company or its subsidiaries; (iii) did not have any interests in the shares or securities of the Company within the meaning of Part XV of the SFO; and (iv) did not have any relationship with other current directors, senior management and substantial or controlling shareholders of the Company.

The proposed Supervisors above will not receive any remuneration for the duties performed as Supervisors of the Company during their term of services.

Save as disclosed above, the Board is not aware of any other matter in relation to the above proposed Supervisors which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and any other matter that needs to be brought to the attention of the Shareholders.

As disclosed in the announcement of the Company dated 28 October 2022, according to the practical needs of the operation of the Company, the Board proposed to delete the "real estate development and operation" item in the Company's business scope in the Articles of Association.

As disclosed in the announcement of the Company dated 24 April 2023, on 31 March 2023, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and relevant guidelines issued by CSRC came into effect, and the Notice on the Implementation of the Mandatory Provisions for the Articles of Association of the Company Listing Overseas was repealed at the same time. According to the above changes on regulations and in conjunction with the core shareholder protection standards set out in Appendix 3 of the Listing Rules and the actual operational needs of the Company, it is proposed to amend the corresponding provisions of the Articles of Association and Relevant Rules of Procedure.

Details of the proposed amendments to the Articles of Association are set out as follows:

I. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original	Amendments
CHAPTER 1 GENERAL PROVISIONS (total 10 articles)	CHAPTER 1 GENERAL PROVISIONS (total 9 articles)
Article 1 These Articles of Association are drawn up in accordance with the "Company Law of the People's Republic of China" (the "Company Law"), the "Securities Law of the People's Republic of China" ("Securities Law")~~, the "Mandatory Provisions for the Articles of Association of the Company to be Listed Overseas" and other relevant laws and regulations~~ with the aims of protecting the legitimate interests of Yankuang Energy Group Company Limited (the "Company") and its shareholders and creditors, and regulating the organization and conducts of the Company.	**Article 1** These Articles of Association are drawn up in accordance with the "Company Law of the People's Republic of China" (the "Company Law"), the "Securities Law of the People's Republic of China" ("Securities Law") <u>and other relevant laws and regulations</u> with the aims of protecting the legitimate interests of Yankuang Energy Group Company Limited (the "Company") and its shareholders and creditors, and regulating the organization and conducts of the Company.
Article 4 The Company's address: 949 South Fushan Road, Zoucheng, Shandong Province, China Telephone number: 0537-5383310 Facsimile number: 0537-5383311 Postal code: 273500	**Article 4** The Company's address: 949 South Fushan Road, Zoucheng, Shandong Province, China<u>, with registered capital of RMB4,948,703,640.</u> Telephone number: 0537-5383310 Facsimile number: 0537-5383311 Postal code: 273500

Original	Amendments
Article 7 ~~The Company's Articles of Association shall take effect from the date of incorporation of the Company.~~ From the date on which these Articles of Association come into effect, this Articles of Association shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders. ~~**Article 8** These Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager, deputy general managers and other senior management of the Company; all of whom are entitled, according to these Articles of Association, to make suggestions in respect of rights concerning the affairs of the Company.~~ ~~A shareholder may take action against the Company pursuant to these Articles of Association and vice versa. A shareholder may also take action against another shareholder, the directors, supervisors, general manager, deputy general managers and other senior management of the Company pursuant to these Articles of Association. The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.~~	**Article 7** From the date on which these Articles of Association come into effect, this Articles of Association shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders<u>, and a legally binding document for the Company, shareholders, directors, supervisors, senior management. Pursuant to the Articles of Association, shareholders may sue the shareholders, directors, supervisors, managers and other senior management of the Company, shareholders may sue the Company, and the Company may sue the shareholders, directors, supervisors, managers and other senior management.</u>
Article 9 All assets of the Company are divided into shares of equal value. The shareholders are liable for the Company up to the amount of shares they subscribed and all the Company's assets are made liable for its debts. ~~The Company may invest in other limited liability companies or limited stock companies. The Company is liable for an invested company up to the amount of capital it contributes to the invested company.~~	**Article 8** All assets of the Company are divided into shares of equal value. The shareholders are liable for the Company up to the amount of shares they subscribed and all the Company's assets are made liable for its debts.

Original	Amendments
Article 12 The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company. The business scope of the Company includes: Permitted items: coal mining, public railway transportation, road goods transportation (excluding hazardous goods), port operation, installation, upgrading and maintenance of special equipment, real estate development and operation, catering services, accommodation services, sewage water treatment and recycling, heat generation and supply, inspection and detection services, inspection and detection for safety production, engineering projects construction, class I value-added telecommunications services, class II value-added telecommunications services. (Items which need approvals according to the laws shall be subject to the approvals of relevant authorities before operation activities can be carried out. The specific business items shall be subject to the approval documents or licenses of relevant) ……	**Article 11** The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company. The business scope of the Company includes: Permitted items: coal mining, public railway transportation, road goods transportation (excluding hazardous goods), port operation, installation, upgrading and maintenance of special equipment, ~~real estate development and operation,~~ catering services, accommodation services, sewage water treatment and recycling, heat generation and supply, inspection and detection services, inspection and detection for safety production, engineering projects construction, class I value-added telecommunications services, class II value-added telecommunications services. (Items which need approvals according to the laws shall be subject to the approvals of relevant authorities before operation activities can be carried out. The specific business items shall be subject to the approval documents or licenses of relevant) ……
CHAPTER 3 SHARES ~~AND REGISTERED CAPITAL~~ (total 16 articles)	CHAPTER 3 SHARES (total 10 articles)
~~**Article 13** There must, at all times, be ordinary shares in the Company. Subject to the approval of the companies approving department authorised by the State Council, the Company may, according to its requirements, create different classes of shares.~~	Delete.
Article 16 The shares issued by the Company shall ~~each have a par value of Renminbi one yuan.~~ ~~"Renminbi" means the legal currency of the PRC.~~	**Article 14** The shares issued by the Company shall <u>be denominated in Renminbi.</u>

Original	Amendments
~~**Article 17** Subject to the approval of the State Council Securities Policy Committee, the Company may issue shares to Domestic Investors and Foreign Investors. "Foreign Investors" mean those investors who subscribe for the Company's shares and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. "Domestic Investors" mean those investors who subscribe for the Company's shares and who are located within the territory of the PRC.~~	Delete.
~~**Article 21** The Company's board of directors may take all necessary action for the issuance of Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares after proposals for issuance of the same have been approved by the State Council's securities authorities.~~ ~~The Company may implement its proposal to issue Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the State Council's securities authorities.~~ ~~**Article 22** Where the total number of shares stated in the proposal for the issuance of shares include Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares, such shares should be fully subscribed for at their respective offerings.~~ ~~If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the State Council's securities authorities, be issued in separate branches.~~ ~~**Article 23** The registered capital of the Company shall be RMB4,948,703,640. The Company shall register its registered capital with the state industry and commerce department and make the necessary filings with the companies approving department authorised by the State Council and the State Council's securities authorities.~~	Delete these 5 articles.

Original	Amendments
~~Article 24~~ ~~The Company may, based on its operating and development needs, authorise the increase of its capital pursuant to these Articles of Association.~~ ~~The Company may increase its capital in the following ways:~~ ~~(1) by offering new shares for subscription by specified or unspecified investors;~~ ~~(2) by issuing new shares to its existing shareholders;~~ ~~(3) by allotting bonus shares to its existing shareholders;~~ ~~(4) to increase the capital by way of transfer from reserve;~~ ~~(5) by any other means which is permitted by law and administrative regulation.~~ ~~After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of these Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant laws and administrative regulations.~~ **~~Article 25~~** ~~Unless otherwise stipulated in the relevant laws or administrative regulations, shares in the Company shall be freely transferable and are not subject to any lien.~~	
Add this article.	**Article 21** The Company and subsidiaries of the Company (including the affiliates enterprises of the Company) do not provide any assistance to a person who is acquiring or is proposing to acquire shares of the Company by way of gift, advancement, guarantee, indemnity or loans or other means.
CHAPTER 4 ~~REDUCTION OF CAPITAL AND REPURCHASE OF SHARES~~ (total 7 articles)	CHAPTER 4 CHANGES AND REPURCHASE OF SHARES (total 6 articles)

Original	Amendments
Add this article.	**Article 22** Based on its operating and development needs, the Company may, pursuant to the laws and regulations and with the approval by separate resolutions at the shareholders' general meeting, increase its capital in the following ways: 1) by public share offering; 2) by non-public share offering; 3) by allotting bonus shares to its existing shareholders; 4) by converting capital reserves into share capital; 5) by any other means permitted by laws and administrative regulations as well as upon the approval of the CSRC.
Article 30 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in a newspaper ~~at least three (3) times~~ within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the ~~first~~ public announcement, to require the Company to repay its debts or to provide a corresponding guarantee ~~for such debt~~.	**Article 24** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in a newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee.

Original	Amendments
Article 32 ~~**The** Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:~~ ~~(1) by making a general offer for the repurchase of shares to all its shareholders on a pro rata basis;~~ ~~(2) by repurchasing shares through public dealing on a stock exchange;~~ ~~(3) by repurchasing shares outside of the stock exchange by means of an off-market agreement;~~ ~~(4) other means as authorized by the competent securities authorities under the State Council.~~ If the Company acquires the Company's shares due to the circumstances specified in ~~Article 31~~(1) (iii), (v) and (vi) of these Articles of Association, the acquisition shall be made through public centralized trading.	**Article 26** The Company purchase its shares, by open on-market centralized transactions, or by other means authorized by the relevant laws and administrative regulations and CSRC. If the Company acquires the Company's shares due to the circumstances specified in <u>Article 25</u>(1) (iii), (v) and (vi) of these Articles of Association, the acquisition shall be made through public centralized trading.
~~**Article 33** The Company must obtain the prior approval of the shareholders in a general meeting (in the manner stipulated in these Articles of Association) before it can repurchase shares outside of the stock exchange by means of an off-market agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), release, vary or waive its rights under an agreement which has been so entered into.~~ ~~An agreement for the repurchase of shares referred to in the preceding paragraph includes (without limitation) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.~~ ~~The Company may not assign an agreement for the repurchase of its shares or any right contained in such an agreement.~~	Delete.

Original	Amendments
Article 34 The Company must obtain the prior approval of the shareholders in a general meeting before it can repurchase shares pursuant to the reasons set out in these Articles of Association ~~31~~ (1) to (2). The Company must obtain ~~the prior approval of over 2/3 of directors in a board of directors' meeting~~ before it can repurchase shares pursuant to the reasons set out in these Articles of Association ~~31~~ (3), (5), (6). ……	**Article 27** The Company must obtain the prior approval of the shareholders in a general meeting before it can repurchase shares pursuant to the reasons set out in these Articles of Association 25 (1) to (2). The Company may obtain the prior approval of over 2/3 of directors in a board of directors' meeting in accordance with the provisions of the Articles of Association or the authorization of the general meeting before it can repurchase shares pursuant to the reasons set out in these Articles of Association 25 (3), (5), (6). ……
~~**Article 35** Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:~~ ~~(1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a new issue of shares made for that purpose;~~ ~~(2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:~~ ~~(i) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;~~	Delete.

Original	Amendments
~~(ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's capital common reserve fund account (including the premiums on the new issue) at the time of the repurchase;~~ ~~(3) the Company shall make the following payments out of the Company's distributable profits:~~ ~~(i) payment for the acquisition of the right to repurchase its own shares;~~ ~~(ii) payment for variation of any contract for the repurchase of its shares;~~ ~~(iii) payment for the release of its obligation(s) under any contract for the repurchase of shares;~~ ~~(4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's capital common reserve fund account.~~	
~~CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES~~ ~~(total 3 articles)~~	Delete the entire Chapter 5

Original	Amendments
~~Article 36~~ ~~The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who purchased or is to purchase shares of the Company. This includes any person who directly or indirectly bears any obligation incurred from the purchase of shares of the Company (the"Obligor").~~ ~~The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purposes of reducing or discharging the obligations assumed by such person.~~ ~~This Article shall not apply to the circumstances specified in Article 38 of this Chapter.~~ **~~Article 37~~** ~~For the purposes of this Chapter, "financial assistance" includes (without limitation) the following:~~ ~~(1) gift;~~ ~~(2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the Obligor), compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;~~ ~~(3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or agreement;~~ ~~(4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.~~	

Original	Amendments
~~For the purposes of this Chapter, "assumption of obligations" includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in his financial position.~~ **Article 38** ~~The following actions shall not be deemed to be activities prohibited by Article 36 of this Chapter:~~ ~~(1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;~~ ~~(2) the lawful distribution of the Company's assets by way of dividend;~~ ~~(3) the allotment of bonus shares as dividends;~~ ~~(4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of the share capital structure of the Company effected in accordance with these Articles of Association;~~ ~~(5) the lending of money by the Company within its scope of business and in the ordinary course of its business, where the lending of money is part of the scope of business of the Company (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);~~ ~~(6) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).~~	

Original	Amendments
~~CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS~~ ~~(total 13 articles)~~	Delete the entire Chapter 6
~~**Article 39** Share certificates of the Company shall be in registered form.~~ ~~The share certificate of the Company shall, aside from matters required by the Company Law and the Special Regulations, also contain other matters required to be stated therein by the stock exchange(s) on which the Company's shares are listed.~~ ~~**Article 40** Share certificates of the Company shall be signed by the Chairman of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being sealed or imprinted with the seal of the Company. The share certificate shall only be sealed with the Company's seal under the authorisation of the board of directors. The signatures of the Chairman of the board of directors or other senior officer(s) of the Company may be printed in mechanical form.~~ ~~**Article 41 The** Company shall keep a register of shareholders based on the evidence provided by the share registration institution which shall contain the following particulars:~~ ~~(1) the name (title) and address (residence), the occupation or nature of each shareholder;~~ ~~(2) the class and quantity of shares held by each shareholder;~~ ~~(3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;~~ ~~(4) the share certificate number(s) of the shares held by each shareholder;~~	

Original	Amendments
~~(5) the date on which each person was entered in the register as a shareholder;~~ ~~(6) the date on which any shareholder ceased to be a shareholder.~~ ~~Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.~~	
~~**Article 42** The Company may, in accordance with the mutual understanding and agreements made between the State Council Securities Policy Committee and overseas securities regulatory organisations, maintain the register of shareholders of Overseas-Listed Foreign-Invested Shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of H Shares shall be maintained in Hong Kong.~~ ~~A duplicate register of shareholders for the holders of Overseas-Listed Foreign-Invested Shares shall be maintained at the Company's residence.~~ ~~The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.~~ ~~If there is any inconsistency between the original and the duplicate register of shareholders for the holders of Overseas-Listed Foreign-Invested Shares, the original register of shareholders shall prevail.~~ ~~**Article 43** The Company shall have a complete register of shareholders which shall comprise the following parts:~~ ~~(1) the register of shareholders which is maintained at the Company's residence (other than those share registers which are described in sub-paragraphs (2) and (3) of this Article);~~	

Original	Amendments
~~(2) the register of shareholders in respect of the holders of Overseas-Listed Foreign-Invested Shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and~~ ~~(3) the register of shareholders which are maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.~~ ~~**Article 44** Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.~~ ~~Amendments or rectification of the register of shareholders shall be made in accordance with the laws of the place where the register of shareholders is maintained.~~ ~~**Article 45** All Overseas-Listed Foreign-Invested Shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with these Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognise any instrument of transfer and would not need to provide any reason therefor:~~ ~~(1) a fee of HK$2.50 per instrument of transfer or such higher amount as may be agreed by the Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;~~ ~~(2) the instrument of transfer only relates to Foreign-Listed Foreign-Invested Shares listed in Hong Kong;~~	

Original	Amendments
~~(3) the stamp duty which is chargeable on the instrument of transfer has already been paid;~~ ~~(4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;~~ ~~(5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four (4);~~ ~~(6) the Company does not have any lien on the relevant shares.~~ ~~If the Company refuses to register any transfer of shares, the Company shall within two (2) months of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.~~ ~~**Article 46** If relevant laws and regulations of the place where the Company is listed have provisions on the suspension of the share transfer registration procedures for the period before the shareholders' general meeting or before the base date for the Company's decision to distribute dividends, the Company shall implement the provisions.~~ ~~**Article 47** The board of directors or the convenor of the general meeting shall decide on a date for the determination of rights attaching to shares in the Company when the Company convenes a shareholders' meeting, distributes dividend, liquidates or engages in activities that required the determination of rights attaching to shares in the Company. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such determination date.~~	

Original	Amendments
~~**Article 48** Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.~~ ~~**Article 49** Any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").~~ ~~Application by a holder of Domestic-Invested Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with relevant provisions of the Company Law."~~ ~~Application by a holder of Overseas-Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of holders of Overseas-Listed Foreign-Invested Shares is maintained, the rules of the stock exchange or other relevant regulations.~~ ~~The issue of a replacement share certificate to a holder of H Shares, who has lost his share certificate, shall comply with the following requirements:~~ ~~(1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration (i) stating the grounds upon which the application is made and the circumstances and evidence of the loss; and (ii) declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.~~	

Original	Amendments
~~(2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.~~ ~~(3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.~~ ~~(4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.~~ ~~In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.~~ ~~(5) If, by the expiration of the 90 day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any challenge from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.~~	

Original	Amendments
~~(6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.~~ ~~(7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefor.~~ **~~Article 50~~** ~~Where the Company issues a replacement share certificate pursuant to these Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name (title) shall not be removed from the register of shareholders.~~ **~~Article 51~~** ~~The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.~~	
~~CHAPTER 7~~ SHAREHOLDERS' RIGHTS AND OBLIGATIONS (total 14 articles)	CHAPTER 5 SHAREHOLDERS' RIGHTS AND OBLIGATIONS (total 13 articles)
Article 52 ~~A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.~~ A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.	**Article 28** The Company shall, according to the vouchers provided by the securities registration authority, prepare a register of shareholders, which serves as sufficient evidence for the Company's shares held by the shareholders. A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

Original	Amendments
Add this article.	**Article 29** When the Company intends to convene a general meeting of shareholders, distribute dividends, enter into liquidation or engage in other activities that involve confirmation of the identity of a shareholder, the convenor of the Board of Directors or general meeting shall determine a specific day for confirmation of shareholding. Shareholders named in the register of members after the trading session on the date of confirmation of shareholding shall be the shareholders who are entitled to relevant rights and interests.
Article 53 The ~~ordinary~~ shareholders of the Company shall enjoy the following rights: (1) the right to receive dividends and other distributions in proportion to the number of shares held; (2) the right to attend or appoint a proxy to attend shareholders' meeting and to vote thereat; …… (5) the right to obtain relevant information in accordance with these Articles of Association, including: (i) the right to obtain a copy of these Articles of Association, subject to payment of costs; (ii) the right to inspect and copy, subject to payment of a reasonable fee: (a) all parts of the register of shareholders; ……	**Article 30** The ~~ordinary~~ shareholders of the Company shall enjoy the following rights: (1) the right to receive dividends and other distributions in proportion to the number of shares held; (2) the right to attend or appoint a proxy to attend shareholders' meeting and to speak and vote thereat; …… (5) the right to obtain relevant information in accordance with these Articles of Association, including: (i) the right to obtain a copy of these Articles of Association, subject to payment of costs; (ii) the right to inspect, and the right to copy, subject to payment of a reasonable fee: (a) all parts of the register of shareholders (the branch register of shareholders in Hong Kong shall be open for inspection by shareholders but the issuer may be permitted to close the register on terms equivalent to section 632 (Chapter 622 of the Laws of Hong Kong) of the Companies Ordinance; ……

Original	Amendments
Article 58 The ~~ordinary~~ shareholders of the Company shall assume the following obligations: (1) to comply with these Articles of Association; (2) to pay subscription monies according to the number of shares subscribed and the method of subscription; (3) no return of capital is allowed apart from those as provided in the laws and regulations; (4) The right of the shareholder shall not be abused to infringe the interests of the Company or other shareholders. The independent status of corporate legal person and the limited liabilities of the shareholder shall not be abused to infringe the interests of the Company's creditors; (5) other obligations imposed by laws, administrative regulations and these Articles of Association. Where a shareholder of a company causes losses to the company or other shareholders by abusing his rights, he shall be liable for compensation according to law. Where the shareholders of a company abuse the independent status of the Company as a legal person and the limited liability of the shareholders to evade debts and seriously damage the interests of the creditors of the Company, they shall be jointly and severally liable for the debts of the Company. ~~Shareholders are not liable to make any further contribution to the share capital other than according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.~~	**Article 35** The ~~ordinary~~ shareholders of the Company shall assume the following obligations: (1) to comply with these Articles of Association; (2) to pay subscription monies according to the number of shares subscribed and the method of subscription; (3) no return of capital is allowed apart from those as provided in the laws and regulations; (4) The right of the shareholder shall not be abused to infringe the interests of the Company or other shareholders. The independent status of corporate legal person and the limited liabilities of the shareholder shall not be abused to infringe the interests of the Company's creditors; (5) other obligations imposed by laws, administrative regulations and these Articles of Association. Where a shareholder of a company causes losses to the company or other shareholders by abusing his rights, he shall be liable for compensation according to law. Where the shareholders of a company abuse the independent status of the Company as a legal person and the limited liability of the shareholders to evade debts and seriously damage the interests of the creditors of the Company, they shall be jointly and severally liable for the debts of the Company.

Original	Amendments
~~**Article 60 In** addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder (as such term is defined in the following Article) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:~~ ~~(1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;~~ ~~(2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (without limitation) opportunities which are beneficial to the Company;~~ ~~(3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights (save pursuant to a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with these Articles of Association). **Article 61** For the purpose of the foregoing Article, a "controlling shareholder" means a person who satisfies any one of the following conditions:~~ ~~(1) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;~~ ~~(2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30 % or more of the voting rights in the Company;~~ ~~(3) a person who, acting alone or in concert with others, holds 30 % or more of the issued and outstanding shares of the Company;~~ ~~(4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.~~	Delete these 2 articles.

Original	Amendments
CHAPTER 8 SHAREHOLDERS' GENERAL MEETINGS (total 73 articles)	CHAPTER 6 SHAREHOLDERS' GENERAL MEETINGS (total 60 articles)
Section 1 General Rules for Shareholders' General Meetings (8 articles)	Section 1 General Rules for Shareholders' General Meetings (7 articles)
Article 66 The shareholders' general meeting is the organ of authority of the Company and shall ~~exercise its functions and powers~~ in accordance with law. ~~**Article 67** The shareholders' general meeting~~ shall have the following functions and powers: (1) to decide on the Company's operational policies and investment plans; (2) to elect and replace directors who are not staff representatives and to decide on matters relating to the remuneration of directors; (3) ~~to elect and replace supervisors who represent the shareholders and to decide on matters relating to the remuneration of supervisors;~~ ……	**Article 41** The shareholders' general meeting is the organ of authority of the Company and shall have the following functions and powers in accordance with law: (1) to decide on the Company's operational policies and investment plans; (2) to elect and replace directors and supervisors who are not staff representatives and to decide on matters relating to the remuneration of directors and supervisors; ……

Original	Amendments
Article 70 Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within six months from the end of the preceding financial year. The Company shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events: (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Company's Articles of Association or is less than eight (8); (2) where the unrecovered losses of the Company amount to one-third of the total amount of its paid- up share capital; (3) where shareholder(s) singly or jointly holding more than 10% of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting; (4) whenever the board of directors deems necessary or the supervisory committee so requests; (5) other cases as provided in laws, administrative regulations and these Articles of Association. ~~More than half of the independent directors shall have the right to request the board of directors to convene the extraordinary general meeting.~~	**Article 44** Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within six months from the end of the preceding financial year. The Company shall convene an extraordinary general meeting within two (2) months of the occurrence of any one of the following events: (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Company's Articles of Association or is less than eight (8); (2) where the unrecovered losses of the Company amount to one-third of the total amount of its paid- up share capital; (3) where shareholder(s) singly or jointly holding more than 10% of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting; (4) whenever the board of directors deems necessary or the supervisory committee so requests; (5) other cases as provided in laws, administrative regulations and these Articles of Association.

Original	Amendments
Article 71 The shareholders' general meeting will be held at a location for meeting with the presence of those who are entitled to attend. The location where the Company convenes its shareholders' general meeting will be the registered address of the Company or other places as set out in the notice convening the meeting.	**Article 45** The shareholders' general meeting will be held at a location for meeting with the presence of those who are entitled to attend. The location where the Company convenes its shareholders' general meeting will be the registered address of the Company or other places as set out in the notice convening the meeting. Online voting shall be provided for its shareholders by the Company to conveniently participate in the shareholders' general meetings. Shareholders participating in the shareholders' general meetings by any aforesaid means shall be deemed as having attended the meetings.
Article 72 At a shareholders' general meeting, the Company shall retain legal advisers and obtain legal advice in relation to the following issues ~~which shall be incorporated into the shareholders' resolutions for announcement purpose~~: ……	**Article 46** At a shareholders' general meeting, the Company shall retain legal advisers and obtain legal advice in relation to the following issues which shall be disclosed with the announcement of shareholders' resolutions: ……
Section 2 Calling for Shareholders' General Meetings (7 articles)	Section 2 Calling for Shareholders' General Meetings (6 articles)
Article 75 Pursuant to the stipulation under the laws, administrative rules and these Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove of the convening of the extraordinary general meeting within 10 days after the receipt of the independent directors' proposal. ……	**Article 49 Independent** shareholders are entitled to propose to the Board to convene an extraordinary general meeting. Pursuant to the stipulation under the laws, administrative rules and these Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove of the convening of the extraordinary general meeting within 10 days after the receipt of the independent directors' proposal. ……

Original	Amendments
Article 76 ~~The supervisory committee may propose~~ to the board of directors in writing ~~for convening the extraordinary general meeting~~. Pursuant to the stipulation under the laws, administrative regulations and these Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove of the convening of the extraordinary general meeting within 10 days after the receipt of the supervisory committee's proposal. ……	**Article 50** The supervisory committee is entitled to propose to the board of directors in writing for convening the extraordinary general meeting. Pursuant to the stipulation under the laws, administrative regulations and these Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove of the convening of the extraordinary general meeting within 10 days after the receipt of the supervisory committee's proposal. ……
~~**Article 77** The necessary costs for convening the shareholders' general meeting by the supervisory committee shall be borne by the Company.~~	Delete.
Article 78 Shareholders who request for of an extraordinary general meeting ~~or a class meeting~~ shall comply with the following procedures: (1) Shareholders who individually or together ~~hold 10% or more of the shares carrying the right to vote in the meeting are entitled to propose to convene an extraordinary general meeting or a class meeting to the board of directors in writing and state the motions and resolutions proposed.~~ Within 10 days of receiving such proposal, the board of directors shall provide its written decision as to whether it agrees to convene such general meeting ~~or class meeting~~ in accordance with the laws, administrative regulations and the Articles of Association. (2) If the board of directors agrees to convene an extraordinary general meeting ~~or a class meeting~~, it shall issue a notice of meeting within 5 days of its decision, and any changes to the proposal shall be made only with the consent of the proposing shareholders.	**Article 51** Shareholders who request for of an extraordinary general meeting shall comply with the following procedures: (1) Shareholders who individually or together hold 10% or more of the shares entitled to propose to convene an extraordinary general meeting to the board of directors in writing. Within 10 days of receiving such proposal, the board of directors shall provide its written decision as to whether it agrees to convene such general meeting in accordance with the laws, administrative regulations and the Articles of Association. (2) If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of meeting within 5 days of its decision, and any changes to the proposal shall be made only with the consent of the proposing shareholders.

Original	Amendments
(3) If the board of directors decides against convening the proposed extraordinary general meeting ~~or class meeting~~, or if it fails to provide its written decision within 10 days of receipt of the proposal, shareholders individually or in aggregate holding 10% or more of the shares of the Company are entitled to propose to convene general meeting to the supervisory committee in writing. (4) If the Supervisory Committee agrees to convene the proposed extraordinary meeting ~~or class meeting~~, it shall issue the notice of meeting within 5 days of receipt of the proposal, and any changes to the original proposal shall be made only with the consent of the shareholders. (5) If the Supervisory Committee fails to issue a notice of meeting within the prescribed period, the supervisory committee shall be deemed not to convene and chair the meeting. Shareholders individually or in aggregate holding 10% or more of the shares of the Company for 90 consecutive days may convene and chair the meeting on their own. All reasonable expenses incurred for such meeting convened by the Supervisory Committee or shareholders as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company.	(3) If the board of directors decides against convening the proposed extraordinary general meeting, or if it fails to provide its written decision within 10 days of receipt of the proposal, shareholders individually or in aggregate holding 10% or more of the shares of the Company are entitled to propose to convene general meeting to the supervisory committee in writing. (4) If the Supervisory Committee agrees to convene the proposed extraordinary meeting, it shall issue the notice of meeting within 5 days of receipt of the proposal, and any changes to the original proposal shall be made only with the consent of the shareholders. (5) If the Supervisory Committee fails to issue a notice of meeting within the prescribed period, the supervisory committee shall be deemed not to convene and chair the meeting. Shareholders individually or in aggregate holding 10% or more of the shares of the Company for 90 consecutive days may convene and chair the meeting on their own. All reasonable expenses incurred for such meeting convened by the Supervisory Committee or shareholders as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company.
Section 3 Proposing Resolutions for and Notices of Shareholders' General Meetings (10 articles)	Section 3 Proposing Resolutions for and Notices of Shareholders' General Meetings (9 articles)
Article 83 At the annual shareholders' general meeting, the board of directors and the supervisory committee shall report on their work for the previous year.	**Article 56** At the annual shareholders' general meeting, the board of directors and the supervisory committee shall report on their work for the previous year. <u>Each independent director shall submit his or her work report.</u>

Original	Amendments
Article 86 Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, when the Company convenes a shareholders' annual general meeting, ~~written notice of the meeting shall be given~~ twenty (20) business days before the date of the meeting. When the Company convenes a shareholders' extraordinary general meeting, written notice of the meeting shall be given ten (10) business days or fifteen (15) days (whichever is longer) before the date of the meeting.(When calculating the days' period, the dates on which the notice of the meeting is given and the meeting is held shall not be included) ~~to notify all of the shareholders whose names appear in the share register of the matters to be considered and the date and place of the meeting~~. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance within the dates limit specified in the notice.	**Article 59** Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, when the Company convenes a shareholders' annual general meeting, notice by way of announcement shall be given to shareholders twenty (20) business days before the date of the meeting. When the Company convenes a shareholders' extraordinary general meeting, written notice and announcement of the meeting shall be given ten (10) business days or fifteen (15) days (whichever is longer) before the date of the meeting.(When calculating the days' period, the dates on which the notice of the meeting is given and the meeting is held shall not be included) A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance within the dates limit specified in the notice.

Original	Amendments
Article 87 A notice of a meeting of the shareholders of the Company shall satisfy the following criterion: (1) Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, a notice should be provided in written form; (2) specify the place, date and time of the meeting; (3) state the matters to be discussed at the meeting; (4) ~~provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganise its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;~~ ~~(5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor and senior officer in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;~~	**Article 60** A notice of a meeting of the shareholders of the Company shall satisfy the following criterion: (1) Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, a notice should be provided in written form; (2) specify the place, date and time of the meeting; (3) state the matters and proposals to be discussed at the meeting; (4) contain a conspicuous statement that all shareholders of ordinary shares entitled to attend at such meeting, and may appoint proxies in writing to attend and vote at such meeting and that a proxy need not be a shareholder; (5) specify the time and place for lodging proxy forms for the relevant meeting;

Original	Amendments
~~(6) contain the full text of any special resolution to be proposed at the meeting;~~ ~~(7)~~ contain a conspicuous statement that a ~~shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that~~ a proxy need not be a shareholder; ~~(8)~~ specify the time and place for lodging proxy forms for the relevant meeting; ~~(9)~~ state the registration date of the shares of shareholders who are entitled to attend the general meeting; ~~(10)~~ State the name and telephone number of the contact person for the meeting; ~~(11)~~ Voting time and voting procedures via internet or other means. In the event the opinion of independent directors is required for the issues to be discussed, such opinion and the reasons for such opinion shall be disclosed in the notice or supplementary notice of the general meeting being issued.	(6) state the registration date of the shares of shareholders who are entitled to attend the general meeting; (7) State the name and telephone number of the contact person for the meeting; (8) Voting time and voting procedures via internet or other means. In the event the opinion of independent directors is required for the issues to be discussed, such opinion and the reasons for such opinion shall be disclosed in the notice or supplementary notice of the general meeting being issued.

Original	Amendments
~~**Article 88** Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the holders of Domestic-Invested Shares, notice of the meetings may also be issued by way of public announcement.~~ ~~The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by the State Council Securities Policy Committee within the interval of twenty (20) days before the date of the shareholders' annual general meeting and ten (10) business days or fifteen (15) days (whichever is longer) before the date of the shareholders' extraordinary general meeting (when calculating the period, the Company should not include the day when the notice of the meeting is issued and the day when the meeting is held); after the publication of such announcement, the holders of Domestic-Invested Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.~~	Delete.

Original	Amendments
Article 89 If matters relating to election of directors and supervisors are proposed to be discussed at a shareholders' general meeting, detailed information concerning the candidates shall be fully disclosed in the notice of the general meeting, which shall at least include the following: (1) Personal information relating to the candidates, including educational background, work experience and all other positions undertaken on a part-time basis; (2) Whether the candidates are connected with the Company, its controlling shareholders or de facto controllers; (3) The candidates' shareholding in the Company; (4) Whether the candidates have been subject to any punishment by the competent securities authorities under the State Council or other relevant department or to any sanction by any stock exchange.	**Article 61** If matters relating to election of directors and supervisors are proposed to be discussed at a shareholders' general meeting, detailed information concerning the candidates shall be fully disclosed in the notice of the general meeting, which shall at least include the following: (1) Personal information relating to the candidates, including educational background, work experience and all other positions undertaken on a part-time basis; (2) Whether the candidates are connected with the Company, its controlling shareholders or de facto controllers; (3) The candidates' shareholding in the Company; (4) Whether the candidates have been subject to any punishment by the competent securities authorities under the State Council or other relevant department or to any sanction by any stock exchange. <u>In addition to the adoption of the cumulative voting mechanism to elect directors and supervisors, each candidate for directors or supervisors shall be proposed in a separate motion.</u>
Section 4 Qualifications of Shareholders Attending Shareholders' General Meeting (9 articles)	Section 4 Qualifications of Shareholders Attending Shareholders' General Meeting (5 articles)
Article 91 All shareholders or their proxies who are named in the shareholders' register on the record date shall have the right to attend the shareholders' general meeting, and exercise their voting rights in accordance with the laws, regulations and these Articles of Association.	**Article 63** All shareholders <u>(include Hong Kong Securities Clearing Company Limited)</u> or their proxies who are named in the shareholders' register on the record date shall have the right to attend the shareholders' general meeting, and exercise their voting rights in accordance with the laws, regulations and these Articles of Association. <u>The shareholders may attend general shareholders' meetings in person, and may appoint a proxy (need not to be a shareholder) to attend and exercise corresponding rights to speak and vote.</u>

Original	Amendments
~~**Article 93 Any** shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorisation from that shareholder:~~ ~~(1) the shareholders' right to speak at the meeting;~~ ~~(2) the right to demand or join in demanding a poll;~~ ~~(3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one (1) proxy may only vote on a poll.~~ ~~**Article 94** The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or a duly authorised attorney.~~	Delete these 2 articles.
Article 97 The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting~~, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy propose to vote or the time appointed for the passing of the resolution~~. If the appointor is a legal person, its legal representative or such person as is authorised by resolution of its board of directors or other governing body may attend any meeting of shareholders of the Company as a representative of the appointor.	**Article 67** The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting. If the appointor is a legal person, its legal representative or such person as is authorised by resolution of its board of directors or other governing body may attend any meeting of shareholders of the Company as a representative of the appointor.

Original	Amendments
~~**Article 98** Any form issued to a shareholder by the directors for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favour of or against the motions, such instructions being given in respect of each individual matter to be voted on at the meeting.~~ ~~Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he thinks fit. The Company has the right to request a proxy who attends a shareholders' meeting to provide evidence of his or its identity.~~ ~~If a shareholder which is a legal person appoints its legal representative to attend a meeting on its behalf, the Company has the right to request such legal representative to produce evidence of his or its identity and a notarially certified copy of the resolutions of such shareholder's board of directors in respect of the appointment of the proxy or the power of attorney executed by such other organisation which has the capacity to appoint the proxy.~~ ~~**Article 99** A vote given in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of such matters before the commencement of the relevant meeting.~~	Delete these 2 articles.
Section 5 Convening Shareholders' General Meetings (7 articles)	Section 5 Convening Shareholders' General Meetings (7 articles)
Article 103 When convening shareholders' general meeting, all directors, supervisors ~~and senior management should attend the meeting~~.	**Article 71 When** convening shareholders' general meeting, all directors, supervisors <u>and secretary of the board of directors shall attend the meeting, and the manager and other senior management shall attend the meeting as non-voting attendees.</u>

Original	Amendments
Article 104 The chairman of the board of directors ~~shall chair every shareholders' general meeting. If the chairman is unable to attend the meeting for any reason, the vice-chairman of the board of directors appointed by the chairman of the board of directors shall chair the meeting.~~ If the vice-chairman of the board of directors is unable or fail to perform his duty, then a director may be nominated by more than half of all the directors to ~~chair the meeting. If no director is nominated to chair the meeting, shareholders present shall choose one (1) person to act as the chairman of the meeting. If for any reason, the shareholders shall fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.~~ The chairman of the Supervisory Committee shall chair shareholders' general meeting being convened by the Supervisory Committee and act as the chairman of the meeting. If the chairman of the Supervisory Committee is unable to attend the meeting for any reason, the vice-chairman of the Supervisory Committee shall chair the meeting. If the vice-chairman of the Supervisory Committee is unable or fail to perform his duty, then a Supervisor may be nominated by more than half of all Supervisors to chair the meeting. The convenor of a shareholders' general meeting being convened by the shareholders shall nominate a representative to chair the meeting. During the shareholders' general meeting is being held, in the event ~~the chairman of~~ the meeting violates the proceedings of the meeting such that the shareholders' general meeting is unable to proceed, the shareholders' general meeting may nominate one person which is agreed by the shareholders attending the meeting and carrying more than half of the voting rights in the shareholders' general meeting to be ~~the chairman~~ and proceed to transact business in the meeting.	**Article 72** The chairman of the board of directors shall be presided over the shareholders' general meeting. If the chairman of the board of directors is unable or fail to perform his duty, then the vice-chairman shall presided over. If the vice- chairman of the board of directors is unable or fail to perform his duty, then a director may be nominated by more than half of all the directors to presided over. The chairman of the Supervisory Committee shall chair shareholders' general meeting being convened by the Supervisory Committee and act as the chairman of the meeting. If the chairman of the Supervisory Committee is unable to attend the meeting for any reason, the vice-chairman of the Supervisory Committee shall chair the meeting. If the vice-chairman of the Supervisory Committee is unable or fail to perform his duty, then a Supervisor may be nominated by more than half of all Supervisors to chair the meeting. The convenor of a shareholders' general meeting being convened by the shareholders shall nominate a representative to chair the meeting. During the shareholders' general meeting is being held, in the event the host of the meeting violates the proceedings of the meeting such that the shareholders' general meeting is unable to proceed, the shareholders' general meeting may nominate one person which is agreed by the shareholders attending the meeting and carrying more than half of the voting rights in the shareholders' general meeting to be the host and proceed to transact business in the meeting.

Original	Amendments
Section 6 Voting and Resolutions of Shareholders' General Meeting (29 articles)	Section 6 Voting and Resolutions of Shareholders' General Meeting (24 articles)
Article 107 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions. An ordinary resolution must be passed by votes representing ~~more than one-half~~ of the voting rights represented by the shareholders (including proxies) present at the meeting. A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.	**Article 75** Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions. An ordinary resolution must be passed by votes representing <u>more than half of</u> the voting rights represented by the shareholders (including proxies) present at the meeting. A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.
~~**Article 114** At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded:~~ ~~(1) by the chairman of the meeting;~~ ~~(2) by at least two (2) shareholders present in person or by proxy entitled to vote thereat;~~ ~~(3) by one (1) or more shareholders present in person or by proxy and representing more than 10% of all shares carrying the right to vote at the meeting, Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.~~ ~~The demand for a poll may be withdrawn by the person who demands the same.~~	Delete these 3 articles.

Original	Amendments
~~**Article 115** A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.~~ ~~**Article 116** On a poll taken at a meeting, a shareholder (including a proxy) entitled to two~~ ~~(2) or more votes need not cast all his votes in the same way.~~	
Add this article.	**Article 82** Voting on resolution(s) at a general meeting shall be conducted by registered poll.
~~**Article 122** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be have a casting vote.~~	Delete.
Article 125 A shareholders' general meeting shall not be declared closed for shareholders who attend in person at a time earlier than for those shareholders who attend via Internet or other permitted means. The chairman of the meeting shall announce at the meeting the voting details and results of each motion and shall declare whether or not a motion is adopted on the basis of relevant voting results. The Company, persons responsible for counting the votes, persons responsible for supervising the counting process, Internet service providers and other relevant parties shall have the obligation to keep matters related to voting confidential.	**Article 90** A shareholders' general meeting shall not be declared closed for shareholders who attend in person at a time earlier than for those shareholders who attend via Internet or other permitted means. The chairman of the meeting shall announce at the meeting the voting details and results of each motion and shall declare whether or not a motion is adopted on the basis of relevant voting results. Prior to announcement of the voting results, the Company, persons responsible for counting the votes, persons responsible for supervising the counting process, Internet service providers and other relevant parties involved in the general meeting, whether on-site, via internet or other ways, shall have the obligation to keep matters related to voting confidential.

Original	Amendments
Article 126 If the ~~chairman~~ of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the ~~chairman~~ of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the ~~chairman~~ of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the ~~chairman~~ of the meeting shall have the votes counted immediately.	**Article 91** If the host of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the host of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the host of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the host of the meeting shall have the votes counted immediately.
~~**Article 128** The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minute book.~~	Delete.
Article 129 Resolutions of the shareholders' general meeting shall be announced timely. The announcement shall ~~state the number of the shareholders and proxies present at the meeting, the total number of shares carrying the right to vote held by them and the percentage of such shares out of the total number of shares carrying the right to vote of the Company, the method of voting, the voting result of each motion and details of each resolutions passed in the meeting.~~ ~~When the five issues set out in paragraph 2 of Article 136 of the Articles of Association are proposed to be considered at the shareholders' general meeting of the Company, the announcement of the resolutions of the shareholders' general meeting shall set out the number of public shareholders voting, the total number of shares held by them and the proportion in the total number of shares held by them and disclose the shareholdings of the 10 largest public shareholders voting as well as the result of their votes.~~	**Article 93** Resolutions of the shareholders' general meeting shall be announced timely. The announcement shall include the time, place and way of convening the meeting, the convener, the number of shareholders (proxies) attending the meeting, the number of shares held (proxies) and the proportion of the total number of voting shares of the listed company, the voting method of each proposal, the voting result of each proposal, the concluding opinion of the legal opinion, etc. When the shareholders' general meeting considers material matters affecting the interests of small and medium-sized investors, the votes of shareholders except the directors, supervisors and senior management of the Company and shareholders who individually or collectively hold more than 5% of the shares of the Company shall be counted and disclosed separately.

Original	Amendments
~~**Article 135** Copies of the minutes of proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven (7) days after receipt of reasonable fees therefor.~~	Delete.
Section 7 Voting Platform through Internet (3 articles)	Section 7 Voting Platform through Internet (1 article)
~~**Article 137** The Company shall establish and perfect the voting system for public shareholders in respect of significant issues.~~ ~~The following issues or the relevant applications in relation to such issues proposed to the shareholders' general meeting shall be only carried out upon approval at the shareholders' general meeting and approval by the public shareholders representing more than half of the votes cast by the public shareholders present at the shareholders' general meeting:~~ ~~(1) Any issue of new shares by the Company to the public (including issue of Overseas Listed Foreign Invested Shares or other equity securities), issue of convertible debentures, placing of shares to existing shareholders (except those for which the controlling shareholders have undertaken to fully subscribe in cash before the shareholders' general meeting is convened);~~ ~~(2) Substantial assets restructuring of the Company where the total consideration for the assets proposed to be acquired is or higher than 20% of the audited net book value of such assets;~~ ~~(3) Repayment of debts owing to the Company by any shareholder by means of his/her equity interests in the Company;~~ ~~(4) Overseas listing of any subsidiaries of the Company which have a significant impact on the Company;~~ ~~(5) Other relevant issues which may have a significant impact on the interests of the public shareholders in respect of the development of the Company.~~	Delete these 2 articles.

Original	Amendments
~~**Article 138** Under circumstances as prescribed in the above article, after the Company making public announcement of the notice of shareholders' general meeting, the notice of the shareholders' general meeting shall be published once again within 3 days after the share registration day.~~	
~~CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS (total 8 articles)~~	Delete the entire Chapter 9
~~**Article 139** Those shareholders who hold different classes of shares are class shareholders.~~ ~~Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and these Articles of Association.~~ ~~**Article 140** Rights conferred on any class of shareholders ("class rights") may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 142 to 146.~~	

Original	Amendments
~~Article 141~~ ~~The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:~~ ~~(1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of shares of that class;~~ ~~(2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;~~ ~~(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;~~ ~~(4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;~~ ~~(5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;~~ ~~(6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;~~ ~~(7) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of that class;~~ ~~(8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;~~ ~~(9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;~~	

Original	Amendments
~~(10) to increase the rights or privileges of shares of another class;~~ ~~(11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;~~ ~~(12) to vary or abrogate the provisions of this Chapter.~~ ~~**Article 142** Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 141, but interested shareholder(s) shall not be entitled to vote at such class meetings. "(An) interested shareholder(s)", as such term is used in the preceding paragraph, means:~~ ~~(1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 32, a "controlling shareholder" within the meaning of Article 61;~~ ~~(2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 32, a holder of the shares to which the proposed agreement relates;~~ ~~(3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.~~	

Original	Amendments
~~Article 143~~ ~~Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 141, are entitled to vote thereat.~~ ~~Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting any particular resolution in a class meeting or restricted to voting only for or only against any particular resolution in a class meeting, any vote cast or on behalf of any shareholder in contravention of such requirement or restriction shall not be counted.~~ **~~Article 144~~** ~~Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, when the Company convenes a class meeting, written notice referring to the time limit for notification for shareholders' annual general meeting and extraordinary general meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company within the time limit specified in the notice.~~ **~~Article 145~~** ~~Notice of class meetings need only be served on shareholders entitled to vote thereat. Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meetings. The provisions of these Articles of Association relating to the manner for the conduct of shareholders' general meetings are also applicable to class meetings.~~	

Original	Amendments
~~Article 146~~ ~~Apart from the holders of other classes of shares, the holders of the Domestic-Invested Shares and holders of Overseas-Listed Foreign-Invested Shares shall be deemed to be holders of different classes of shares.~~ ~~The special procedures for approval by a class of shareholders shall not apply in the following circumstances:~~ ~~(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares; or~~ ~~(2) where the Company's plan to issue Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the State Council's securities authorities.~~	

Original	Amendments
CHAPTER 10 BOARD OF DIRECTORS (total 37 articles)	CHAPTER 7 BOARD OF DIRECTORS (total 35 articles)
Section 1 Directors (7 articles)	Section 1 Directors (6 articles)
Article 147 Directors who are not staff representative shall be elected or removed at the shareholders' general meeting. The staff directors shall be elected by the staff in the staff representative meeting or by other ways democratically. Directors shall be elected for a term of three years. At the expiry of the term, it shall be renewable upon re-election. A director may not be removed by the shareholders in a general meeting without any reason before his term of office expires. The Chairman and Vice-chairman shall be elected and removed by more than one-half of all members of the board of directors. The term of office of the Chairman and Vice-chairman shall be three (3) years respectively, which is renewable upon re-election. ~~The directors shall not be required to hold qualifying shares.~~ If a director fails to attend the two consecutive board meetings in person or by another director appointed as his representative (an independent director shall comply with the provisions in "Section II Independent Directors"), he shall be deemed to be in default of performing his duty. The board of directors should recommend his removal to a shareholders' general meeting.	**Article 100 Directors** who are not staff representative shall be elected or removed at the shareholders' general meeting. The staff directors shall be elected by the staff in the staff representative meeting or by other ways democratically. Directors shall be elected for a term of three years. At the expiry of the term, it shall be renewable upon re-election. A director may not be removed by the shareholders in a general meeting without any reason before his term of office expires. The Chairman and Vice-chairman shall be elected and removed by more than one-half of all members of the board of directors. The term of office of the Chairman and Vice-chairman shall be three (3) years respectively, which is renewable upon re-election. If a director fails to attend the two consecutive board meetings in person or by another director appointed as his representative (an independent director shall comply with the provisions in "Section II Independent Directors"), he shall be deemed to be in default of performing his duty. The board of directors should recommend his removal to a shareholders' general meeting.

Original	Amendments
Article 153 ~~Under normal circumstances, the board of directors will nominate candidates for directors who are not staff representative and shall be voted on at a shareholders' general meeting.~~ ~~The Company's shareholders and the supervisory committee may nominate candidates for directors who are not staff representative in accordance with these Articles of Association.~~ ~~A shareholder's written notice of the intention to nominate a person for election as a director who are not staff representative and a notice in writing by that person indicating his acceptance of such nomination shall have been given to the Company seven (7) days before the date of such shareholders' general meeting. Such written notice(s) by the shareholder(s) of the Company shall be made no earlier than the day after the despatch of the notice of the general meeting appointed for election of directors who are not staff representative and no later than 7 days prior to the date of such meeting.~~ ~~Where a person is proposed for election as a director who are not staff representative by the board of directors, a written notice of the intention to nominate a person for election as a director who are not staff representative and a notice in writing by that person indicating his acceptance of such nomination by board of directors shall have been given to the Company seven (7) days prior to the date of the board meeting appointed for determining the proposed directors who are not staff representative.~~ ~~Under the premises of complying with the relevant laws and administrative regulations, the general meeting of the shareholders may remove any director who are not staff representative before his term expires by way of ordinary resolution provided that the claims that may be proposed pursuant to any contract shall not be affected therefrom.~~	Delete.

Original	Amendments
Section 2 Independent Directors (13 articles)	Section 2 Independent Directors (13 articles)
Article 156 An independent director should be independent. The following persons shall not act as independent directors: (1) persons working in the Company or its subsidiaries, as well as their ~~spouses, parents, children, siblings, parents-in-law, sons or daughters-in-law, spouses of their siblings and siblings of their spouses;~~ (2) natural person shareholders who directly or indirectly hold more than 1% of the issued shares of the Company or who rank in the top ten shareholders of the Company, as well as their spouses, parents and children; (3) persons who work in entities being shareholders who directly or indirectly hold more than 5% of the issued shares of the Company who rank in the top five shareholders of the Company, as well as their spouses, parents and children; (4) persons who fell within the above three categories within the past year; (5) persons who provide financial, legal and consulting services to the Company or its subsidiaries or persons who work in the relevant organisations; (6) other people specified in these Articles of Association; (7) other people specified by the China Securities Regulatory Commission; (8) other persons who are determined not to be independent according to the regulatory requirements of the Company's listing place.	**Article 108** An independent director should be independent. The following persons shall not act as independent directors: (1) persons working in the Company or its subsidiaries, as well as their immediate family members and major social relationships (immediate family members refer to spouse, parents, children, etc.; major social relationships refer to siblings, parents of spouse, spouse of children, spouse of siblings, siblings of spouse, etc)； (2) natural person shareholders who directly or indirectly hold more than 1% of the issued shares of the Company or who rank in the top ten shareholders of the Company, as well as their spouses, parents and children; (3) persons who work in entities being shareholders who directly or indirectly hold more than 5% of the issued shares of the Company who rank in the top five shareholders of the Company, as well as their spouses, parents and children; (4) persons who fell within the above three categories within the past year; (5) persons who provide financial, legal and consulting services to the Company or its subsidiaries or persons who work in the relevant organisations; (6) other people specified in laws, administrative regulations, departmental rules and other regulations; (7) other people specified in these Articles of Association; (8) other people specified by the China Securities Regulatory Commission; (9) other persons who are determined not to be independent according to the regulatory requirements of the Company's listing place.

Original	Amendments
Article 159 Apart from the powers granted to directors by the Company Law and other relevant laws, regulations and these Articles of Association, the independent directors shall have the following special powers: (1) Substantial connected transactions (determined in accordance with the standard promulgated from time to time by the regulatory organizations of the place where the Company's shares are listed), and engaging or ceasing to engage an accounting firm, shall be agreed by more than one-half of the independent directors before submitting to the board of directors for discussion. (2) The independent directors may request the board of directors to convene an extraordinary general meeting, and suggest the convening of a board meeting, and publicly collect voting rights from the shareholders before the shareholders' general meeting, which shall all be agreed by more than one-half of the independent directors. (3) With the consent of more than half of the members of the independent directors, the independent directors may engage external audit institutions or consultative institutions independently to provide audit and consultation for specific matters of the Company, the relevant costs of which shall be undertaken by the Company. If the above recommendation are not accepted or the above powers can not be exercised ordinarily, the Company shall disclose the circumstances accordingly.	**Article 111** Apart from the powers granted to directors by the Company Law and other relevant laws, regulations and these Articles of Association, the independent directors shall have the following special powers: (1) Substantial connected transactions (determined in accordance with the standard promulgated from time to time by the regulatory organizations of the place where the Company's shares are listed) shall be subject to prior approval by the independent directors; before making a judgement, an independent director may appoint an intermediary institution to issue an independent financial advisory report as the basis for such judgment; (2) Propose of engaging or ceasing to engage an accounting firm; (3) Request the board of directors to convene an extraordinary general meeting; (4) Suggest the convening of a board meeting; (5) Publicly collect voting rights from the shareholders before the shareholders' general meeting; independent directors shall seek the consent of more than one-half of all the independent directors before exercising the powers under (1) to (5) above. The matters under (1) and (2) shall be submitted to the board of directors for discussion after the approval of more than one-half of the independent directors. With the consent of more than half of the members of the independent directors, the independent directors may engage external audit institutions or consultative institutions independently to provide audit and consultation for specific matters of the Company, the relevant costs of which shall be undertaken by the Company. If the above recommendation are not accepted or the above powers can not be exercised ordinarily, the Company shall disclose the circumstances accordingly.

Original	Amendments
Article 161 Independent directors shall attend the meetings of the board of directors on time, understand the production business and operation of the Company, and initiate investigation to gain information required for making decision. Independent directors shall submit an annual ~~report~~ for at the annual general meeting of the Company providing explanation in respect of the performance of their duties.	**Article 113** Independent directors shall attend the meetings of the board of directors on time, understand the production business and operation of the Company, and initiate investigation to gain information required for making decision. Independent directors shall submit an annual working report for at the annual general meeting of the Company providing explanation in respect of the performance of their duties.
Section 3 The Board of Directors (17 articles)	Section 3 The Board of Directors (16 articles)
~~**Article 173** The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any such disposition of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposition, exceeds 33 % of the value of the Company's fixed assets as shown in the latest balance sheet which was tabled at a shareholders' general meeting.~~ ~~For the purposes of this Article, "disposition" includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.~~ ~~The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.~~	Delete.

Original	Amendments
Article 180 Meetings of the board of directors shall be held only if more than half of the directors (including any alternate director appointed pursuant to ~~Article 181~~ of the Company's Articles of Association) are present. Each director shall have one (1) vote. A resolution of the board of directors must be passed by more than half of all of the directors of the Company. ~~Where there is an equality of votes cast both for and against a resolution, the Chairman of the board of directors shall have a casting vote.~~ ……	**Article 131** Meetings of the board of directors shall be held only if more than half of the directors (including any alternate director appointed pursuant to Article 132 of the Company's Articles of Association) are present. Each director shall have one (1) vote. A resolution of the board of directors must be passed by more than half of all of the directors of the Company. ……
CHAPTER 11 SECRETARY OF THE BOARD OF DIRECTORS (total 3 articles)	CHAPTER 8 SECRETARY OF THE BOARD OF DIRECTORS (total 2 articles)
~~**Article 186** A director or senior officer of the Company may also act as the secretary of the board of directors. The certified public accountancy firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.~~ ~~Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in a dual capacity.~~	Delete.
CHAPTER 12 GENERAL MANAGER AND SENIOR MANAGEMENT (total 12 articles)	CHAPTER 9 GENERAL MANAGER AND SENIOR MANAGEMENT (total 11 articles)
~~**Article 190** The general manager shall attend meetings of the board of directors. The general manager, who is not a director, does not have any voting rights at board meetings.~~	Delete.

Original	Amendments
CHAPTER 13 SUPERVISORY COMMITTEE (total 12 articles)	CHAPTER 10 SUPERVISORY COMMITTEE (total 11 articles)
Article 200 The supervisory committee shall have one chairman ~~and one vice chairman~~. The election or removal of the chairman ~~and vice chairman~~ of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee. The chairman ~~and vice chairman~~ shall serve for a term of three (3) years, which term is renewable upon re-election and re-appointment.	**Article 149** The supervisory committee shall have one chairman. The election or removal of the chairman of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee. The chairman shall serve for a term of three (3) years, which term is renewable upon re-election and re-appointment.
Article 203 The Supervisory Committee is to be comprised of ~~six~~ members. Members of the Supervisory Committee should be comprised of shareholder representative supervisors and an appropriate proportion of employee representative supervisors. The number of employee representative supervisors should not be less than one-third of the total number of the members of the Supervisory Committee. Shareholders representative supervisors are elected and removed by general meetings and employee representative supervisors are elected and removed by democratic elections of the employees.	**Article 152** The Supervisory Committee is to be comprised of <u>three</u> members. Members of the Supervisory Committee should be comprised of shareholder representative supervisors and an appropriate proportion of employee representative supervisors. The number of employee representative supervisors should not be less than one-third of the total number of the members of the Supervisory Committee. Shareholders representative supervisors are elected and removed by general meetings and employee representative supervisors are elected and removed by democratic elections of the employees.

Original	Amendments
Article 206 Meetings of the supervisory committee shall be held at least once every six months, and shall be convened by the chairman of the supervisory committee. The supervisors may propose to convene the extraordinary meeting of the supervisory committee. Where the chairman of the supervisory committee is unable to or does not perform the duty, ~~the vice chairman of the supervisory committee shall preside the meeting. Where the vice chairman of the supervisory committee is unable to or does not perform the duty,~~ a supervisor nominated by more than one-half of the supervisors shall perform the duty. If a supervisor fails to attend two consecutive meetings of supervisory committee, he shall be deemed to have failed to discharge his duties. The shareholders' general meeting or staff representatives' meeting shall replace him.	**Article 155** Meetings of the supervisory committee shall be held at least once every six months, and shall be convened by the chairman of the supervisory committee. The supervisors may propose to convene the extraordinary meeting of the supervisory committee. Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable to or does not perform the duty, a supervisor nominated by more than one-half of the supervisors shall perform the duty. If a supervisor fails to attend two consecutive meetings of supervisory committee, he shall be deemed to have failed to discharge his duties. The shareholders' general meeting or staff representatives' meeting shall replace him.
Article 207 The supervisory committee shall be accountable to the shareholders in a general meeting and shall exercise the following functions and powers in accordance with law: (1) to review the regular reports of the Company prepared by the board of directors and give its opinion of review; (2) to inspect the Company's financial position; (3) to supervise the directors and senior management and to propose removal of a director or a senior officer who has contravened any law, administrative regulation, these Articles of Association or resolutions passed at a shareholders' general meeting;	**Article 156** The supervisory committee shall be accountable to the shareholders in a general meeting and shall exercise the following functions and powers in accordance with law: (1) to review the regular reports of the Company prepared by the board of directors and give its opinion of review; (2) to inspect the Company's financial position; (3) to supervise the directors and senior management and to propose removal of a director or a senior officer who has contravened any law, administrative regulation, these Articles of Association or resolutions passed at a shareholders' general meeting;

Original	Amendments
(4) to demand any director or senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;	(4) to demand any director or senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;
(5) to check the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and to authorise, in the Company's name, publicly certified and practising accountants to assist in the re-examination of such information should any doubt arise in respect thereof;	(5) to check the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and to authorise, in the Company's name, publicly certified and practising accountants to assist in the re-examination of such information should any doubt arise in respect thereof;
(6) to propose to convene a shareholders' extraordinary general meeting and an extraordinary board meeting. Where the board of directors fails to convene or hold the general meeting of shareholders in accordance with the provisions of the Company Law, to convene and hold the shareholders' general meeting;	(6) to propose to convene a shareholders' extraordinary general meeting and an extraordinary board meeting. Where the board of directors fails to convene or hold the general meeting of shareholders in accordance with the provisions of the Company Law, to convene and hold the shareholders' general meeting;
(7) to propose resolutions to the shareholders' general meeting;	(7) to propose resolutions to the shareholders' general meeting;
(8) to initiate proceedings against the directors and senior management in accordance with the relevant provisions of the Company Law;	(8) to initiate proceedings against the directors and senior management in accordance with the relevant provisions of the Company Law;
(9) to conduct investigation into any identified irregularities in the Company's operations;	(9) to conduct investigation into any identified irregularities in the Company's operations, and if necessary, to engage an accounting firm, law firm or other professionals to assist in their work at the expenses of the Company;
(10) other functions and powers specified in these Articles of Association.	(10) other functions and powers specified in these Articles of Association.
Supervisors shall attend meetings of the board of directors, and make queries or recommendations to the matters resolved by the board of directors.	Supervisors shall attend meetings of the board of directors, and make queries or recommendations to the matters resolved by the board of directors.

Original	Amendments
Article 208 Notices of meetings and extraordinary meetings of the supervisory committee shall be delivered in person, by facsimile, by express delivery service, by registered mail or by other means of electronic communication. The time limits for the delivery of such notices are: for a supervisory meeting, at least five (5) days before the meeting; and for an extraordinary supervisory meeting, at least two (2) days before the meeting. Resolutions of the supervisory committee shall be passed by the affirmative vote of more than ~~two- thirds~~ of all of its members. Resolutions may be passed by a show of hands or by poll. ……	**Article 157** Notices of meetings and extraordinary meetings of the supervisory committee shall be delivered in person, by facsimile, by express delivery service, by registered mail or by other means of electronic communication. The time limits for the delivery of such notices are: for a supervisory meeting, at least five (5) days before the meeting; and for an extraordinary supervisory meeting, at least two (2) days before the meeting. Resolutions of the supervisory committee shall be passed by the affirmative vote of more than half of all of its members. Resolutions may be passed by a show of hands or by poll. ……
~~**Article 209** All reasonable fees incurred in respect of the employment of professionals (such as, lawyers, certified public accountants or practising auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.~~	Delete.

Original	Amendments
CHAPTER 14 THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY (total 24 articles)	CHAPTER 11 THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY (total 8 articles)
Article 211 A person may not serve as a director, supervisor or senior officer of the Company if any of the following circumstances apply: …… ~~(6) a person who is currently under investigation by judicial organs for violation of criminal law;~~ ~~(7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;~~ ~~(8) a person other than a natural person;~~ ~~(9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five (5) years have lapsed from the date of such conviction;~~ ~~(10) a person who has been restricted to enter the market by the China Securities Regulatory Commission and such restriction has not been lifted.~~ ~~(11) a person who has been declared by a Stock Exchange in less than 2 years as an unsuitable candidate.~~	**Article 159** A person may not serve as a director, supervisor or senior officer of the Company if any of the following circumstances apply: …… (6) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed; (7) other circumstances specified by the laws, administrative regulations and rules. For any election, appointment or employment of a director, supervisor or senior management in contravention of the provisions prescribed by this Article, such election, appointment or employment shall be void and null. Where a director, supervisor or senior management fall into any of the aforesaid circumstances in his term of office, the director, supervisor or senior management shall be removed from office.

Original	Amendments
~~**Article 212** The validity of an act carried out by a director and senior officer of the Company on its behalf shall, as against a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.~~ ~~**Article 213** In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors and senior management owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:~~ ~~(1) to act honestly and in the best interests of the Company;~~ ~~(2) not to expropriate the Company's property in any way, including (without limitation) usurpation of opportunities which benefit the Company;~~ ~~(3) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval in accordance with these Articles of Association.~~ ~~**Article 214** Each of the Company's directors, and senior management owes a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.~~ ~~**Article 215** Each of the Company's directors, supervisors and senior management shall exercise his powers or perform his duties in accordance with the fiduciary principle; and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:~~	Delete these 4 articles.

Original	Amendments
~~(1) to act honestly in the best interests of the Company;~~ ~~(2) to act within the scope of his powers and not to exceed such powers;~~ ~~(3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;~~ ~~(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;~~ ~~(5) unless otherwise provided for in these Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;~~ ~~(6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;~~ ~~(7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (without limitation) opportunities which benefit the Company;~~ ~~(8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;~~ ~~(9) to comply with these Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;~~	

Original	Amendments
~~(10) not to release any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:~~ ~~(i) disclosure is made under compulsion of law;~~ ~~(ii) public interests so warrants;~~ ~~(iii) the interests of the relevant director, supervisor, general manager, deputy general manager or other senior officer so requires.~~	
Article 216 The fiduciary duties to be discharged by directors in complying with the laws, administrative regulations and these Articles are as follows: (1) not to misappropriate the Company's funds; (2) not to use the Company's assets or funds to set up deposit accounts in his or her own name or in the any other name; (3) not to violate the provisions of these Articles and lend the Company's funds or to use the Company's assets to guarantee the debts of others with the approval of the shareholders' general meeting or the board of directors;	**Article 160** The fiduciary duties to be discharged by directors in complying with the laws, administrative regulations and these Articles are as follows: (1) <u>not to abuse his or her position to accept bribes or other illegal income or misappropriate the properties of the Company;</u> (2) not to misappropriate the Company's funds; (3) not to use the Company's assets or funds to set up deposit accounts in his or her own name or in the any other name;

Original	Amendments
(4) not to abuse his or her positions to obtain business opportunities for himself or others which should belong to the Company, to engage in same business of the Company by himself or for others; (5) not to hamper the Company's interests through its connected relationships; (6) to perform other fiduciary duties as required by the laws, administrative regulations, departmental rules and these Articles of Association. The income derived by the directors in violating this Article shall belong to the Company. Any loss incurred by the Company as a result of violating this Article shall be indemnified by the directors.	(4) not to violate the provisions of these Articles and lend the Company's funds or to use the Company's assets to guarantee the debts of others with the approval of the shareholders' general meeting or the board of directors; (5) not to enter into contracts or carry out transactions with the Company in contravention of the provisions of these Articles of Association or without the consent of the shareholders' general meeting; (6) not to abuse his or her positions to obtain business opportunities for himself or others which should belong to the Company, to engage in same business of the Company by himself or for others; (7) not to misappropriate commissions derived from transactions entered into by the Company; (8) not to disclose confidential information of the Company without permission; (9) not to hamper the Company's interests through its connected relationships; (10) to perform other fiduciary duties as required by the laws, administrative regulations, departmental rules and these Articles of Association. The income derived by the directors in violating this Article shall belong to the Company. Any loss incurred by the Company as a result of violating this Article shall be indemnified by the directors.

Original	Amendments
~~**Article 218** Each director, supervisor and senior management of the Company shall not direct the following persons or institutions ("associates") to do which he is prohibited from so doing:~~ ~~(1) the spouse or minor child of the director, supervisor or senior officer;~~ ~~(2) the trustee of the director supervisor or senior officer or of any person described in sub-paragraph (1) above;~~ ~~(3) the partner of that director, supervisor or senior officer or any person referred to in sub-paragraphs (1) and (2) of this Article;~~ ~~(4) a company in which that director, supervisor or senior officer, whether alone or jointly with one (1) or more of the persons referred to in sub-paragraphs (l), (2) and (3) of this Article and other directors, supervisors, general manager, deputy general managers and other senior management, has de facto controlling interest;~~ ~~(5) the directors, supervisors and senior management of a company which is being controlled in the manner set out in sub-paragraph (4) above.~~	Delete.

Original	Amendments
~~**Article 222** A director, supervisor or senior officer of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a general meeting, except in the circumstances as provided under Article 60.~~ ~~**Article 223** Where a director, supervisor or senior officer of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board of directors.~~ ~~Unless the interested director, supervisor or senior officer discloses his interests in accordance with the preceding sub-paragraph of this Article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested director, supervisor or senior officer is not counted as part of the quorum and refrains from voting, a contract, transaction or arrangement in which that director, supervisor, or senior officer is materially interested is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor or senior officer.~~ ~~For the purposes of this Article, a director, supervisor or senior officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.~~	Delete these 11 articles.

Original	Amendments
~~**Article 224** Where a director, supervisor or senior officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.~~ ~~**Article 225** The Company shall not pay taxes for or on behalf of a director, supervisor or other officer in any manner.~~ ~~**Article 226** The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor or senior officer of the Company or of the Company's holding company or any of their respective associates.~~ ~~The foregoing prohibition shall not apply to the following circumstances:~~ ~~(1) the provision by the Company of a loan or a guarantee in connection with the making of a loan to its subsidiary;~~ ~~(2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to any of its directors supervisor and senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;~~	

Original	Amendments
~~(3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisor and senior management or their respective associates in the ordinary course of its business on normal commercial terms.~~	
~~**Article 227** Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.~~ ~~**Article 228** A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 226 (1) shall not be enforceable against the Company, save in respect of the following circumstances:~~ ~~(1) the guarantee was provided in connection with a loan which was made to an associate of any of the directors, supervisor and senior management of the Company or of the Company's holding company and the lender of such funds did not know of the relevant circumstances at the time of the making of the loan; or~~ ~~(2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.~~ ~~**Article 229** For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his obligations.~~ ~~**Article 230** In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor or senior officer of the Company breaches the duties which he owes to the Company, the Company has a right:~~ ~~(1) to demand such director, supervisor or senior officer to compensate it for losses sustained by the Company as a result of such breach;~~	

Original	Amendments
~~(2) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor or senior officer or between the Company and a third party (where such third party knows or should have known that such director, supervisor or senior officer representing the Company has breached his duties owed to the Company);~~ ~~(3) to demand such director, supervisor or senior officer to account for profits made as result of the breach of his duties;~~ ~~(4) to recover any monies which should have been received by the Company and which were received by such director, supervisor or senior officer instead, including (without limitation) commissions; and~~ ~~(5) to demand repayment of interest earned or which may have been earned by such director, supervisor or senior officer on monies that should have been paid to the Company.~~ ~~**Article 231** The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments include:~~ ~~(1) emoluments in respect of his service as director, supervisor or senior officer of the Company;~~ ~~(2) emoluments in respect of his service as director, supervisor or senior officer of any subsidiary of the Company;~~ ~~(3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;~~ ~~(4) payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.~~ ~~No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the contract mentioned above.~~	

Original	Amendments
~~**Article 232** The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. For the purposes of this paragraph, the acquisition of the Company includes any of the following:~~ ~~(1) an offer made by any person to the general body of shareholders;~~ ~~(2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 61.~~ ~~If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be paid out of such sum.~~	
CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND INTERNAL AUDIT (total 22 articles)	CHAPTER 12 FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND INTERNAL AUDIT (total 16 articles)
Article 235 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and ~~PRC~~ ~~accounting standards formulated by the finance regulatory department of the State Council~~.	**Article 167** The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the requirements of the competent authorities of PRC.

Original	Amendments
~~**Article 236** At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.~~ ~~**Article 237** Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, the board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.~~ ~~**Article 238** The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.~~ ~~Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, the Company shall deliver or send to each shareholder of Overseas-Listed Foreign-Invested Shares by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty- one (21) days before the date of every annual general meeting of the shareholders.~~	Delete these 5 articles.

Original	Amendments
~~**Article 239** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. In distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.~~ ~~**Article 240** The Company shall publish or disclose and prepare its half year status or financial report according to the Chinese, as well as the overseas, accountancy and legal principles.~~	
~~**Article 253** The Company shall appoint receiving agents for holders of the Overseas-Listed Foreign-Invested Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas-Listed Foreign-Invested Shares on such shareholders' behalf.~~ ~~The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange.~~ ~~The receiving agents appointed for holders of Overseas-Listed Foreign-Invested Shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.~~	Delete.

Original	Amendments
CHAPTER 16 APPOINTMENT OF AUDITORS (total 9 articles)	CHAPTER 13 APPOINTMENT OF AUDITORS (total 6 articles)
Article 257 The Company shall appoint an independent firm of accountants in compliance with the Securities Law ~~to audit the Company's annual report and review the Company's other financial reports.~~ ~~The first auditors of the Company may be appointed before the first annual general meeting of the Company at the inaugural meeting. Auditors so appointed shall hold office until the conclusion of the first annual general meeting.~~ ~~If the inaugural meeting does not exercise the powers under the preceding paragraph, those powers shall be exercised by the board of directors.~~	**Article 183** The Company shall appoint an independent firm of accountants in compliance with the Securities Law to audit its financial statements, verify its net assets and other relevant consultancy services and other businesses.
~~**Article 259** The auditors appointed by the Company shall enjoy the following rights:~~ ~~(1) a right to review to the books, records and vouchers of the Company at any time, the right to require the directors or senior management of the Company to supply relevant information and explanations;~~ ~~(2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;~~ ~~(3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accountancy firm.~~	Delete.
Add this article.	**Article 185** The appointment of the accounting firm of the Company shall be decided at a shareholders' general meeting, and the board of directors shall not appoint the accounting firm prior to obtaining approval at the shareholders' general meeting.

Original	Amendments
~~**Article 261 If** there is a vacancy in the position of auditor of the Company, the board of directors may appoint an accountancy firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accountancy firm which has been appointed by the Company may continue to act during the period during which a vacancy arises.~~ ~~**Article 262 The** shareholders in a general meeting may by ordinary resolution remove the Company's auditors before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the Company's auditors. However, the accountancy firm's right to claim for damages which arise from its removal shall not be affected thereby.~~	Delete these 2 articles.
Article 263 The ~~remuneration~~ of an accountancy firm ~~or the manner in which such firm is to be remunerated~~ shall be determined by the shareholders in a general meeting. ~~The remuneration of an accountancy firm appointed by the board of directors shall be determined by the board of directors.~~	**Article 186** The audit fee of an accountancy firm shall be determined by the shareholders in a general meeting.

Original	Amendments
~~**Article 264** The Company's appointment, removal or non-reappointment of an accountancy firm shall be resolved by the shareholders in a general meeting. Such resolution shall be filed with the State Council. The removal or non-reappointment of an accountancy firm shall be notified to the accounting firm seven days in advance.~~ ~~Where a resolution at a general meeting of shareholders is passed to appoint as auditor a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, to reappoint as auditor a retiring auditor who was appointed by the board of directors to fill a casual vacancy or to remove an auditor before the expiration of his term of office, the following provisions shall apply:~~ ~~(1) A copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year~~ ~~(leaving includes leaving by removal, resignation and retirement).~~ ~~(2) If the auditor leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received too late) take the following measures: (i) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles of Association.~~	Delete.

Original	Amendments
~~(3) If the Company fails to send out the auditor's representations in the manner set out in sub-paragraph (2) above, such auditor may (in addition to his right to be heard) require that the representations be read out at the meeting.~~ ~~(4) An auditor which is leaving its post shall be entitled to attend the following shareholders' general meetings:~~ ~~(i) the general meeting at which its term of office would otherwise have expired;~~ ~~(ii) the general meeting at which it is proposed to fill the vacancy caused by its removal; and~~ ~~(iii) the general meeting which convened as a result of its resignation, and to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which it attends on any part of the business of the meeting which concerns it as former auditor of the Company.~~	
Article 265 ~~Prior notice should be given to the accountancy firm~~ if the Company decides to remove such accountancy firm or not to renew the appointment thereof. Such accountancy firm shall be entitled to make representations at the shareholders' general meeting. Where the accountancy firm resigns from its position as the Company's auditors, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company. ~~An accountancy firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:~~ ~~(1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or~~	**Article 188** If the Company decides to remove such accountancy firm or not to renew the appointment thereof, the accountancy firm shall be notified seven (7) days prior. Such accountancy firm shall be entitled to make representations at the shareholders' general meeting. Where the accountancy firm resigns from its position as the Company's auditors, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

Original	Amendments
~~(2) a statement of any such circumstances.~~ ~~Where a notice is deposited under the preceding sub-paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. If the notice contains a statement under the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also send a copy of such statement by prepaid mail to every shareholder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders.~~ ~~Where the auditor's notice of resignation contains a statement in respect of the above, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.~~	
CHAPTER 20 MERGER AND DIVISION OF THE COMPANY CHAPTER 21 DISSOLUTION AND LIQUIDATION (total 14 articles)	CHAPTER 17 MERGER, DIVISION, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION (total 13 articles)
~~**Article 277 In** the event of the merger or division of the Company, a plan shall be presented by the Company's board of directors and shall be approved in accordance with the procedures stipulated in these Articles of Association. The Company shall then go through the relevant approval process. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders' shareholding at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company.~~ ~~Such special documents shall be sent by means as provided in Article 300 to holders of Overseas-Listed Foreign-Invested Shares.~~	Delete.

Original	Amendments
Article 278 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company, whereby the merged companies shall be dissolved. In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's merger resolution and shall publish a public notice ~~in a newspaper at least three (3) times~~ within thirty (30) days of the date of the Company's merger resolution. Within thirty days the creditors receive the notice, or within forty-five days the notice is announced, the creditors may demand the Company to settle its debts or to provide corresponding guarantee. At the time of merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.	**Article 200** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new company, whereby the merged companies shall be dissolved. In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's merger resolution and shall publish a public notice in China Securities Journal within thirty (30) days of the date of the Company's merger resolution. Within thirty days the creditors receive the notice, or within forty-five days the notice is announced, the creditors may demand the Company to settle its debts or to provide corresponding guarantee. At the time of merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

Original	Amendments
Article 279 Where there is a division of the Company, its assets shall be divided up accordingly. In the event of division of the Company, ~~the parties to such division shall execute a division agreement and~~ prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's division resolution and shall publish a public notice ~~in a newspaper at least three (3) times~~ within thirty (30) days of the date of the Company's division resolution. Debts of the Company prior to division shall be assumed incidentally by the companies which exist after the division, except those debts that have otherwise separately agreed by the Company with the creditors in writing for the settlement of the debts before the division.	**Article 201** Where there is a division of the Company, its assets shall be divided up accordingly. In the event of division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's division resolution and shall publish a public notice in China Securities Journal within thirty (30) days of the date of the Company's division resolution. Debts of the Company prior to division shall be assumed incidentally by the companies which exist after the division, except those debts that have otherwise separately agreed by the Company with the creditors in writing for the settlement of the debts before the division.
Article 281 The Company ~~shall be dissolved and liquidated upon the occurrence of any of the following events:~~ (1) a resolution for dissolution is passed by shareholders at a general meeting; (2) dissolution is necessary due to a merger or division of the Company; (3) ~~the Company is legally declared insolvent due to its failure to repay debts as they become due; and~~ (4) the Company is ordered to close down because of its violation of laws and administrative regulations. (5) shareholders holding at least 10% of the shares of the Company may apply to the People's Court to dissolve the Company if the Company experiences extreme difficulties in respect of its operation and management, which cannot otherwise be resolved, such that if the Company continues to operate, its shareholders will suffer significant losses. ~~Sub-paragraphs (1) and (2) of the above shall be approved by the relevant foreign trade and economic authorities of the State Council.~~	**Article 203** The Company shall be dissolved due to any of the following reasons: (1) the term of operation expires, or any dissolution events as stipulated in these Articles of Association occur; (2)a resolution for dissolution is passed by shareholders at a general meeting; (3) dissolution is necessary due to a merger or division of the Company; (4) the Company revokes its business license, is ordered to close down or is closed down because of its violation of laws and administrative regulations; (5) shareholders holding at least 10% of the shares of the Company may apply to the People's Court to dissolve the Company if the Company experiences extreme difficulties in respect of its operation and management, which cannot otherwise be resolved, such that if the Company continues to operate, its shareholders will suffer significant losses.

Original	Amendments
Add this article.	**Article 204** Upon the occurrence of the situation described in sub-paragraph (1) of Article 203, the Company may continue to exist by amending the Articles of Association. It shall be approved by over two-third of voting powers held by shareholders present at the shareholders' general meeting to modify the Articles of Association according to the provisions of the preceding paragraph.
Article 282 A liquidation committee shall be set up within fifteen (15) days of the Company being dissolved pursuant to ~~sub-paragraph (1) of~~ the preceding Article, and the composition of the liquidation committee of the Company shall be determined by an ordinary resolution of shareholders in a general meeting. If a liquidation committee is not set up within the specified time limit, the creditors of the Company may apply to the people's court to appoint designated persons to carry out the liquidation. ~~Where the Company is dissolved under sub- paragraph (3) of the preceding Article, the People's Court shall in accordance with the provisions of relevant laws organise the shareholders, relevant organisations and relevant professional personnel to establish a liquidation committee to carry out the liquidation.~~ ~~Where the Company is dissolved under sub- paragraph (4) of the preceding Article, the relevant governing authorities shall organise the shareholders, relevant organisations and professional personnel to establish a liquidation committee to carry out the liquidation.~~	**Article 205** A liquidation committee shall be set up and start the liquidation process within fifteen (15) days from the date of occurrence of such dissolution of the Company being dissolved pursuant to sub-paragraphs (1), (2), (4) and (5) of Article 203. The composition of the liquidation committee shall be determined by directors or the shareholders' general meeting. The composition of the liquidation committee of the Company shall be determined by an ordinary resolution of shareholders in a general meeting. If a liquidation committee is not set up within the specified time limit, the creditors of the Company may apply to the people's court to appoint designated persons to carry out the liquidation.

Original	Amendments
Article 284 The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish a public announcement in ~~a newspaper at least three (3) times~~. A creditor shall, within thirty (30) days of receipt of the notice, or for creditors who have not ~~personally~~ received such notice, within forty five (45) days of the date of the ~~first~~ public announcement, report its rights to the liquidation committee. When reporting his rights, the creditor shall provide an explanation of matters which are relevant thereto and shall provide evidential material in respect thereof. The liquidation committee shall register the creditor's rights. No repayment shall be made by the liquidation committee during the period of reporting creditors' rights.	**Article 207** The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish a public announcement in China Securities Journal. A creditor shall, within thirty (30) days of receipt of the notice, or for creditors who have not received such notice, within forty five (45) days of the date of the public announcement, report its rights to the liquidation committee. When reporting his rights, the creditor shall provide an explanation of matters which are relevant thereto and shall provide evidential material in respect thereof. The liquidation committee shall register the creditor's rights. No repayment shall be made by the liquidation committee during the period of reporting creditors' rights.
Article 286 After it has sorted out the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority or the people's court for confirmation. ~~The company's assets shall be distributed in accordance with law or regulation. If there is no applicable law, such distribution shall be carried out in accordance with a fair and reasonable procedure determined by the liquidation committee.~~ ~~Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph~~ shall be distributed to its shareholders according to the class of shares and the proportion of shares held. During the liquidation period, the Company subsists but shall not commence any business activities not related to liquidation. Prior to the repayment in accordance of the previous paragraphs, the Company's assets shall not be distributed to the shareholders.	**Article 209** After it has sorted out the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority or the people's court for confirmation. The residual property after the respective settlement of the liquidation expenses, staff wages, social insurance expenses and statutory compensation, the payment of taxes in arrears and the discharge of the Company's liabilities shall be distributed to its shareholders according to the class of shares and the proportion of shares held. During the liquidation period, the Company subsists but shall not commence any business activities not related to liquidation. Prior to the repayment in accordance of the previous paragraphs, the Company's assets shall not be distributed to the shareholders.

Original	Amendments
Article 288 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report~~, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant governing authority or the people's court for confirmation.~~ ~~The liquidation committee shall, within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.~~	**Article 211** Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, submit to the shareholders' general meeting or the relevant governing authority or the people's court for confirmation, and submit the same to the registration authority of the Company for application for the cancellation of the Company's registration and for making public announcement in connection with the termination of the Company. The members of the liquidation committee shall act fiducially and perform the obligations of liquidation pursuant to the law.
Article 289 The members of the liquidation committee shall act fiducially and perform the obligations of liquidation pursuant to the law. The members of the liquidation committee shall not take advantage of his office power, taking bribes or other illegal income or illegally taking possession of the assets of the Company. The members of the liquidation committee shall indemnify the loss incurred by the Company or the creditors as a result of his willful act or serious misconduct.	The members of the liquidation committee shall not take advantage of his office power, taking bribes or other illegal income or illegally taking possession of the assets of the Company. The members of the liquidation committee shall indemnify the loss incurred by the Company or the creditors as a result of his willful act or serious misconduct.

Original	Amendments
CHAPTER 22 PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION (total 5 articles)	CHAPTER 18 AMENDMENT OF THE ARTICLES OF ASSOCIATION (total 5 articles)
Article 293 ~~Amendment of the Company's Articles of Association shall become effective upon receipt of approvals from the foreign trade and economic authorities. Amendment involving the contents of the Mandatory Provisions of Overseas-Listed Companies' Articles of Association shall become effective upon receipt of approvals from the State Council's securities authorities and the companies approving department authorised by the State Council.~~ If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with law.	**Article 215** Any amendment to the Articles of Association passed by a resolution at a general meeting shall be filed with the authorities for approval if it is so required. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with law.
~~CHAPTER 23 DISPUTE RESOLUTION~~ (~~total 1 article~~)	Delete the entire Chapter 23

Original	Amendments
Article 296 ~~The Company shall abide by the following principles for dispute resolution:~~ ~~(1) Whenever any disputes or claims arise between: holders of the Overseas-Listed Foreign-Invested Shares and the Company; holders of the Overseas- Listed Foreign-Invested Shares and the Company's directors, supervisors or senior management; or holders of the Overseas-Listed Foreign-Invested Shares and holders of Domestic-Invested Shares, in respect of any rights or obligations arising from these Articles of Association, the Company Law or any rights or obligations conferred or imposed by the Company Law and special regulations (including other relevant laws) or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration. Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholders, directors, supervisors or senior management of the Company, comply with the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.~~	

Original	Amendments
~~(2) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.~~ ~~(3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.~~ ~~(4) The award of an arbitral body shall be final and conclusive and binding on all parties.~~	

Original	Amendments
CHAPTER 24 SUPPLEMENTARY (total 9 articles)	CHAPTER 19 SUPPLEMENTARY (total 9 articles)
Article 297 Definitions: (1) De facto controller means a party that is not a shareholder of the company, but shall be capable to control the act of the Company through investment relationship, agreement or other arrangements. (2) Connected relationship means the relationship between the controlling shareholder of the Company, its de facto controller, directors, supervisors, senior management and enterprises directly or indirectly controlled by it, as well as other relationships that may result in the transfer of the Company's interests. However, state-owned enterprises do not have connected relationship solely as a result of being controlled by the State.	**Article 218 Definitions**: (1) Controlling shareholder means the shareholder whose ordinary shareholdings represent over 50% the total share capital of the Company; if short of 50%, whose entitlement to voting rights attached to its ordinary shares is sufficient to materially affect the resolutions proposed at the shareholders' general meeting of the Company. (2) De facto controller means a party that is not a shareholder of the company, but shall be capable to control the act of the Company through investment relationship, agreement or other arrangements. (3) Connected relationship means the relationship between the controlling shareholder of the Company, its de facto controller, directors, supervisors, senior management and enterprises directly or indirectly controlled by it, as well as other relationships that may result in the transfer of the Company's interests. However, state-owned enterprises do not have connected relationship solely as a result of being controlled by the State.

The proposed amendments to the Articles of Association are finally subject to the change of registration by the municipal registration authority of Jining City, Shandong Province, and the other terms of the Articles of Association remain unchanged except the amendments above.

II. AMENDMENTS TO RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING

In accordance with the proposed amendments to the Articles of Association, the relevant contents of the Rules of Procedure of the Shareholders' General Meeting shall be amended accordingly.

III. AMENDMENTS TO RULES OF PROCEDURE OF THE BOARD

In accordance with the proposed amendments to the Articles of Association, the relevant contents of the Rules of Procedure of the Board shall be amended accordingly.

IV. AMENDMENTS TO RULES OF PROCEDURE OF THE SUPERVISORY COMMITTEE

In accordance with the proposed amendments to the Articles of Association, the relevant contents of the Rules of Procedure of the Supervisory Committee shall be amended accordingly.

The following is the text of valuation report, prepared for the purpose of incorporation in this circular received from Shandong Zhongping Hengxin Asset Valuation Co., Ltd., an independent valuer, in connection with its valuation of Luxi Mining as at 31 December 2022.*

This report is prepared under the PRC Asset Appraisal Standards

ASSET VALUATION REPORT ON THE VALUE OF ALL THE SHAREHOLDERS' EQUITY OF SHANDONG ENERGY GROUP LUXI MINING CO., LTD.（山東能源集團魯西礦業有限公司）INVOLVED IN THE PROPOSED ACQUISITION OF THE EQUITY INTEREST OF SHANDONG ENERGY GROUP LUXI MINING CO., LTD. BY YANKUANG ENERGY GROUP COMPANY LIMITED

Zhong Heng Lu Ping Bao Zi (2023) No. 028
(The First of One Volume)

Shandong Zhongping Hengxin Asset Valuation Co., Ltd.

18 April 2023

CONTENTS

DISCLAIMER

I. This asset valuation report is prepared in accordance with the Basic Rules for Asset Valuation issued by the Ministry of Finance and the Practice Guidelines for Asset Valuation and the Code of Ethics for Asset Valuation issued by China Appraisal Society.

II. The principal or other users of the asset valuation report shall use the asset valuation report in accordance with the provisions of laws and administrative regulations and within the scope of use as specified herein. Where the principal or other users of the asset valuation report use this asset valuation report in violation of the above provisions, the asset appraisal agency and its asset valuation professionals shall bear no liability.

III. This asset valuation report shall only be used by the principal, other users of the asset valuation report agreed in the asset valuation engagement contract, and users of asset valuation report as stipulated by laws and administrative regulations. Save for the above, no other agencies or individuals shall use this asset valuation report.

IV. The asset appraisal agency and asset valuers remind the users of the asset valuation report that they should correctly interpret and use the valuation conclusion, which is not equivalent to the realizable value of the valuation subject and should not be regarded as a guarantee for the realizable value of the valuation subject.

V. The users of the asset valuation report shall pay attention to the assumptions for the establishment of the valuation conclusion, the special notes and restrictions on use of the asset valuation report.

VI. The asset appraisal agency and our asset valuers comply with the laws, administrative regulations and asset valuation standards, adhere to the principles of independence, objectivity and impartiality, and take legal responsibility for the asset valuation report issued.

VII. The list of assets and liabilities involved in the valuation subject shall be declared by the principal and the appraised entity and confirmed by the same parties with signature, seal or other methods permitted by law; the principal and other parties concerned shall be responsible for the authenticity, completeness and legality of the information provided by it.

VIII. The asset appraisal agency and our asset valuers have no interest in and are not expected to have any interest in the valuation subject in this asset valuation report. We do not have any existing or prospective interest in nor any bias against the principal concerned.

IX. Our asset valuers have carried out on-site inspection on the valuation subject and its assets involved in the asset valuation report, paid necessary attention to the legal titles of the valuation subject and its assets involved, verified the information related to the legal titles of the valuation subject and its assets involved, truthfully disclosed the issues identified in the process, and brought them to the attention of the principal.

SUMMARY OF ASSET VALUATION REPORT ON THE VALUE OF ALL THE SHAREHOLDERS' EQUITY OF SHANDONG ENERGY GROUP LUXI MINING CO., LTD.（山東能源集團魯西礦業有限公司）INVOLVED IN THE PROPOSED ACQUISITION OF THE EQUITY INTEREST OF SHANDONG ENERGY GROUP LUXI MINING CO., LTD. BY YANKUANG ENERGY GROUP COMPANY LIMITED

Zhong Heng Lu Ping Bao Zi (2023) No. 028

Shandong Zhongping Hengxin Asset Valuation Co., Ltd. has been engaged by Yankuang Energy Group Company Limited to appraise the market value of all the shareholders' equity in Shandong Energy Group Luxi Mining Co., Ltd. as at 31 December 2022 involved in the proposed acquisition of the equity interest of Shangdong Energy Group Luxi Mining Co., Ltd. by Yankuang Energy Group Company Limited using the asset-based approach and following necessary valuation procedures in accordance with the requirements of the relevant laws, administrative regulations and rules for asset appraisal and adhering to the principles of independence, objectivity and impartiality. The asset appraisal is reported as follows.

1. Purpose of valuation: in accordance with the Minutes of the General Manager's Office Meeting of Yankuang Energy Group Company Limited (No. 19), Yankuang Energy Group Company Limited proposes to acquire the equity interest of Shandong Energy Group Luxi Mining Co., Ltd. and is required to conduct a valuation on the value of all the shareholders' equity of Shandong Energy Group Luxi Mining Co., Ltd. involved in the said economic activity to provide reference and basis on the value for such economic activity.

2. Subject of valuation: the value of all the shareholders' equity in Shandong Energy Group Luxi Mining Co., Ltd.

3. Scope of valuation: all audited assets and liabilities of Shandong Energy Group Luxi Mining Co., Ltd. presented in the pro forma financial statements as at the Valuation Reference Date (valuation of mineral properties and estimate possible transfer proceeds was separately performed by Beijing Kuangtong Resources Development Consultation Co., Limited engaged by the principal).

4. Value type: market value.

5. Valuation Reference Date: 31 December 2022.

6. Valuation approach: asset-based approach.

7. Valuation conclusion:

Under the assumption of going concern on the Valuation Reference Date, after the asset-based approach valuation, for Shandong Energy Group Luxi Mining Co., Ltd., the book value of total assets is RMB13,821,231,900, the appraised value is 41,854,382,500, representing an appreciation of RMB28,033,150,600 or 202.83%; the book value of total liabilities is RMB4,724,071,500, the appraised value is RMB4,724,071,500, with no appreciation or depreciation; the book value of the net assets is RMB9,097,160,400, the appraised value is RMB37,130,311,000, representing an appreciation of RMB28,033,150,600 or 308.15%.

Summary table of the valuation results under the asset-based approach

Unit: RMB0'000

Item		Book value	Appraised value	Appreciation or depreciation	Appreciation rate %
Current assets		503,349.32	503,349.32	–	–
Non-current assets		878,773.87	3,682,088.93	2,803,315.06	319.00
Including:	Long-term equity investments	874,583.61	3,677,146.69	2,802,563.08	320.45
	Investment properties	–	–	–	
	Fixed assets	3,391.33	3,897.99	506.66	14.94
	Construction in progress	–	–	–	
	Intangible assets	–	250.43	250.43	
	Land use rights	–	–	–	
	Others	798.93	793.83	-5.10	-0.64
Total assets		**1,382,123.19**	**4,185,438.25**	**2,803,315.06**	**202.83**
Current liabilities		470,207.15	470,207.15	–	–
Non-current liabilities		2,200.00	2,200.00	–	–
Total liabilities		**472,407.15**	**472,407.15**	**–**	**–**
Net assets		**909,716.04**	**3,713,031.10**	**2,803,315.06**	**308.15**

The reasons for Luxi Mining's valuation appreciation amounted to 308.15% are as follows:

1. The valuation result of long-term equity investment was RMB36,771,466,899.71, with an appreciation of RMB28,025,630,759.70 or 320.45%, and the increase or decrease of each long-term equity investment enterprise is shown in the following table:

Unit: RMB

No.	Name of investee	Book value	Appraised value	Valuation appreciation	Main reasons for increase or decrease in value	Pricing method
1	Feicheng Mining Group Shanxian Energy Co., Ltd.	509,297,056.42	1,403,578,720.23	894,281,663.81	The mineral rights were acquired earlier, the market price of coal products as at the Valuation Reference Date increased significantly compared with that at the acquisition date, and the economic benefits brought by the mineral rights after exploration and development increased significantly	Asset-based approach
2	Shandong Lilou Coal Industry Co., Ltd.	3,974,887,588.41	3,317,764,722.62	-657,122,865.79	The long construction period of fixed assets resulted in a higher book shares of capital costs and management costs. The capital costs and management costs was remeasured in accordance with reasonable construction period which leads to the impairment of fixed assets	Asset-based approach
3	Kasong Science and Technology Co., Ltd.	119,928,077.00	100,815,936.28	-19,112,140.72	The appraised value has increased compared to the book value of net assets after the valuation, mainly due to the earlier acquisition of the land use right of intangible asset and the continuous increase in land price, however, it is still impaired compared to the investment cost.	Asset-based approach
4	Shandong Tangkou Coal Industry Co., Ltd.	1,528,462,801.86	5,949,325,953.72	4,420,863,151.86	The mineral rights were acquired earlier, the market price of coal products as at the Valuation Reference Date increased significantly compared with that at the acquisition date, and the economic benefits brought by the mineral rights after exploration and development increased significantly	Asset-based approach

No.	Name of investee	Book value	Appraised value	Valuation appreciation	Main reasons for increase or decrease in value	Pricing method
5	Feicheng Mining Group Liangbaosi Energy Co., Ltd.	0.00	2,821,012,981.27	2,821,012,981.27	The mineral rights were acquired earlier, the market price of coal products as at the Valuation Reference Date increased significantly compared with that at the acquisition date, and the economic benefits brought by the mineral rights after exploration and development increased significantly	Asset-based approach
6	Shandong Menglu Mining Engineering Co., Ltd.	197,972,920.56	281,184,259.05	83,211,338.49	The land use rights of intangible assets were acquired earlier due to the continuous increase in land prices; fixed assets were valuated using the economic life and the enterprise accounting depreciation life	Asset-based approach
7	Linyi Mining Group Heze Coal Electricity Co., Ltd.	937,661,928.21	4,330,285,925.03	3,392,623,996.82	The mineral rights were acquired earlier, the market price of coal products as at the Valuation Reference Date increased significantly compared with that at the acquisition date, and the economic benefits brought by the mineral rights after exploration and development increased significantly	Asset-based approach
8	Shandong Xinjulong Energy Co., Ltd.	1,058,110,741.94	17,397,754,416.87	16,339,643,674.93	The mineral rights were acquired earlier, the market price of coal products as at the Valuation Reference Date increased significantly compared with that at the acquisition date, and the economic benefits brought by the mineral rights after exploration and development increased significantly	Asset-based approach
9	Xinkuang Juye Coal Processing Co., Ltd.	49,417,816.77	577,194,351.92	527,776,535.15	This income approach measurement includes intangible assets which cannot be separately quantified, such as corporate qualifications and human resources	Income approach

No.	Name of investee	Book value	Appraised value	Valuation appreciation	Main reasons for increase or decrease in value	Pricing method
10	Shandong Zikuang Railway Transportation Co., Ltd.	370,097,208.84	592,549,632.72	222,452,423.88	The land use rights of intangible assets were acquired earlier due to the continuous increase in land prices; fixed assets were valuated using the economic life and the enterprise accounting depreciation life	Asset-based approach
11	Total	8,745,836,140.01	36,771,466,899.71	28,025,630,759.70	The mineral rights were acquired earlier, the market price of coal products as at the Valuation Reference Date increased significantly compared with that at the acquisition date, and the economic benefits brought by the mineral rights after exploration and development increased significantly	
	Less: provision for impairment of long-term equity investment	–	–	–		
12	Net	8,745,836,140.01	36,771,466,899.71	28,025,630,759.70		

The reason for the valuation appreciation is that the book value of long-term equity investment is the historical cost of Luxi Mining's investment, while the appraised value is derived from the valuation of subsidiaries based on the actual situation of each subsidiary by adopting the enterprise value valuation approach and then the long-term equity investment is calculated according to the proportion of the appraised entity's equity. The appraised value is the realistic value at the reference date and the appraised value is higher than the investment cost of Luxi Mining during the historical period.

2. The appraised original value of equipment-type assets was RMB46,151,080.00 and the net appraised value was RMB38,979,856.00. The appraised original value appreciation rate was 31.22% and the net value appreciation rate was 14.94%.

   1 Machinery and equipment: the main reasons for the valuation appreciation of the appraised original value: the original book value was the transfer value and the appraised original value was recognized in accordance with the replacement value. The main reasons for the appreciation of the appraised net value: (i) the appreciation of the appraised original value; (ii) the net book value of certain equipment was the transfer value, and the appraised net value was confirmed in accordance with the actual status of the equipment in this valuation.

   2 Vehicles: the main reasons for the increase in the appraised original value: the original book value was the transfer value, and the appraised value was recognized in accordance with the replacement value. The main reasons for the increase in the net appraised value: (i) the increase in the appraised original value; (ii) the net book value of certain vehicles was the transfer value, and the net appraised value was confirmed in accordance with the actual status of the equipment in this valuation.

   3 Electronic equipment: the main reasons for the increase in the appraised original value: the original book value was the transfer value, and the appraised value was recognized in accordance with the replacement value. The main reasons for the increase in the net appraised value: (i) the increase in the appraised original value; (ii) the net book value of certain electronic equipment was the transfer value, and the net appraised value was confirmed in accordance with the actual status of the equipment in this valuation.

3. The appraised value of intangible assets – other intangible assets was RMB2,504,300.00 and the valuation appreciation was RMB2,504,300.00. The reason for the valuation appreciation was that the patent rights were transferred from Linyi Mining Group Co., Ltd. without compensation and the cost approach was adopted for this valuation, which was inconsistent with the two parties.

4. The appraised value of deferred income tax assets was RMB0.00 and impaired by RMB51,032.43. The reason for the impairment was the remeasurement of deferred income tax assets resulting from the provision for impairment of fixed assets.

When using the valuation conclusion in this report, users of the report should be aware of the impact on the valuation conclusion as set forth in item XI “Special Notes” in the full text of this report; and pay attention to the valuation assumptions and prerequisites on which the valuation conclusion is based.

With respect to the following matters in item XI "Special Notes" in the full text of this report, which may affect the valuation conclusion but are not material to the standard of practice and the ability of the asset valuer and competence to assess and estimate, the users of this report are reminded to pay particular attention to the following:

(I) The "appraisal value" in this report refers to the fair valuation opinion we put forward for the purpose listed in this report under the condition that the current use of the appraised assets remains unchanged and continues to be valid, as well as under the conditions and the external economic environment on the Valuation Reference Date, and we are not responsible for other purposes.

(II) The valuation conclusion in the report reflects the market value of the valuation object in accordance with the principles of open market and for the purpose of the valuation, which does not consider the relevant expenses and taxes to be borne in the process of property right registration or ownership change of such assets, make any tax adjustment provision for the appraisal appreciation of the assets. The valuation conclusion should not be considered as a guarantee of any realizable price of the valuation object.

(III) During the effective use period of the asset valuation conclusion, if the quantity of assets and the pricing standard change, appropriate adjustments should be made, and the valuation conclusion cannot be directly used.

(IV) In this asset valuation report, for all data appearing in tables or textual representations in the amount of RMB'0,000, where there is a rounding difference between the total and the sum of the sub-values, it is due to rounding and not a measurement error. Users of the report should pay attention to this matter.

(V) Making reference to the conclusion in the reports issued by other institutions:

I) The data of the financial statements from 2020 to 2022 were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023BJAA7B0106. These combined financial statements are pro forma financial statements, which bases, methods and assumptions of preparation are as follows:

"1) These pro forma consolidated financial statements have been prepared for the purpose of the proposed acquisition of the equity interests of the Company by third parties.

2) These pro forma consolidated financial statements are based on the assumption that the Company was established on 1 January 2020 and that the actual registered capital of RMB5,000 million was contributed by investors on 19 January 2022 and 28 June 2022, of which RMB100 million was contributed in monetary funds and the remaining RMB4,900 million was contributed in equity under the same control. In preparing these pro forma consolidated financial statements, it was assumed that this portion of the registered capital has been contributed

as at 1 January 2020, of which the investors have made contributions in monetary funds, which are shown in "other non-current assets" before being paid up.

3) The control of Kasong Science and Technology Co., Ltd. was acquired by way of a business combination not under common control in December 2020, and the identifiable net assets in the consolidated financial statements as at the date of consolidation were measured at the fair value determined on the date of consolidation. As the influence of this company in the Group is relatively small, the Company still includes it in the scope of consolidation in the pro forma financial statements on the date of actual acquisition of control of this company in the preparation of these pro forma consolidated financial statements.

4) Antai (Pingtan) Investment Partnership (Limited Partnership) (hereinafter referred to as Antai Pingtan) was established in 2021 and is a controlled subsidiary of Shandong Lilou Coal Industry Co., Ltd. owned by the Company. Pursuant to the "Proposal on the Application by Luxi Mining for the Transfer of the General Partnership Share of Antai Pingtan by Lilou Coal" passed at the 50th Meeting of the First Session of the board of directors of Shandong Energy Group Company Limited on 25 November 2022, the board of directors of Shandong Energy Group agreed that Shandong Lilou Coal Industry Co., Ltd. owned by the Company should transfer its entire general partnership share of Antai Pingtan to Longkou Mining Group Co., Ltd.. In the preparation of this pro forma financial report, it is deemed that the entire general partnership share of Antai Pingtan held has been transferred since the establishment of Antai Pingtan, and the assets, liabilities, equity and profit and loss of Antai Pingtan for each period are not included in these pro forma financial statements.

5) The second mine rescue team (the "Second Mine Rescue Team") of Shandong Energy Group Company Limited has been in operation since July 2022 and is managed by the Company on its behalf. On 7 December 2022, Shandong Energy Group Company Limited allocated the personnel and assets of the Second Mine Rescue Team into the Company and to be managed as a branch of the Company, and the emergency management branch of Shandong Energy Group Luxi Mining Co., Ltd. was officially established on 19 January 2023. In the preparation of this pro forma financial report, it is deemed that these pro forma financial statements are included in this pro forma financial report since the establishment of the Second Mine Rescue Team.

6) Except for the companies mentioned above, all other companies within the scope of consolidation of the Company were established before 1 January 2020, and the acquisition of equity interests in these companies by the Company are all mergers of companies under the same control. In preparing these pro forma consolidated financial statements, the

audited financial statements of each company for 2020, 2021 and 2022 are used as the basis, assuming that they are included in the scope of consolidation of the pro forma financial statements from 1 January 2020, and measured, depreciated and amortized in the pro forma consolidated financial statements prepared at the carrying value of the respective identifiable net assets of each company beginning from 1 January 2020.

7) As these pro forma consolidated financial statements are prepared on the basis of the assumption that the Company was established on 1 January 2020 and that the structure of consolidation of the Company had been formed and existed independently as at 1 January 2020, the pro forma combined master cash flow statement has been prepared in accordance with the methodology described in this note based on the actual cash flow information for 2020, 2021 and 2022. The supplemental information of the pro forma consolidated statement of cash flows has been prepared on the basis of the pro forma net profit of each company measured, depreciated and amortized at the carrying value of their respective identifiable net assets in the pro forma consolidated financial statements.

8) In addition to the above assumption premises and special basis of preparation, these pro forma consolidated financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance and the related regulations, and based on the accounting policies and accounting estimates described in "V. Significant Accounting Policies and Accounting Estimates" in this note.

9) As the Company was incorporated on 10 December 2021 and received the first initial capital contribution of RMB100 million from investors and commenced actual operations on 19 January 2022, in this pro forma financial report, the relevant financial statements of the parent company have been prepared on the basis of the actual establishment and operation of the Company and the notes to the relevant financial statements of the parent company have been disclosed in accordance with the actual circumstances.

10) Based on the above internal restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group will implement ASBE 22 – Recognition and Measurement of Financial Instruments, ASBE 23 – Transfer of Financial Assets, ASBE 24 – Hedge Accounting, ASBE 14 – Income and ASBE 21 – Leases from 1 January 2020.

The Ministry of Finance, the Ministry of Natural Resources and the Administration of Taxation jointly issued the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) on 24 March 2023, which set out new regulations on the methods of levying transfer proceeds of mineral rights and has been implemented since 1 May 2023. Based on the above internal restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group has implemented the document in advance and, during the reporting period, the annual share of the transfer proceeds calculated based on the relevant proceeds rate of the mineral rights that meet the requirements of the document to levy the transfer proceeds of mineral rights in the form of transfer proceeds rate was included in the unallocated profit at the beginning of the reporting period, and the sales expenses for each period of the reporting period; the accumulated outstanding transfer proceeds payable are presented in other payables."

II) The ownership value of each mineral right included in the scope of valuation was determined based on the appraised value of each mineral right deducted by the estimated possible transfer proceeds, and the mineral rights and estimated possible transfer proceeds were separately commissioned to Beijing Kuangtong Resources Development Consultation Co., Ltd. by the principal for valuation. The valuation results have been confirmed by the principal and have been filed with the corresponding audit of state-owned assets. The Company only made simple summation on the above valuation results.

1. The mining rights involved in the valuation and included in the scope of valuation according to the overall plan of the economic activity were valued separately by Beijing Kuangtong Resources Development Consultation Co., Ltd. engaged by the principal, which has issued the following reports:

Unit: RMB0'000

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation conclusion
Shandong Xinjulong Energy Co., Ltd.	Mining rights of Shandong Xinjulong Energy Co., Ltd. (Coal Mine)	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 015	2,679,531.11
Shandong Lilou Coal Industry Co., Ltd.	Mining rights of Shandong Lilou Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 016	436,847.32
Shandong Tangkou Coal Industry Co., Ltd.	Mining rights of Shandong Tangkou Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 017	383,006.03

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation conclusion
Feicheng Mining Group Shanxian Energy Co., Ltd.	Mining rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 018	84,710.97
Feicheng Mining Group Liangbaosi Energy Co., Ltd.	Mining rights of the Liangbaosi Coal Mine of Feicheng Mining Group LiangbaosiEnergy Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 019	332,321.79
Linyi Mining Group Heze Coal Electricity Co., Ltd.	Mining rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 020	312,622.25
	Mining rights of the Pengzhuang Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 021	27,305.37

In the course of this valuation, the valuers communicated with the mineral rights appraisers. The discounted cash flow method was adopted for the valuation of the mineral rights. The valuation conclusions have not been confirmed and filed with relevant authorities of mining rights. It has been verified that the scope of valuation, the purpose of valuation and the Valuation Reference Date set out in the mining rights valuation report are consistent with this asset valuation report and in line with the requirements of this economic activity and this asset valuation report. In summarizing such parts of the value of the mining rights into this valuation report, we have directly quoted the valuation conclusions issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. The mining rights valuation has not taken into account the impact of the impact ground pressure by mining depths exceeding 1,000m. For details of the calculation process and conclusion of the mining rights consideration, please read the mining rights valuation reports issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. carefully.

2. According to the "14th Five-Year Plan for Energy Development in Shandong Province" (Lu Zheng Zi [2021] No. 143) issued by the People's Government of Shandong Province on 9 August 2021, "taking into account factors such as the endowment of coal resources, mining conditions and the degree of threat of disasters, the coal resources will be classified and dealt with in a precise manner. According to the results of the safety demonstration, the coal mines with impact ground pressure by mining depths exceeding 1,000m will be subject to production restrictions, production suspension and closure measures."

As at the date of the valuation report, no production restrictions, production suspensions or closures have been taken in respect of the appraised entity's coal mines with impact ground pressure by mining depths exceeding 1,000m. This asset valuation has not considered the impact of matters of the impact ground pressure by mining depths exceeding 1,000m on the assessment results.

3. In the course of this valuation, the mining rights of the Pengzhuang Coal Mine and the mining rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd., the mining rights of the Liangbaosi Coal Mine of Feicheng Mining Group Liangbaosi Energy Co., Ltd. and the mining rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd. were disposed of with compensation by way of cash and conversion into national capital. Pursuant to the "Methods of Levying Transfer Proceeds of Mineral Rights" ("Circular 10"), if the relevant authorities levy transfer proceeds of mineral rights in respect of the resource reserves utilized by the aforesaid mineral rights prior to the Valuation Reference Date of this transaction and the corresponding resource reserves of this transaction, the transferor will reveal the future or some of the payment of the transfer proceeds, therefore, the estimated possible transfer proceeds have not been considered in the valuation process in respect of the value of the interests in the above four mineral rights.

Except for the mineral rights involved in the above-mentioned three companies, the remaining estimated possible transfer proceeds involved during the valuation of the ownership value of the mineral rights in this transaction is quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and the details of the estimated possible transfer proceeds of the mineral rights involved are as follows:

Name of entity	Name of mining rights	Estimated possible transfer proceeds
Shandong Tangkou Coal Industry Co., Ltd.	Mining rights of Tangkou Coal	59,380.89
Shandong Lilou Coal Industry Co., Ltd.	Mining rights of Lilou Coal of Yuncheng Coal Mine	53,214.65
Shandong Xinjulong Energy Co., Ltd.	Mining rights of Xinjulong Energy	186,981.79

The parties to the transaction have confirmed themselves to the matters described in the description of the estimated possible transfer proceeds issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and we have directly quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when consolidating the estimated possible transfer proceeds into this valuation report. In order to understand the process and results of the calculation of the estimated possible transfer proceeds, please read carefully the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of which are set out in the appendix of the valuation report.

(VI) Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion:

I) Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted on-site investigation and verification of equipment with relatively large value, while the rest of the equipment was randomly checked using a combination of point and surface. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

II) In this valuation, the asset valuers did not conduct technical testing on the technical parameters and performance of various equipment on the Valuation Reference Date. The asset valuers made a judgment through on-site investigation on the premise that the relevant technical data and operation records provided by the appraised entity are true and valid.

(VII) Incomplete or defective ownership information:

I) 4 vehicles licensed to Linyi Mining Group Co., Ltd. were included in the scope of this valuation, the license holder of these 4 vehicles is Longkou Coal& Electricity Co. Ltd. In this regard, the appraised entity and the license holder jointly issued relevant explanation stating that the property right of the vehicles belongs to Shandong Energy Group Luxi Mining Co., Ltd. and there is no dispute over the property right and undertake to bear the corresponding legal responsibility in case of disputes over the ownership of the transport vehicles.

II) The intangible assets – other intangible assets included in the scope of this valuation are off-balance-sheet assets, which mainly include: invention patents, utility model patents and appearance design patents, and they are transferred from Linyi Mining Group Co., Ltd. at nil consideration. Among which, 11 invention patents are mainly digital-based coal mining and transportation equipment, and a chain-driven coal mining device with multi-station transportation; 108 utility model patents are mainly coal mine robot welding device, robot for underground coal mine welding and a mobile grounding device for local grounding in underground coal mine; 2 appearance design patents are mainly water diversion device and water diversion instrument. Please refer to the detailed asset valuation list for further details.

(VIII) For details of the special notes on foreign investment companies, please refer to item "XI Special Notes" in the full text of this report.

We particularly emphasize that this appraisal opinion only serves as a reference for the value of the proposed acquisition by Yankuang Energy Group Company Limited of the equity interest in Shandong Energy Group Luxi Mining Co., Ltd., and shall not replace the decision of the parties to the transaction on the equity transaction price.

This report and its conclusion are only used for the appraisal purpose set out herein and shall not be used for other purposes.

According to relevant state regulations, the conclusion made in this valuation report is valid for one year from the Valuation Reference Date of 31 December 2022 to 30 December 2023.

The above content is extracted from the text of the valuation report. For the details of the valuation report and correct understanding of the valuation conclusion, please refer to the full text of the asset valuation report.

ASSET VALUATION REPORT ON THE VALUE OF ALL THE SHAREHOLDERS' EQUITY OF SHANDONG ENERGY GROUP LUXI MINING CO., LTD.（山東能源集團魯西礦業有限公司）INVOLVED IN THE PROPOSED ACQUISITION OF THE EQUITY INTEREST OF SHANDONG ENERGY GROUP LUXI MINING CO., LTD. BY YANKUANG ENERGY GROUP COMPANY LIMITED

Zhong Heng Lu Ping Bao Zi (2023) No. 028

Yankuang Energy Group Company Limited:

Shandong Zhongping Hengxin Asset Valuation Co., Ltd. has accepted the engagement by the Company to appraise the market value of all the shareholders' equity of Shangdong Energy Group Luxi Mining Co., Ltd. as at the Valuation Reference Date, i.e. 31 December 2022, involved in the proposed acquisition of the equity interest of Shangdong Energy Group Luxi Mining Co., Ltd. by Yankuang Energy Group Company Limited, by adopting the asset-based approach and carrying out necessary valuation procedures in accordance with the relevant laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectivity and impartiality. Details of the asset valuation are reported as follows:

I. OVERVIEW OF THE PRINCIPAL, THE APPRAISED ENTITY AND OTHER USERS OF THE VALUATION REPORT AS AGREED IN THE ASSET VALUATION ENGAGEMENT CONTRACT

(I) Overview of the Principal

Company name	:	Yankuang Energy Group Company Limited ("**Yankuang Energy**")
Unified social credit code	:	91370000166122374N
Registered address	:	No. 949, Fushan South Road, Zoucheng City, Jining City, Shandong Province
Legal representative	:	Li Wei
Registered capital	:	RMB4,948,703,640
Type of enterprise	:	Joint stock company with limited liability (With investment from Hong Kong, Macau, Taiwan and listed)
Date of establishment	:	25 September 1997
Duration of operation	:	From 25 September 1997 to perpetual

Scope of business	:	Permitted items: Coal mining; public railway transportation; road goods transportation (excluding hazardous goods); port operation; installation, upgrading and maintenance of special equipment; real estate development and operation; catering services; accommodation services; sewage water treatment and recycling; heat generation and supply; inspection and detection services; inspection and detection for safe production; projects construction; type 1 value-added telecommunication services; type 2 value-added telecommunication services. (Items which are subject to approvals required by the laws shall be approved by the relevant authorities, and approval documents or licenses from the relevant authorities shall be obtained for such specified items) General Items: import and export of cargoes and technology; project pricing consultation; investment activities using the company's own funds; corporate management; social and economic consulting services; market research (not involving foreign-related investigations); manufacture of mining machinery; sale of mining machinery; machinery and equipment leasing; general equipment repair; general machinery and equipment installation services; sale of metal materials; sale of machinery and electrical equipment; sale of building materials; sale of timber; manufacture of specialized chemical products (excluding hazardous chemicals); sale of specialized chemical products (excluding hazardous chemicals); manufacture of daily chemical products; sale of coal and coal products; manufacture of coatings (excluding hazardous chemicals); sale of coatings (excluding hazardous chemicals); sale of lubricating oil; sale of petroleum products (excluding hazardous chemicals); sale of chemical products (excluding licensed chemical products)); technological services, technological development, technological consulting, technological exchanges, technology transfer, technology promotion; leasing of non-residential real estate; sale of metal ore; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval); landscaping project construction; scenic spot management; safety technical training for special operators; measurement technology services; planning of corporate image; sale of knitting textile; sale of plastic products; sale of instruments; sale of cement products; production of refractory materials; sale of refractory materials; sale of labor protection products; sale of office supplies; stationery retail; railway transportation auxiliary activities; production of fire-proof sealing materials; sale of fire-proof sealing materials; electronic specialized equipment manufacturing; sale of electronic specialized equipment; software development; network technical services; sale of network equipment; Internet data services; sale of radio and television transmission equipment; sale of communication equipment; repairs and maintenance of motor vehicles; property management; human resources service (excluding occupational intermediary activities and labor dispatch services); integrated information system services; operation and maintenance services of information systems; sale of industrial automatic control system devices; sale of digital video surveillance systems; sale of internet equipment. (Except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws)

(II) Overview of the Appraised Entity

1. Basic Information

Company name	:	Shandong Energy Group Luxi Mining Co., Ltd. ("**Luxi Mining**")
Unified social credit code	:	91371725MA7EK74Q90
Registered address	:	Middle Dongxi Road, Yuncheng County Economic Development Zone, Heze City, Shandong Province
Legal representative	:	Zhang Shengguo
Registered capital	:	RMB5,000,000,000
Type of enterprise	:	Other limited liability company
Date of establishment	:	10 December 2021
Duration of operation	:	From 10 December 2021 to perpetual
Scope of business	:	Permitted items: Coal mining; road goods transportation (excluding hazardous goods). (Items which are subject to approvals required by the laws shall be approved by the relevant authorities, and approval documents or licenses from the relevant authorities shall be obtained for such specified items) General items: asset management services for investment using the Company's own funds; investment activities using the company's own funds; coal washing; sale of coal and coal products; manufacture of mining machinery; repairment of specific equipment; sale of chemical products (excluding licensed chemical products); general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring permission and approval); installation services of general machinery and equipment; business management consulting; mining machinery sales; machinery and equipment leasing; technical services; technology development; technology consulting, technology exchange; technology transfer; technology promotion. (Except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws)

2. *History and development and change of shareholding structure of the Company*

Luxi Mining was established on 10 December 2021. The registered address of the Company is Middle Dongxi Road, Yuncheng County Economic Development Zone, Heze City, Shandong Province, with registered capital of RMB100,000,000, contributed by Linyi Mining Group Co., Ltd. with monetary funds, and the shareholding structure at the time of establishment was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Committed capital contribution	Paid-in capital contribution	Shareholding percentage
1	Linyi Mining Group Co., Ltd.	10,000.00	10,000.00	100%
	Total	**10,000.00**	**10,000.00**	**100%**

On 28 June 2022, Linyi Mining Group Co., Ltd., Xinwen Mining Group Co., Ltd., Longkou Mining Group Co., Ltd., Zibo Mining Group Co., Ltd. and Feicheng Feikuang Coal Industry Co., Ltd. invested in Shandong Energy Group Luxi Mining Co., Ltd. with their respective equity interests held, and the shareholding structure after the change is as follows:

Unit: RMB'0,000

No.	Name of shareholder	Committed capital contribution	Paid-in capital contribution	Shareholding percentage
1	Linyi Mining Group Co., Ltd.	46,800.00	46,800.00	9.36%
2	Xinwen Mining Group Co., Ltd.	200,050.00	200,050.00	40.01%
3	Longkou Mining Group Co., Ltd.	104,650.00	104,650.00	20.93%
4	Zibo Mining Group Co., Ltd.	85,000.00	85,000.00	17.00%
5	Feicheng Feikuang Coal Industry Co., Ltd.	63,500.00	63,500.00	12.70%
	Total	**500,000.00**	**500,000.00**	**100.00%**

As at the Valuation Reference Date, there was no change in the shareholding structure.

3. *Overview of principal assets*

The principal assets of Luxi Mining are divided into current assets and non-current assets. The overview of principal assets is as follow:

Current assets mainly comprise monetary funds, bills receivable, accounts receivable, receivables financing, prepayments, other receivables and other current assets; non-current assets mainly comprise long-term equity investments, fixed assets, long-term deferred expenses and intangible assets. It has a total of ten external investment units, including six wholly-owned subsidiaries and four controlled subsidiaries; fixed assets include machinery and equipment, vehicles and electronic and office equipment; long-term deferred expenses is the transformation fee of office buildings; intangible assets are declared other intangible assets – patent rights.

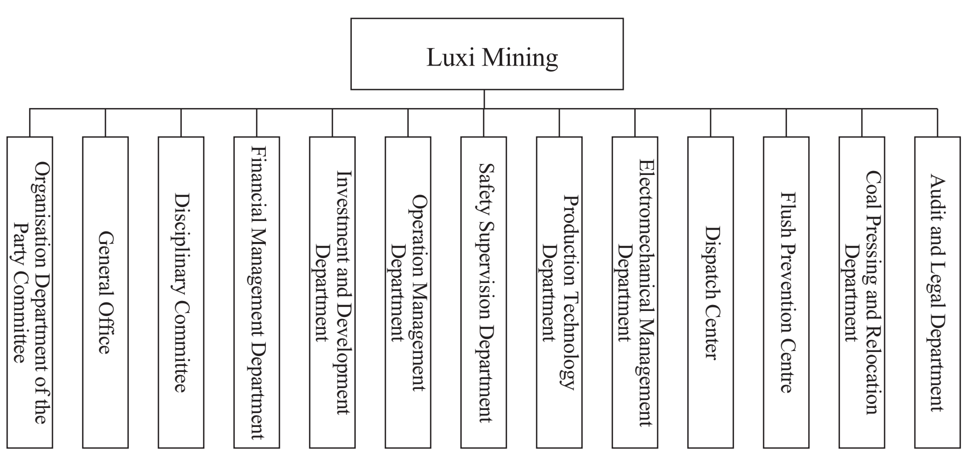
4. *Overview of principal business*

Established in December 2021, Shandong Energy Group Luxi Mining Co., Ltd. is mainly a holding platform to perform management functions and undertake the development, construction and production and operation tasks of Shandong Energy Group in the Luxi region.

5. *Organisation structure*

Shandong Energy Group Luxi Mining Co., Ltd. consists of 13 departments, including: Organisation Department of the Party Committee, General Office, Disciplinary Committee, Financial Management Department, Investment and Development Department, Operation Management Department, Safety Supervision Department, Production Technology Department, Electromechanical Management Department, Dispatch Centre, Flush Prevention Centre, Coal Pressing and Relocation Department and Audit and Legal Department, details are as follows:

Shandong Energy Group Luxi Mining Co., Ltd.



6. Statement of financial position and operating results

Statement of Financial Position (combined)

Unit: RMB0'000

Item	**2020.12.31**	**2021.12.31**	**2022.12.31**
Current assets	2,358,940.25	2,130,534.36	2,030,060.69
Non-current assets	2,745,536.07	2,780,821.01	2,796,554.88
Including: long-term receivables	8,500.00	3,000.00	–
Long-term equity investments	–	–	–
Investment in other equity instruments	30,407.12	30,862.25	30,961.01
Investment properties	–	–	–
Fixed assets	1,810,625.16	1,887,115.07	1,872,952.03
Construction in progress	79,685.94	71,729.09	80,867.44
Right-of-use assets	33,781.75	26,553.42	2,841.88
Intangible assets	660,101.22	648,944.63	640,699.43
Deferred income tax assets	109,280.56	99,462.24	167,439.26
Goodwill	3,154.32	3,154.32	–
Others	10,000.00	10,000.00	793.83
Total assets	**5,104,476.32**	**4,911,355.37**	**4,826,615.58**
Current liabilities	2,744,869.01	2,591,829.25	2,704,052.49
Non-current liabilities	1,356,477.57	1,274,617.20	1,137,124.37
Total liabilities	**4,101,346.58**	**3,866,446.45**	**3,841,176.86**
Net assets	**1,003,129.74**	**1,044,908.92**	**985,438.72**
Minority owners' equity	125,713.06	115,840.11	44,680.57
Owners' equity attributable to parent company	**877,416.68**	**929,068.81**	**940,758.15**

Statement of Operating Results (combined)

Unit: RMB0'000

Item	2020	2021	2022
1. Operating income	1,247,242.94	1,497,971.02	1,771,315.19
Less: Operating costs	757,233.52	717,931.91	753,126.50
Taxes and surcharges	65,274.85	93,457.09	99,397.25
Selling expenses	43,935.48	48,665.79	51,140.94
Management expenses	101,154.76	134,492.37	158,467.19
R&D expenses	31,325.02	43,482.55	57,921.70
Financial expenses	119,616.45	124,818.59	63,205.06
Add: Investment gains	1,813.70	1,796.04	2,400.48
Other gains	6,209.60	6,269.13	3,935.48
Credit impairment loss	-360.62	-1,306.41	-15,675.33
Impairment loss on assets	-444.93	-152.76	-7,550.58
Gain on disposal of assets	-290.12	1,552.04	1,957.99
2. Operating profit	135,630.50	343,280.77	573,124.59
Add: Non-operating income	3,118.49	887.92	727.13
Less: Non-operating expenses	10,874.90	8,949.89	40,350.01
3. Total profit	127,874.09	335,218.79	533,501.70
Less: Income tax expenses	46,988.79	111,837.39	113,417.34
4. Net profit	80,885.30	223,381.40	420,084.36

Statement of Financial Position (parent company)

Unit: RMB0'000

Item	**2022.12.31**
Current assets	503,349.32
Non-current assets	878,773.87
Including: Long-term equity investments	874,583.61
Investment properties	–
Fixed assets	3,391.33
Construction in progress	–
Intangible assets	–
Intangible assets-land use right	–
Others	798.93
Total assets	**1,382,123.19**
Current liabilities	470,207.15
Non-current liabilities	2,200.00
Total liabilities	**472,407.15**
Net assets	**909,716.04**

Statement of Operating Results (parent company)

Unit: RMB0'000

Item	2022
1. Operating income	16,648.04
Less: Operating costs	–
Taxes and surcharges	855.76
Selling expenses	–
Management expenses	25,007.07
R&D expenses	–
Financial expenses	-723.47
Add: Other gains	–
Investment gains	32,564.84
Gains on changes in fair value	–
Credit impairment loss	–
Impairment loss on assets	-20.41
Gain on disposal of assets	–
2. Operating profit	24,053.11
Add: Non-operating income	263.52
Less: Non-operating expenses	35.72
3. Total profit	24,280.90
Less: Income tax expenses	-5.10
4. Net profit	24,286.01

For the financial data set out in the tables above, the data of the financial statements from 2020 to 2022 were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023BJAA7B0106.

7. Overview of Long Term Investment Units

(1) Feicheng Mining Group Shanxian Energy Co., Ltd.（肥城礦業集團單縣能源有限責任公司）

1) Basic information

Company name	:	Feicheng Mining Group Shanxian Energy Co., Ltd.
Unified social credit code	:	9137000067452090X9
Registered address	:	Li Tian Lou Town Government Hall North, Shan County, Heze City, Shandong Province
Legal representative	:	Miao Lei
Registered capital	:	RMB700,000,000
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Date of establishment	:	17 April 2008
Scope of business	:	Mining, washing, processing and sale of coal (valid for the duration of the permit); sales and maintenance of construction materials, coal gangue, hardware and electrical appliances, steel, wood, furniture, mining equipment, daily necessities and electrical accessories; decoration and renovation; processing and sale of rubber products; import and export operations within the scope of record; equipment rental. (Items which are subject to approvals required by the laws shall be approved by the relevant authorities before commencing operation)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Feicheng Mining Group Shanxian Energy Co., Ltd. was as follows:

Unit: RMB0'000

No.	Name of shareholder	Paid-in capital contribution	Shareholding percentage
1	Shandong Energy Group Luxi Mining Co., Ltd.	70,000.00	100.00%
	Total	**70,000.00**	**100.00%**

3) Overview of major assets

The major assets of Feicheng Mining Group Shanxian Energy Co., Ltd. are monetary funds, accounts receivable, other receivables, inventories, fixed assets, intangible assets, long-term deferred expenses and deferred income tax assets.

The mining right included in the scope of valuation is the mining right of Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd. Type of mining: coal; mining method: underground mining; approved production scale: 700,000 tonnes/year; mining area 22.8371km^2; valid period: from 20 November 2012 to 20 November 2032; mining right holder: Feicheng Mining Group Shanxian Energy Co., Ltd.; Mining License No.: C1000002012111110127768.

4) Overview of principal business

Feicheng Mining Group Shanxian Energy Co., Ltd. is a mining enterprise, and its products are mainly washed fine coal, washed blended coal and washed coal slurry.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB'0,000

Item	**2020.12.31**	**2021.12.31**	**2022.12.31**
Current assets	141,105.09	114,700.52	48,635.16
Non-current assets	259,945.30	249,098.37	249,211.12
Including: Long-term equity investments			–
Investment properties			–
Fixed assets	197,291.84	187,809.79	187,823.74
Constructions in progress			–
Intangible assets	59,826.12	58,377.82	57,823.10
Others	2,827.34	2,910.76	3,564.28
Total assets	**401,050.38**	**363,798.89**	**297,846.28**
Current liabilities	265,590.84	222,673.60	215,372.11
Non-current liabilities	95,407.55	97,244.06	37,699.56
Total liabilities	**360,998.39**	**319,917.65**	**253,071.67**
Owners' equity	**40,051.99**	**43,881.24**	**44,774.61**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
1. Operating income	108,059.39	76,346.32	70,736.92
Less: Operating costs	74,137.93	48,763.17	46,067.08
Taxes and surcharges	5,481.23	4,317.96	4,625.65
Selling expenses	670.76	–	–
Management expenses	6,452.12	4,267.36	5,903.95
R&D expenses	3,685.45	4,669.36	2,920.35
Financial expenses	7,797.39	9,768.02	10,346.60
Credit impairment loss	727.42	2.06	-228.07
Asset impairment loss	–	–	
Add: Investment gains	1,329.73	301.12	321.11
Gain on disposal of assets	93.52	40.94	
Other gains	0.53	9.18	
2. Operating profit	10,530.87	4,909.63	1,422.47
Add: Non-operating income	384.91	46.51	5.83
Less: Non-operating expenses	89.90	1,080.43	1,502.95
3. Total profit	10,825.88	3,875.71	-74.65
Less: Income tax expenses	-1,523.97	-23.39	-216.61
4. Net profit	12,349.85	3,899.10	141.96

(2) Shandong Lilou Coal Industry Co., Ltd.（山東李樓煤業有限公司）

1) Basic information

Name	:	Shandong Lilou Coal Industry Co., Ltd.
Unified social credit code	:	91370000795346514H
Type	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Address	:	Lilou Village, Pandu Town, Heze City, Yuncheng County, Shandong Province
Legal representative	:	Zhou Jian
Registered capital	:	RMB643,526,000
Date of establishment	:	02 November 2006
Scope of business	:	Coal mining; engineering projects construction; construction labour subcontracting; catering services; snack and grocery; food production; retail of tobacco products; heat generation and supply. (Items which are subject to approvals required by the laws shall be approved by the relevant authorities, and approval documents or licenses from the relevant authorities shall be obtained for such specified items) General items: sale of coal and coal products; coal washing; manufacture of mining machinery; sale of mining machinery; repairment of specific equipment; labour services (excluding labour dispatch); sale of dietary supplements (pre-packaged); food sale (only sale of pre-packaged food); sale of general merchandise; retail of hardware products; sale of work protective products; non-edible salt processing; sale of non-edible salt; water resource management; sale of construction material; sale of construction and decoration material; geological survey technical services. (Except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Shandong Lilou Coal Industry Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Paid-in capital contribution	Percentage of paid-in capital
1	Shandong Energy Group Luxi Mining Co., Ltd.	64,352.60	100.00%
	Total	**64,352.60**	**100.00%**

3) Overview of major assets

The major assets of Shandong Lilou Coal Industry Co., Ltd. are monetary funds, accounts receivable, prepayments, other receivables, inventories, fixed assets, intangible assets, long-term deferred expenses and deferred income tax assets.

Among them, the intangible asset mining right is the mining right of Shandong Lilou Coal Industry Co., Ltd., and the certificate number is C1000002011011110107893. Mining right holder: Shandong Lilou Coal Industry Co., Ltd.; Type of mine: coal; Mining method: underground mining; Production scale: 2.4 million tonnes/year; Mining area: 198.284 square kilometres, the mining area is defined by 20 inflection points, the mining elevation is from -450.0m to -1,750.0m; Validity period: 15 years from 5 January 2021 to 5 January 2036.

4) Overview of principal business

Shandong Lilou Coal Industry Co., Ltd. is located in Lilou Village, Pandu Town, Heze City, Yuncheng County, Shandong Province, established on 2 November 2006 and funded by the Shandong Provincial Prison Administration. The company is mainly engaged in the mining, washing and sale of coal and other businesses. Being a mining enterprise, the products of the company are mainly washed coal, washed blended coal, washed coal slurry.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB'0,000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	151,495.16	201,009.88	200,048.02
Non-current assets	981,666.82	960,611.53	928,097.33
Including: Long-term equity investments			–
Investment properties			–
Fixed assets	521,301.28	511,098.65	506,039.06
Construction in progress	15,092.43	9,709.36	1,960.86
Intangible assets	397,483.67	394,061.77	390,682.63
Others	47,789.44	45,741.75	29,414.78
Total assets	**1,133,161.98**	**1,161,621.41**	**1,128,145.35**
Current liabilities	495,504.96	422,894.99	566,976.93
Non-current liabilities	251,299.73	307,144.93	124,498.97
Total liabilities	**746,804.70**	**730,039.91**	**691,475.90**
Owners' equity	**386,357.28**	**431,581.49**	**436,669.46**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
1. Operating income	186,536.49	237,671.49	304,955.34
Less: Operating costs	105,406.53	120,224.29	116,665.00
Taxes and surcharges	10,545.76	12,690.47	17,263.96
Selling expenses	3,878.08	4,343.17	6,038.05
Management expenses	7,945.68	8,425.16	11,623.84
R&D expenses	2,628.13	7,444.64	9,182.46
Financial expenses	25,311.99	22,971.96	20,875.29
Impairment loss on assets	169.77	-1,261.78	-17,500.56
Add: Investment gains	75.13	191.51	1,291.49
Gain or loss on disposal of assets	-317.08	0.31	1,490.46
Other gains	145.91	65.22	73.73
2. Operating profit	30,894.03	60,567.05	108,661.87
Add: Non-operating income	425.42	381.75	148.44
Less: Non-operating expenses	185.56	956.75	27,367.88
3. Total profit	31,133.89	59,992.05	81,442.44
Less: Income tax expenses	8,311.28	15,393.07	30,518.96
4. Net profit	22,822.62	44,598.99	50,923.48

(3) Kasong Science and Technology Co., Ltd.

1) Basic information

Name	:	Kasong Science and Technology Co., Ltd.
Unified social credit code	:	913708007752623213
Address	:	Junction of Chenguang Road and Changxing Road, New Materials Industrial Park, Yunhe Economic Development Zone, Rencheng District, Ji'ning City, Shandong Province
Registered capital	:	RMB76,393,100
Legal representative	:	Zhao Zhiyu
Type	:	Limited liability company (invested or controlled by non-listed and natural person)
Date of establishment	:	28 April 2005
Scope of business	:	wholesale of solvent oil, naphtha and coal tar (operating without storage facilities) (operated with license and validity period is subject to the license); research and development, production and sale of lubricating oil (including transformer oil, heat transfer oil and industrial white oil) and lubricant; wholesale and retail of chemical products (excluding hazardous chemicals), chemical machinery equipment, hardware and electricity and labour protection products (excluding special products); wholesale of fuel oil, triethanolamine and lubricating oil; lubricating oil testing services; research and production and development of new petrochemical products and technologies; import and export of cargoes and technology (except for companies whose operation is restricted or prohibited by the state). (Items which are subject to approvals required by the laws shall be approved by the relevant authorities)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Kasong Science and Technology Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Committed capital contribution	Paid-in capital contribution	Shareholding percentage
1	Shandong Energy Group Luxi Mining Co., Ltd.	3,896.05	3,896.05	51.00%
2	Jining Kasong Enterprise Management Consultation Co., Ltd.（濟寧卡松企業管理諮詢有限責任公司）	2,131.94	2,131.94	27.91%
3	Zhao Zhiyu	1,611.32	1,611.32	21.09%
	Total	**7,639.31**	**7,639.31**	**100.00%**

3) Overview of major assets

The major assets of Kasong Science and Technology Co., Ltd. are bills receivables, accounts receivables, inventories, buildings, machinery and equipment and land use rights etc.

4) Overview of principal business

Kasong Science and Technology Co., Ltd. mainly produce lubricating oil.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB'0,000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	28,300.21	24,684.74	20,474.54
Non-current assets	11,717.94	11,393.59	11,429.99
Of which: Long-term equity investments	–	–	–
Investment properties	–	–	–
Fixed assets	10,190.06	9,928.82	9,909.99
Construction in progress	–	–	–
Intangible assets	1,322.84	1,293.88	1,264.91
Others	205.04	170.89	255.09
Total assets	**40,018.15**	**36,078.33**	**31,904.53**
Current liabilities	10,627.90	7,094.48	13,621.40
Non-current liabilities	367.15	318.17	345.72
Total liabilities	**10,995.04**	**7,412.66**	**13,967.11**
Net assets	**29,023.10**	**28,665.67**	**17,937.42**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
I. Operating income	18,020.27	23,836.63	28,483.59
Less: Operating costs	12,932.04	18,524.91	24,974.01
Taxes and surcharges	243.55	260.87	272.53
Selling expenses	1,560.52	1,736.65	1,768.48
Management expenses	616.72	833.77	1,480.30
Research and development expenses	767.07	813.21	1,009.21
Finance expenses	356.31	65.31	162.10
Add: investment gains	-386.76	–	–
Other gains	–	1.01	237.30
Credit impairment loss	274.79	16.92	232.56
Impairment loss on assets	–	–	100.00
Gain on investment	-386.76	–	–
Gain on disposal of assets	–	–	–
II.Operating profit	882.52	1,585.99	-1,278.30
Add: Non-operating income	45.36	68.72	1.61
Less: Non-operating expenses	23.82	9.39	39.78
III.Total profit	904.06	1,645.32	-1,316.47
Less: Income tax expenses	84.77	127.75	-263.22
IV.Net profit	819.29	1,517.57	-1,053.25

(4) Shandong Tangkou Coal Industry Co., Ltd.（山東唐口煤業有限公司）

1) Basic information

Company name	:	Shandong Tangkou Coal Industry Co., Ltd.
Unified social credit code	:	913700006667367359
Date of establishment	:	20 September 2007
Address	:	Limiao Village, Nanzhang Town, Rencheng District, Jining City
Registered capital	:	RMB506,981,200
Legal representative	:	Zhuang Fuyong
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Scope of business	:	General items: coal washing; coal and coal products sales; metal materials sales; construction materials sales; used goods sales; mining machinery sales; machinery and equipment leasing; house leasing; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion (Except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws) Permitted items: coal mining; geological disaster management engineering survey; mapping services; catering services. (Items which are subject to approvals required by the laws shall be approved by the relevant authorities, and specific business items are subject to approval results)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Shandong Tangkou Coal Industry Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Committed capital contribution	Paid-in capital contribution	Method of capital contribution	Shareholding percentage
1	Shandong Energy Group Luxi Mining Co., Ltd.	36,000.00	36,000.00	Cash	100.00%
		14,698.12	14,698.12	Land use rights	
	Total	**50,698.12**	**50,698.12**		**100.00%**

3) Overview of major assets

The major assets of Shandong Tangkou Coal Industry Co., Ltd. are monetary funds, accounts receivable, prepayments, other receivables, inventories, fixed assets, intangible assets, long-term deferred expenses and deferred income tax assets.

Among the intangible assets, the mining right is C1000002011011120107090 Mining License. The mining right holder is Shandong Tangkou Coal Industry Co., Ltd. and the mining area is defined by the coordinates of 20 inflection points, covering an area of 72.2189km^2, with an approved mining elevation of -650m to -1300m and a validity period from 23 March 2012 to 10 February 2030.

4) Overview of principal business

Shandong Tangkou Coal Industry Co., Ltd. is a mining company and its products are mainly washed fine coal, washed blended coal and washed coal slurry.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB'0,000

Item		As at 31 December 2020	As at 31 December 2021	As at 31 December 2022
Current assets		431,944.48	413,815.48	472,156.75
Non-current assets		163,611.80	162,487.14	150,989.89
Of which:	Long-term equity investments	11,992.81	11,992.81	–
	Investment properties	–	–	–
	Fixed assets	116,200.73	113,855.05	108,074.46
	Construction in progress	–	–	-488.27
	Intangible assets	16,627.62	16,238.88	19,165.66
	Others	18,790.64	20,400.40	23,261.49
Total assets		**595,556.28**	**576,302.62**	**623,146.64**
Current liabilities		466,247.35	401,024.67	379,122.05
Non-current liabilities		49,424.14	48,496.70	85,974.91
Total liabilities		**515,671.48**	**449,521.38**	**465,096.96**
Net assets		**79,884.80**	**126,781.25**	**158,049.68**

Statement of Operating Results

Unit: RMB'0,000

Item	2020.12.31	2021.12.31	2022.12.31
I. Operating income	232,700.51	319,708.71	357,638.82
Less: Operating costs	177,493.57	179,329.69	185,762.07
Taxes and surcharges	12,062.94	15,956.56	18,277.51
Selling expenses	8,386.04	10,087.75	10,671.45
Management expenses	14,388.97	19,765.05	19,211.63
Research and development expenses	1,294.78	2,953.18	7,173.34
Finance expenses	87.97	816.85	-177.85
Add: Other gains	1,017.51	1,194.66	1,258.34
Credit impairment loss	–	10.29	-53.95
Impairment loss on assets	77.51	–	94.85
Gain on disposal of assets	–	-16.00	-206.73
Gain on investment	–	–	153.00
II. Operating profit	19,926.24	92,000.00	118,297.85
Add: Non-operating income	904.38	274.07	198.93
Less: Non-operating expenses	96.32	132.78	90.44
III. Total profit	20,734.30	92,141.29	118,406.33
Less: Income tax expenses	5,716.01	23,666.19	30,405.04
IV. Net profit	15,018.29	68,475.10	88,001.28

(5) Feicheng Mining Group Liangbaosi Energy Co., Ltd.（肥城礦業集團梁寶寺能源有限責任公司）

1) Basic information

Name of enterprise	:	Feicheng Mining Group Liangbaosi Energy Co., Ltd.
Unified social credit code	:	91370000779717557X
Registered address	:	Liangbaosi Town, Jiaxiang County, Jining City, Shandong Province
Legal Representative	:	Wang Jian
Registered capital	:	RMB507,800,000
Type of enterprise	:	Limited liability company
Date of establishment	:	22 August 2005
Scope of business	:	Mining, processing and sale of coal; accommodation. (Valid period of the above items as stated in the license). Manufacture and repair of mining machinery and electrical accessories; processing of rubber products, construction materials, hardware and electricity, steel, mining accessories, daily necessities, coal gangue, furniture sales, vocational skills training, housing, machinery and equipment leasing; road freight transport (items which are subject to approval in accordance with the law shall be carried out after being approved by the related departments).

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Feicheng Mining Group Liangbaosi Energy Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Capital contribution	Shareholding percentage
1	Shandong Energy Group Luxi Mining Co., Ltd.	42,500.00	85.00%
2	Shandong Yongchang Investment Co., Ltd.	7,500.00	15.00%
	Total	**50,000.00**	**100.00%**

3) Overview of major assets

The major assets of Feicheng Mining Group Liangbaosi Energy Co., Ltd. are monetary funds, accounts receivable, prepayments, other receivables, inventories, fixed assets, intangible assets, and other current assets.

Among the intangible assets, the Mining Right Certificate No. C1000002010061110070549 has an approved mine area located by 12 inflection points and covers an area of 95.2866km^2, with mining depths ranging from +40m to -1,200m elevation. The mine has two industrial sites, one at the first level and one at the second level, with six shafts including the main shaft, secondary shaft and air shaft. The mine is divided into 2 mining levels: the first level elevation is at -708m and the second level elevation is at -1,020m, both mining 3 coal seams.

4) Overview of principal business

Feicheng Mining Group Liangbaosi Energy Co., Ltd. is a mining enterprise whose products are mainly washed fine coal, washed blended coal and washed coal slurry.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	111,991.78	95,644.88	34,721.46
Non-current assets	264,846.72	254,246.44	301,322.24
Of which: Long-term equity investments			–
Investment properties			–
Fixed assets	245,263.62	234,992.20	238,896.91
Construction in progress			
Intangible assets	16,465.61	16,142.35	15,920.37
Others	3,117.49	3,111.89	46,504.96
Total assets	**376,838.50**	**349,891.32**	**336,043.70**
Current liabilities	220,977.54	263,529.21	173,590.66
Non-current liabilities	73,664.22	71,777.06	251,034.12
Total liabilities	**294,641.76**	**335,306.27**	**424,624.78**
Owners' equity	**82,196.74**	**14,585.04**	**-88,581.08**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
I. Operating income	103,547.39	1,553.46	43,135.10
Less: Operating costs	69,814.36	120.71	33,511.71
Taxes and surcharges	5,227.85	914.60	2,546.47
Selling expenses	6,487.58	2,074.56	3,168.04
Management expenses	34,054.37	57,872.91	36,315.82
Finance expenses	10,710.83	8,372.53	10,670.85
Impairment loss on assets	-195.55	–	-1,609.13
Add: Gain on investment	220.99	274.46	94.41
II. Operating profit	-25,688.97	-66,826.43	-43,808.66
Add: Non-operating income	694.54	1.30	25.66
Less: Non-operating expenses	4,558.06	331.92	4,477.60
III. Total profit	-29,552.49	-67,157.04	-48,260.60
Less: Income tax expenses	–	–	-46,383.13
IV. Net profit	-29,552.49	-67,157.04	-1,877.47

(6) Shandong Menglu Mining Engineering Co., Ltd.（山東盟魯採礦工程有限公司）

1) Basic Information

Name of enterprise	:	Shandong Menglu Mining Engineering Co., Ltd. ("**Menglu Engineering**")
Unified social credit code	:	91370800MA3CDCP22Q
Registered address	:	Wangin Town, Jining High-tech Zone
Legal representative	:	Zhao Yanjun
Registered capital	:	RMB50.00 million
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Date of establishment	:	7 July 2016

Scope of business	:	General items: coal washing; manufacture of rubber products; manufacture of metal wire rope and its products; manufacture of material handling equipment; manufacture of general equipment (excluding special equipment manufacture); manufacture of mining machinery; repair of metal products; repair of general equipment; repair of special equipment; repair of electrical equipment; manufacture of special equipment for environmental protection; sale of special equipment for environmental protection; sale of coal and coal products; sale of mining machinery; sale of lubricating oils; sale of mechanical and electrical equipment; leasing of mechanical equipment; manufacture of metal materials; sale of metal materials; leasing of non-residential real estate; leasing of land use rights; production of bearing steel products; steel rolling processing; metal cutting processing services; sale of bearings; sale of chemical products (excluding permitted chemical products); manufacture of synthetic materials (excluding dangerous chemicals); sale of metal wiring and its products; storage of refined oil products (excluding dangerous chemicals); labour services (excluding labour dispatch); domestic freight forwarding agency; general machinery and equipment installation services; engineering management services; engineering technical services (excluding planning management, prospecting, design and supervision); metering technical services; network technical services; 5G communication technical services; information consulting services (excluding licensed information consulting services); information technology consulting services; human resources services (excluding employment agency activities and labour dispatch services); manufacture of electrical and mechanical equipment. (Except for items subject to approval in accordance with the law, business activities shall be carried out independently in accordance with the business licence) Permitted items: construction works; labour dispatch services; inspection and testing services; quality inspection of construction works. (For items that require approval according to law, business activities can only be commenced after approval by the relevant departments; specific business items are subject to the approval documents or permits of the relevant departments)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Shandong Menglu Mining Engineering Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Paid-in capital	Shareholding percentage
1	Shandong Energy Group Luxi Mining Co., Ltd.	5,000.00	100.00%
	Total	**5,000.00**	**100.00%**

3) Overview of major assets

The major assets of Shandong Menglu Mining Engineering Co., Ltd. are accounts receivable, inventories, fixed assets and intangible assets.

4) Overview of principal business

Shandong Menglu Mining Engineering Co., Ltd. is a professional company integrating various industries such as production of full series of mining support products, maintenance of integrated machine equipment, production of belt conveyors and accessories, production of scraper conveyors and accessories, processing of high-pressure hoses, and operation of professional teams, etc. The company has level two qualification in general contracting for mining construction and level three qualification in general contracting for electrical and mechanical installation. The company is committed to providing quality products and technical services to coal mining companies and is dedicated to building a comprehensive mining service provider.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB'0,000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	149.19	11,351.44	20,995.45
Non-current assets	20,183.98	19,148.81	18,852.45
Of which: Available-for-sale financial assets	–	–	–
Investment properties	–	–	–
Fixed assets	12,562.24	11,722.60	11,126.41
Construction in progress	–	–	–
Intangible assets	7,621.74	7,426.20	7,254.62
Deferred tax assets	–	–	135.83
Other non-current assets	–	–	–
Total assets	**20,333.17**	**30,500.24**	**39,512.32**
Current liabilities	320.39	10,267.40	20,002.89
Non-current liabilities		172.00	151.00
Total liabilities	**320.39**	**10,439.40**	**20,153.89**
Net assets (Owners' equity)	**20,012.78**	**20,060.84**	**19,358.42**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
I. Operating income	3.98	15,714.97	24,054.55
Less: Operating costs		12,149.19	17,610.07
Taxes and surcharges	0.06	488.46	486.99
Selling expenses		162.07	307.20
Management expenses	0.09	2,324.78	3,593.82
Research and development expenses		406.04	2,424.36
Finance expenses	5.01	165.90	-20.13
Add: Impairment loss on assets			-621.67
Gain on disposal of assets			130.38
Other gains			0.98
II. Operating profit	-1.17	18.54	-838.09
Add: Non-operating income		0.56	1.68
Less: Non-operating expenses		0.08	0.02
III. Total profit	-1.17	19.02	-836.43
Less: Income tax expenses	0.96	-0.77	-135.83
IV. Net profit	-2.13	19.79	-700.59

(7) Linyi Mining Group Heze Coal Electricity Co., Ltd. (臨沂礦業集團菏澤煤電有限公司)

1) Basic information

Name	:	Linyi Mining Group Heze Coal Electricity Co., Ltd. ("**Heze Coal Electricity**")
Unified social credit code	:	913700001688680816
Type of enterprise	:	Limited liability company
Address	:	Middle section of Dongxi Road, Economic Development Zone, Yuncheng County, Heze City, Shandong Province
Legal representative	:	Shen Shibao
Registered capital	:	RMB850,000,000
Date of establishment	:	31 December 2001

Scope of business	:	Permitted items: coal mining [branch operation]; power generation, transmission and supply business; various engineering construction activities; aquaculture; public railway transportation. (Items requiring approval in accordance with the law may only be carried out with the approval of the relevant authorities, and the specific items of operation shall be subject to the approval documents or permits of the relevant authorities) General items: coal washing; mineral washing and processing; coal activated carbon and other coal processing; coal products manufacturing; sale of coal and coal products; mining machinery manufacturing; mining machinery sales; general equipment manufacturing (excluding special equipment manufacturing); general parts and components manufacturing; processing of machinery parts and components; sales of machinery parts and components; manufacture of metal materials; sales of metal materials; manufacture of special equipment (excluding manufacture of special equipment under permission); sales of machinery and equipment; safety training of special operators; business training (excluding education training, vocational skills training and other training requiring permission); business management; technical services, technical development, technical consultation, technical services, technical development, technical consultation, technical exchange, technical transfer, technical promotion; rental of non-residential premises; rental of residential premises; rental of machinery and equipment; railway transport auxiliary activities; general machinery and equipment installation services; repair of special equipment; repair of general equipment; floriculture; sale of gift flowers; tree planting operations; sale of forestry products; fruit planting; retail sale of fresh fruit; wholesale of fresh fruit; vegetable planting; wholesale of fresh vegetables; retail sale of fresh vegetables; leisure and tourism activities; earthwork construction; processing of metal waste and debris. (Except for items subject to approval in accordance with the law, the business activities are carried out independently in accordance with the business licence)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Linyi Mining Group Heze Coal Electricity Co., Ltd. was as follows:

Unit: RMB'0,000

	Subscribed contribution		Paid-in capital	
Name of shareholder	**Amount**	**Percentage**	**Amount**	**Percentage**
Shandong Energy Group Luxi Mining Co., Ltd.	71,054.13	83.59%	71,054.13	83.59%
Shandong Energy Group Chuang Yuan Investment Co.,Ltd.	111,13.05	13.08%	111,13.05	13.08%
Heze Investment Development Group Co., Ltd.	2,832.82	3.33%	2,832.82	3.33%
Total	**85,000.00**	**100.00%**	**85,000.00**	**100.00%**

3) Overview of major assets

The major assets of Linyi Mining Group Heze Coal Electricity Co., Ltd. are monetary funds, accounts receivable, other receivables, inventories, fixed assets, intangible assets, and deferred income tax assets.

There are two mining rights for intangible assets:

One of them is Certificate No. C1000002011071110116460; mining right holder: Linyi Mining Group Heze Coal Electricity Co., Ltd.; type of mine: coal; mining method: underground mining; production scale: 2.4 million tonnes per year; mine area covers 69.3293 square kilometres, which is located by 24 inflection points with mining depths ranging from -600m to -1,200m elevation. Validity period: 30 years from 16 December 2004 to 16 December 2034.

Another certificate number is C1000002011071110116461. Mining right holder: Linyi Mining Group Heze Coal Electricity Co., Ltd.; type of mine: coal; mining method: underground mining; production scale: 450,000 tonnes/year; mine area: 67.1928 square kilometres, which is located by 18 inflection points with mining depths ranging from -450m to -1,200m elevation (Note: the elevation of the shaft works is up to the ground surface); validity period: sixteen years and five months, from 5 February 2018 to 7 July 2034.

4) Overview of principal business

Linyi Mining Group Heze Coal Electricity Co., Ltd. is a mining enterprise and its products are mainly washed fine coal, washed blended coal and washed coal slurry.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item		**2020.12.31**	**2021.12.31**	**2022.12.31**
Current assets		106,346.39	189,659.21	234,042.72
Non-current assets		466,850.88	491,323.96	475,882.83
Of which:	Long-term equity investments	–	–	–
	Investment properties	–	–	–
	Fixed assets	360,215.14	383,635.87	374,244.78
	Construction in progress	1,797.30	8,054.77	6,292.31
	Intangible assets	95,893.43	94,247.26	88,299.37
	Deferred income tax assets	8,945.01	5,386.06	7,046.37
Total assets		**573,197.27**	**680,983.17**	**709,925.54**
Current liabilities		230,806.37	316,013.80	279,647.05
Non-current liabilities		236,790.57	244,667.24	335,851.32
Total liabilities		**467,596.95**	**560,681.04**	**615,498.37**
Owners' equity		**105,600.33**	**120,302.12**	**94,427.18**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
I. Operating income	246,213.24	275,050.90	357,028.92
Less: Operating costs	139,533.08	129,826.32	162,539.48
Taxes and surcharges	14,983.22	15,062.94	20,839.98
Selling expenses	1,928.52	1,651.18	1,726.12
Management expenses	7,658.92	12,973.00	21,992.95
Research and development expenses	9,732.05	14,558.65	15,264.47
Finance expenses	13,117.22	17,042.89	16,836.40
Add: Other gains	1,203.07	2,929.56	1,177.02
Credit impairment loss ("-" for loss)	22.92	–21.79	-67.78
Impairment loss on assets ("-" for loss)	–	–	-8.03
Gain or loss on disposal of assets ("-" for loss)	25.41	6.45	-1,344.96
II. Operating profit	60,511.64	86,850.15	117,585.76
Add: Non-operating income	281.71	-31.81	60.04
Less: Non-operating expenses	290.19	1,087.40	1,660.36
III. Total profit	60,503.15	85,730.93	115,985.44
Less: Income tax expenses	14,549.41	20,737.55	28,804.78
IV. Net profit	45,953.74	64,993.38	87,180.66

(8) Shandong Xinjulong Energy Co., Ltd.（山東新巨龍能源有限責任公司）

1) Basic information

Name of enterprise	:	Shandong Xinjulong Energy Co., Ltd.
Registration number for the license of the business corporation	:	913700007563990580
Registered address	:	Longgu Town, Juye County
Legal representative	:	Zheng Xingbo
Registered capital	:	RMB1,000 million
Type of enterprise	:	Limited liability company (joint venture between Taiwan, Hong Kong, Macau and mainland China)
Date of establishment	:	19 November 2003
Scope of business	:	Sales of construction materials and mining machinery; coal mining, washing and processing, consulting services on coal mining technology; maintenance of railways for own use in the mine area. (Items requiring approval in accordance with the law may only be carried out with the approval of the relevant authorities, the validity period of which is stated in the permit)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Shandong Xinjulong Energy Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed contribution	Paid-in capital	Shareholding percentage
1	Shandong Energy Group Luxi Mining Co., Ltd.	60,000.00	60,000.00	60%
2	Jun Xiao Co., Ltd.	30,000.00	30,000.00	30%
3	Juye Lulin Mining Co., Ltd.	10,000.00	10,000.00	10%
	Total	**100,000.00**	**100,000.00**	**100%**

3) Overview of major assets

The major assets of Shandong Xinjulong Energy Co., Ltd. comprise current assets, long-term equity investments, investments in other equity instruments, fixed assets, construction in progress, intangible assets, right-of-use assets and deferred income tax assets.

The company currently has a Mining Certificate No. C1000002008061110000037; type of mine: coal; mining method: underground mining; production scale: 6 million tonnes per year; mine area: 142.2894 square kilometres; validity period: from 21 June 2008 to 18 September 2033.

4) Overview of principal business

Located in Longgu Town, Juye County, Shandong Xinjulong Energy Co., Ltd. had its construction started in June 2004 and commenced operation at the end of 2009. The coal type is mainly fatty coal, a high-quality and scarce coking coal with low ash, low sulphur, low phosphorus, high heating capacity and strong adhesion.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item		2020.12.31	2021.12.31	2022.12.31
Current assets		1,348,318.90	1,031,577.20	1,007,222.72
Non-current assets		512,942.97	572,026.06	597,375.50
Of which:	Long-term equity investments	–	–	–
	Equity investments	–	–	–
	Fixed assets	315,941.86	402,718.49	402,133.89
	Construction in progress	62,796.22	53,964.96	72,012.49
	Intangible assets	34,049.64	33,321.04	32,713.75
	Others	100,155.25	82,021.57	90,515.37
Total assets		**1,861,261.87**	**1,603,603.26**	**1,604,598.22**
Current liabilities		1,025,705.45	916,664.94	1,109,140.58
Non-current liabilities		625,728.33	483,538.28	291,573.71
Total liabilities		**1,651,433.78**	**1,400,203.22**	**1,400,714.29**
Owners' equity		**209,828.09**	**203,400.04**	**203,883.93**

Statement of Operating Results

Unit: RMB0'000

Item	2020	2021	2022
I. Operating income	349,770.33	518,217.60	573,721.70
Less: Operating costs	171,381.52	188,985.21	183,487.99
Taxes and surcharges	16,520.37	43,147.80	33,485.03
Selling expenses	21,709.44	27,818.64	26,388.41
Management expenses	28,473.45	25,012.47	30,645.09
Research and development expenses	9,984.39	12,551.51	18,315.81
Finance expenses	62,270.92	65,318.79	4,153.82
Add: Gain on investment	1,416.33	1,289.13	1,014.59
Other gains	1,812.63	1,045.39	78.32
Credit impairment loss			
Impairment loss on assets			71.60
Gain or loss on disposal of assets		1,520.10	
II. Operating profit	42,659.20	159,237.80	278,266.86
Add: Non-operating income	401.54	142.35	28.64
Less: Non-operating expenses	5,597.16	5,341.78	5,035.63
III. Total profit	37,463.58	154,038.37	273,259.87
Less: Income tax expenses	20,259.88	50,756.95	68,936.93
IV. Net profit	17,203.70	103,281.42	204,322.94

(9) Xinkuang Juye Coal Processing Co., Ltd. (新礦巨野選煤有限公司)

1) Basic Information

Name of enterprise	:	Xinkuang Juye Coal Processing Co., Ltd.
Unified social credit code	:	91371724MA3C51505C
Registered address	:	South of National Highway 327, Government Residence, Longgu Town, Juye County, Heze City, Shandong Province
Legal representative	:	Zheng Xingbo
Registered Capital	:	RMB10 million
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Date of establishment	:	31 December 2015
Scope of business	:	Washing and processing of coal products; market research and new product development; design and modification of coal processing technology; processing, sale, repair and installation of coal processing equipment; coal processing technical services. (Items requiring approval in accordance with the law may only be carried out with the approval of the relevant authorities)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Xinkuang Juye Coal Processing Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed contribution	Paid-in capital	Percentage of paid-in capital
1	Shandong Energy Group Luxi Mining Co., Ltd.	1,000.00	1,000.00	100.00%
	Total	**1,000.00**	**1,000.00**	**100.00%**

3) Overview of major assets

Major assets of Juye Coal Processing include: monetary funds, receivables financing, accounts receivable, other receivables, fixed assets and intangible assets.

4) Overview of principal business

Since 2015, Xinkuang Juye Coal Processing Co., Ltd. has been responsible for the production and operation of the coal processing plant of Shandong Xinjulong Energy Co., Ltd.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	8,765.55	15,453.63	14,775.46
Non-current assets	73.09	26.57	185.99
Of which: Long-term equity investments	–	–	–
Investment properties	–	–	–
Fixed assets	26.07	25.75	1.34
Long-term deferred expenses	–	–	–
Intangible assets	1.01	0.82	0.62
Others	46.01	–	184.03
Total assets	**8,838.64**	**15,480.20**	**14,961.45**
Current liabilities	6,440.23	7,692.40	8,092.22
Non-current liabilities	97.20	45.79	138.84
Total liabilities	**6,537.43**	**7,738.19**	**8,231.06**
Net assets	**2,301.21**	**7,742.01**	**6,730.39**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
I. Operating income	9,297.21	19,016.85	16,488.26
Less: Operating costs	8,012.16	10,954.60	10,404.84
Taxes and surcharges	70.19	168.17	130.42
Selling expenses	–	–	–
Management expenses	143.09	560.28	743.51
Research and development expenses	–	–	–
Finance expenses	2.68	4.39	–0.21
Impairment loss on assets	7.73	–	–
Credit impairment loss	0.28	28.20	0.12
Add: Other gains	–	–	–
Gain on investment	–	–	–
Gain on disposal of assets	–	–	0.57
II. Operating profit	1,077.10	7,357.61	5,210.39
Add: Non-operating income	–	1.15	–
Less: Non-operating expenses	61.55	–	1.31
III. Total profit	1,015.55	7,358.76	5,209.08
Less: Income tax expenses	739.32	1,917.97	1,428.65
IV. Net profit	276.23	5,440.79	3,780.43

(10) Shandong Zikuang Railway Transportation Co., Ltd.（山東淄礦鐵路運輸有限公司）

1) Basic information

Name of enterprise	:	Shandong Zikuang Railway Transportation Co., Ltd.
Unified social credit code	:	91370800MA3DMHQL88
Registered address	:	North of National Highway 327, Residence office of Huangtun Street, Jining High-tech Zone
Legal representative	:	Ren Mingqiang
Registered capital	:	RMB106.56 million
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Date of establishment	:	11 May 2017

Scope of business	:	Railway freight transport; freight transport; general cargo storage (excluding dangerous chemicals); loading and unloading services; trading of coal; sale of coke, coal slurry, feeds, organic fertilizers, metals and metal ores, iron ore powder, ferroalloys, non-ferrous metal alloys, metal products, non-metallic minerals and products, chemical materials and products (excluding dangerous chemicals), rubber and rubber products, lubricating oil, fuel oil, building materials, plastic products, machinery and equipment, hardware and electrical appliances, electronic products, textile products, clothing, daily necessities, office supplies, agricultural products, paper pulp, robots and medical equipment; retail of chemical fertilizers; recycling of used and waste materials; business information consulting services (excluding financial, securities and futures business consulting, and shall not engage in financial business such as deposit-taking, financing guarantee and financial management for clients without the approval of the financial regulatory authorities); repair of electrical and mechanical equipment; leasing of mechanical equipment and housing; freight forwarding agency; import and export of goods and technology; customs declaration and inspection services. (Items requiring approval in accordance with the law may only be carried out with the approval of the relevant authorities)

2) Shareholding structure

As at the Valuation Reference Date, the shareholding structure of Shandong Zikuang Railway Transportation Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed contribution	Paid-in capital	Shareholding percentage
1	Shandong Energy Group Luxi Mining Co., Ltd.	10,656.00	10,656.00	100.00%
	Total	**10,656.00**	**10,656.00**	**100.00%**

3) Overview of major assets

The major assets of Shandong Zikuang Railway Transportation Co., Ltd. are monetary funds, notes receivable, accounts receivable, prepayments, inventories, fixed assets and intangible assets.

4) Overview of principal business

The principal business of Shandong Zikuang Railway Transportation Co., Ltd. includes railway freight transportation; general cargo storage (excluding dangerous chemicals); cargo handling, loading and unloading services; and coal trading. In recent years, with the significant reduction of coal resources in the mining areas of Jibei, the closure of the Xuchang mine and Daizhuang mine, and the continuous decline in the rail transportation of coal from the Tangkou mine, internal rail transportation has suffered losses. As it was neither possible nor possible to rely on the internal mines for incremental volume, Zikuang Railway actively explored the expansion of its external business, developing coal trading business at logistics nodes inside and outside the province, and utilising the advantages of closed coal sheds, freight yards and containers to develop integrated transport, trade and storage business for coal, steel and cement.

5) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	**2020.12.31**	**2021.12.31**	**2022.12.31**
Current assets	31,900.00	34,325.43	21,994.40
Non-current assets	33,707.29	33,035.59	31,181.64
Fixed assets	13,189.19	12,918.16	11,174.25
Construction in progress			113.51
Intangible assets	20,487.04	20,043.90	19,600.75
Deferred income tax assets	31.06	73.53	293.13
Total assets	**65,607.29**	**67,361.01**	**53,176.04**
Current liabilities	22,156.22	23,787.29	16,634.74
Non-current liabilities	7,027.00	7,061.00	526.00
Total liabilities	**29,183.22**	**30,848.29**	**17,160.74**
Net assets (Owners' equity)	**36,424.07**	**36,512.72**	**36,015.30**

Statement of Operating Results

Unit: RMB0'000

Item	2020	2021	2022
I. Operating income	9,229.28	10,958.94	16,320.67
Less: Operating costs	4,529.24	6,571.08	11,150.10
Taxes and surcharges	355.41	449.27	612.95
Selling expenses	603.11	807.92	1,073.19
Management expenses	2,096.38	2,457.58	2,708.69
Research and development expenses	92.96	85.97	151.77
Finance expenses	288.84	291.93	1,081.65
Add: Impairment loss on assets	-22.57	-143.32	-30.02
Gain on disposal of assets	1.01		1.07
Other gains			1.52
II. Operating profit	1,241.78	151.87	-485.10
Add: Non-operating income	7.98	3.33	9.78
Less: Non-operating expenses	0.33	9.37	155.33
III. Total profit	1,249.43	145.83	-630.65
Less: Income tax expenses	335.85	-94.32	-150.72
IV. Net profit	913.58	240.15	-479.93

(II) Other users of the asset valuation report as agreed in the asset valuation engagement contract

In accordance with the terms of the asset valuation engagement contract, there are no other users of this report other than the principal and the users entitled to use the valuation report as stipulated in the laws and regulations of the PRC.

(III) Relationship between the principal and the appraised entity

The principal is Yankuang Energy Group Company Limited and the appraised entity is Shandong Energy Group Luxi Mining Co., Ltd., the principal and the appraised entity are respective entities controlled by Shandong Energy Group Company Limited, in which Yankuang Energy Group Company Limited intends to acquire the equity interest in Shandong Energy Group Luxi Mining Co., Ltd.

II. PURPOSE OF VALUATION

In accordance with the Minutes of the General Manager's Office Meeting of Yankuang Energy Group Company Limited (No.19), Yankuang Energy Group Company Limited proposes to acquire the equity interests of Shandong Energy Group Luxi Mining Co., Ltd.. It is required to conduct a valuation on the value of the total shareholders' equity of Shandong Energy Group Luxi Mining Co., Ltd. involved in the said economic activity for the purpose of providing valuation reference for the economic activity.

III. VALUATION SUBJECT AND SCOPE

(I) Valuation Subject

The valuation subject is the value of the total shareholders' equity of Shandong Energy Group Luxi Mining Co., Ltd.

(II) Valuation Scope

The scope of valuation covers all assets and liabilities of Shandong Energy Group Luxi Mining Co., Ltd. as at the Valuation Reference Date as shown in its audited pro forma financial statements (the mining rights and estimate possible transfer proceeds were valued separately by Beijing Kuangtong Resources Development Consultation Co., Ltd.（北京礦通資源開發諮詢有限責任公司）engaged by the principal), of which the book value of total asset amounted to RMB13,821,231,900, liabilities amounted to RMB4,724,071,500 and net assets amounted to RMB9,097,160,400. The book values of various assets and liabilities are as follows:

Summary form of asset appraisal declaration

Unit: RMB0'000

Item		Book value
Current assets		503,349.32
Non-current assets		878,773.87
Of which:	Long-term equity investments	874,583.61
	Investment properties	–
	Fixed assets	3,391.33
	Construction in progress	–
	Intangible assets	–
	Right-of-use assets	–
	Others	798.93
Total assets		**1,382,123.19**
Current liabilities		470,207.15
Non-current liabilities		2,200.00
Total liabilities		**472,407.15**
Net assets		**909,716.04**

1. The principal and the appraised entity undertake that the entrusted appraised target and scope of valuation are consistent with the appraised target and scope of valuation involved in economic activity, without duplication or omission.

2. Off-balance-sheet assets declared by the enterprise

   The off-balance-sheet assets declared mainly include: invention patents, utility model patents and appearance design patents. 11 invention patents are mainly digital-based coal mining and transportation equipment, and a chain-driven coal mining device with multi-station transportation; 108 utility model patents are mainly coal mine robot welding device, robot for underground coal mine welding and a mobile grounding device for local grounding in underground coal mine; 2 appearance design patents are mainly water diversion device and water diversion instrument.

3. Making reference to the reports issued by other institutions

   (1) The data of the financial statements from 2020 to 2022 were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023BJAA7B0106. These consolidated financial statements are pro forma financial statements, the bases, methods and assumptions of preparation of which are as follows:

   "1) These pro forma consolidated financial statements have been prepared for the purpose of the proposed acquisition of the equity interests of the Company by third parties.

   2) These pro forma consolidated financial statements are based on the assumption that the Company was established on 1 January 2020 and that the actual registered capital of RMB5,000 million was contributed by investors on 19 January 2022 and 28 June 2022, of which RMB100 million was contributed in monetary funds and the remaining RMB4,900 million was contributed in equity under the same control. In preparing these pro forma consolidated financial statements, it was assumed that this portion of the registered capital has been contributed as at 1 January 2020, of which the investors have made contributions in monetary funds, which are shown in "other non-current assets" before being paid up.

3) The control of Kasong Science and Technology Co., Ltd. was acquired by way of a business combination not under common control in December 2020, and the identifiable net assets in the consolidated financial statements as at the date of consolidation were measured at the fair value determined on the date of consolidation. As the influence of this company in the Group is relatively small, the Company still includes it in the scope of consolidation in the pro forma financial statements on the date of actual acquisition of control of this company in the preparation of these pro forma consolidated financial statements.

4) Antai (Pingtan) Investment Partnership (Limited Partnership) (hereinafter referred to as Antai Pingtan) was established in 2021 and is a controlled subsidiary of Shandong Lilou Coal Industry Co., Ltd. owned by the Company. Pursuant to the "Proposal on the Application by Luxi Mining for the Transfer of the General Partnership Share of Antai Pingtan by Lilou Coal" passed at the 50th Meeting of the First Session of the board of directors of Shandong Energy Group Company Limited on 25 November 2022, the board of directors of Shandong Energy Group agreed that Shandong Lilou Coal Industry Co., Ltd. owned by the Company should transfer its entire general partnership share of Antai Pingtan to Longkou Mining Group Co., Ltd.. In the preparation of this pro forma financial report, it is deemed that the entire general partnership share of Antai Pingtan held has been transferred since the establishment of Antai Pingtan, and the assets, liabilities, equity and profit and loss of Antai Pingtan for each period are not included in these pro forma financial statements.

5) The second mine rescue team (the "Second Mine Rescue Team") of Shandong Energy Group Company Limited has been in operation since July 2022 and is managed by the Company on its behalf. On 7 December 2022, Shandong Energy Group Company Limited allocated the personnel and assets of the Second Mine Rescue Team into the Company to be managed as a branch of the Company, and the emergency management branch of Shandong Energy Group Luxi Mining Co., Ltd. was officially established on 19 January 2023. In the preparation of this pro forma financial report, it is deemed that these pro forma financial statements are included in this pro forma financial report since the establishment of the Second Mine Rescue Team.

6) Except for the companies mentioned above, all other companies within the scope of consolidation of the Company were established before 1 January 2020, and the acquisition of equity interests in these companies by the Company are all mergers of companies under the same control. In preparing these pro forma consolidated financial statements, the audited financial statements of each company for 2020, 2021 and 2022 are used as the basis, assuming that they are included in the scope of consolidation of the pro forma consolidated financial statements from 1 January 2020, and measured, depreciated and amortized in the pro forma consolidated financial statements prepared at the carrying value of the respective identifiable net assets of each company beginning from 1 January 2020.

7) As these pro forma consolidated financial statements are prepared on the basis of the assumption that the Company was established on 1 January 2020 and that the structure of consolidation of the Company had been formed and existed independently as at 1 January 2020, the pro forma combined master cash flow statement has been prepared in accordance with the methodology described in this note based on the actual cash flow information for 2020, 2021 and 2022. The supplemental information of the pro forma combined statement of cash flows has been prepared on the basis of the pro forma net profit of each company measured, depreciated and amortized at the carrying value of their respective identifiable net assets in the pro forma consolidated financial statements.

8) In addition to the above assumption premises and special basis of preparation, these pro forma consolidated financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance and the related regulations, and based on the accounting policies and accounting estimates described in "V. Significant Accounting Policies and Accounting Estimates" in this note.

9) As the Company was incorporated on 10 December 2021 and received the first initial capital contribution of RMB100 million from and commenced actual operations investors on 19 January 2022, in this pro forma financial report, the relevant financial statements of the parent company have been prepared on the basis of the actual establishment and operation of the Company and the notes to the relevant financial statements of the parent company have been disclosed in accordance with the actual circumstances.

10) Based on the above internal restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group will implement ASBE 22 – Recognition and Measurement of Financial Instruments, ASBE 23 – Transfer of Financial Assets, ASBE 24 – Hedge Accounting, ASBE 14 – Income and ASBE 21 – Leases from 1 January 2020.

The Ministry of Finance, the Ministry of Natural Resources and the Administration of Taxation jointly issued the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) on 24 March 2023, which set out new regulations on the methods of levying transfer proceeds of mineral rights and has been implemented since 1 May 2023. Based on the above internal restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group has implemented the document in advance and, during the reporting period, the annual share of the transfer proceeds calculated based on the relevant proceeds rate of the mineral rights that meet the requirements of the document to levy the transfer proceeds of mineral rights in the form of transfer proceeds rate was included in the unallocated profit at the beginning of the year of the reporting period, and the sales expenses for each period of the reporting period; the accumulated outstanding transfer proceeds payable are presented in other payables."

(2) The ownership value of each mineral right included in the scope of valuation was determined based on the appraisal value of each mineral right deducted by the estimated possible transfer proceeds, and the mineral rights and estimated possible transfer proceeds were separately valued by Beijing Kuangtong Resources Development Consultation Co., Ltd. engaged by the principal. The valuation results have been confirmed by the principal and have been filed with the corresponding audit of state-owned assets. The Company only made simple summation on the above valuation results.

1) The mining rights involved in the valuation and included in the scope of valuation according to the overall plan of the economic activity were valued separately by Beijing Kuangtong Resources Development Consultation Co., Ltd. engaged by the principal, which has issued the following reports:

Unit: RMB'0,000

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation conclusion
Shandong Xinjulong Energy Co., Ltd.	Mining rights of Shandong Xinjulong Energy Co., Ltd. (Coal Mine)	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 015	2,679,531.11
Shandong Lilou Coal Industry Co., Ltd.	Mining rights of Shandong Lilou Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 016	436,847.32
Shandong Tangkou Coal Industry Co., Ltd.	Mining rights of Shandong Tangkou Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 017	383,006.03
Feicheng Mining Group Shanxian Energy Co., Ltd.	Mining rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 018	84,710.97
Feicheng Mining Group Liangbaosi Energy Co., Ltd.	Mining rights of the Liangbaosi Coal Mine of Feicheng Mining Group Liangbaosi Energy Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 019	332,321.79

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation conclusion
Linyi Mining Group Heze Coal Electricity Co., Ltd.	Mining rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 020	312,622.25
	Mining rights of the Pengzhuang Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 021	27,305.37

In the course of this valuation, the valuers communicated with the mineral rights appraisers. The discounted cash flow method was adopted for the valuation of the mineral rights. The valuation conclusions have not been confirmed and filed with relevant authorities of mining rights. Having verified that the scope of valuation, valuation purpose and Valuation Reference Date set out in each mining rights valuation report are consistent with this asset valuation report and in line with the requirements of this economic activity and this asset valuation report. In summarizing such parts of the value of the mining rights into this valuation report, we have directly quoted the valuation conclusions issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. The mining rights valuation has not taken into account the impact of the impact ground pressure by mining depths exceeding 1,000m on the valuation results. For details of the calculation process and conclusion of the mining rights consideration, please read the aforesaid mining rights valuation reports issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. carefully.

Please refer to pages IV-154 and IV-177 for the valuation of mining rights based on discounted cash flow. The key inputs to the valuation of mining rights and the determination of their value are as follows:

1. Resources: According to the "Guidelines for the Valuation and Utilization of Mineral Resource Reserves for Mining Rights" (CMVS 30300-2010), the resources in mining rights valuation are mainly determined based on the "Geological Report" or "Annual Report on Reserves in 2022" of each mine.

2. Recoverable reserves: According to the "Guidelines for the Valuation and Utilization of Mineral Resource Reserves for Mining Rights" (CMVS 30300-2010), the recoverable reserves in mining rights valuation are calculated according to the following formula:

   Recoverable reserves for valuation and utilization = (resource reserves for valuation and utilization – design losses) × recovery rate of the mining area.

3. Service life of the mine: According to the "Guidelines for Determining Parameters in Mining Rights Valuation (CMVS30800-2008)", the service life of the mine is calculated by the following formula:

   $$T = \frac{Q}{A - K}$$

   Where:

   T – Service life of the mine;

   A – Production scale of the mine;

   Q – Recoverable reserves of the mine;

   K – Reserve backup coefficient

4. Fixed asset investment: According to the "Income Approach Valuation Method Specification" (CMVS 12100-2008), the fixed asset investment for valuation can be determined based on the balance sheet and fixed asset details of the enterprise as of the valuation date for production mines. For non-production mines (such as exploration rights), it can be estimated based on mining and mineral resource development plans, (pre-)feasibility study reports, or mining design documents. In the mining rights valuation, the fixed asset investment for valuation is mainly determined based on the asset evaluation results provided by Shandong Zhongping Hengxin Asset Appraisal Co., Ltd.

5. Mineral product prices: According to the "China Mineral Rights Valuation Criteria" and the "Guidelines for Determining Parameters in Mining Rights Valuation", mineral product prices should be determined based on product type, product quality, and sales conditions, generally using local price standards. Based on the historical price statistics provided by the enterprise, the arithmetic average method is used to predict based on historical monitoring data.

6. Costs and expenses: According to the "China Mineral Rights Valuation Criteria" and the "Guidelines for Determining Parameters in Mining Rights Valuation (CMVS30800-2008)", for the valuation of mining rights for production mines, actual costs and expense accounting data of the mining enterprise can be referred to. Based on a detailed analysis of the enterprise's accounting policies (asset, cost and expense recognition standards, and measurement methods, etc.), it can be determined whether the one-year accounting statement information can generally reflect the future production and operation situation of the enterprise, or whether it can generally reflect the future production and operation situation of the enterprise after appropriate adjustments. The cost and expense for mining rights valuation can be determined based on the accounting statement information of a complete accounting year of the enterprise. For non-production mines (such as exploration rights), the cost and expense are determined based on mining and mineral resource development plans, (pre-)feasibility study reports, mining design documents, and relevant tax policies and regulations.

7. Discount rate: According to the "Guidelines for Determining Parameters in Mining Rights Valuation (CMVS30800-2008)", the discount rate = risk-free rate of return + risk premium.

Assumptions in mining rights valuation

The appraised value of mining rights in the mining rights valuation report is a fair value opinion based on the valuation purpose, the valuation date, and the following basic assumptions:

(1) The technical and economic parameters for evaluation are determined based on the principle of production and sales balance and the average social productivity level.

(2) The relevant policies, laws, and systems followed remain unchanged, and the relevant social, political, economic environment, development technology and conditions, etc., remain unchanged.

(3) The valuation is based on the set reserves, production methods, production scale, product structure, development technology level, and market supply and demand level, and continuous operation, without considering the time and related costs required for the extension registration of mining licenses.

(4) Factors such as product prices, cost and expenses, tax rates, and interest rates during the mining development and revenue period may vary within a normal range.

(5) The impact of other encumbrances or restrictions on property rights, such as mortgages, guarantees, or any other factors that may affect the appraised value, as well as any prices that may be added by special transaction parties, is not considered.

(6) There are no other significant impacts caused by force majeure or unforeseeable factors.

Since the mine resources and reserves have been reviewed and filed by the competent government department, and the mining methods and technical and economic conditions of each mine are basically clear, any key assumptions or inputs are unlikely to have a significant impact on the valuation and therefore no sensitivity analysis has been prepared.

2) According to the "14th Five-Year Plan for Energy Development in Shandong Province" (Lu Zheng Zi [2021] No. 143) issued by the People's Government of Shandong Province on 9 August 2021, "taking into account factors such as the endowment of coal resources, mining conditions and the degree of threat of disasters, the coal resources will be classified and dealt with in a precise manner. According to the results of the safety demonstration, the coal mines with impact ground pressure by mining depths exceeding 1,000m will be subject to production restrictions, production suspension and closure measures." As at the date of the valuation report, no production restrictions, production suspensions or closures have been taken in respect of the appraised entity's coal mines with impact ground pressure by mining depths exceeding 1,000m. The asset valuation has not considered the impact of the impact ground pressure by mining depths exceeding 1,000m on the valuation results.

3) In the course of this valuation, the mining rights of the Pengzhuang Coal Mine and the mining rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd., the mining rights of the Liangbaosi Coal Mine of Feicheng Mining Group Liangbaosi Energy Co., Ltd. and the mining rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd. were disposed of with compensation by way of cash and conversion into national capital. Pursuant to the "Methods of Levying Transfer Proceeds of Mineral Rights" ("Circular 10"), if the relevant authorities levy transfer proceeds of mineral rights in respect of the resource reserves utilized by the

aforesaid mineral rights prior to the Valuation Reference Date of this transaction and the corresponding resource reserves of this transaction, the transferor will reveal the future or some of the payment of the transfer proceeds, therefore, the estimated possible transfer proceeds have not been considered in the valuation process in respect of the value of the interests in the above four mineral rights.

Except for the mineral rights involved in the above-mentioned three companies, the remaining estimated possible transfer proceeds involved during the valuation of the ownership value of the mineral rights in this transaction is quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and the details of the estimated possible transfer proceeds of the mineral rights involved are as follows:

Name of entity	Name of mining rights	Estimated possible transfer proceeds
Shandong Tangkou Coal Industry Co., Ltd.	Mining rights of Tangkou Coal	59,380.89
Shandong Lilou Coal Industry Co., Ltd.	Mining rights of Lilou Coal of Yuncheng Coal Mine	53,214.65
Shandong Xinjulong Energy Co., Ltd.	Mining rights of Xinjulong Energy	186,981.79

The parties to the transaction have confirmed themselves to the matters described in the description of the estimated possible transfer proceeds issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and we have directly quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when consolidating the estimated possible transfer proceeds into this valuation report. In order to understand the process and results of the calculation of the estimated possible transfer proceeds, please read carefully the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of which are set out in the appendix of the valuation report.

IV. VALUE TYPE

The value types of valuation include market value and value types other than market value. Value types, other than market value, generally include (but are not limited to) investment value, value in use, liquidation value, residual value, etc. The purpose of this valuation is to provide reference for the acquisition of the equity interests of Shandong Energy Group Luxi Mining Co., Ltd. by Yankuang Energy Group Company Limited without special restrictions on market conditions, so the market value is selected as the value type of this valuation. The market value mentioned in this asset valuation report refers to the estimated value of the valuation target in normal and fair transactions on the Valuation Reference Date when the willing buyer and the willing seller act rationally and are not forced to do so.

V. VALUATION REFERENCE DATE

The Valuation Reference Date is 31 December 2022.

The Valuation Reference Date is determined by the principal and is consistent with the Valuation Reference Date agreed in the asset valuation engagement contract.

VI. BASIS OF VALUATION

The bases of economic activity, laws and regulations, valuation standards, asset ownership and valuation pricing in this valuation are as follows:

(I) Basis of economic activity

Minutes of the General Manager's Office Meeting of Yankuang Energy Group Company Limited (No.19).

(II) Basis of laws and regulations

1. The Asset Valuation Law of the People's Republic of China (Order No. 46 of the President of the People's Republic of China);

2. The securities Law of the People's Republic of China (amended for the second time at the 15th meeting of the Standing Committee of the 13th National People's Congress on 28 December 2019);

3. The Law on State-owned Assets of Enterprises of the People's Republic of China (Order No. 5 of the President of the People's Republic of China);

4. The Company Law of the People's Republic of China (passed at the 5th session of the 8th Standing Committee of the National People's Congress on 29 December 1993 and amended several times in 1999, 2004, 2005, 2013 and 2018);

5. The Civil Code of the People's Republic of China (passed at the 3rd session of the Standing Committee of the 13th National People's Congress on 28 May 2020 and implemented on 1 January 2021);

6. The Enterprise Income Tax Law of the People's Republic of China (passed at the 5th session of the 10th National People's Congress on 16 March 2007, amended for the first time pursuant to the Decision on Amending the Enterprise Income Tax Law of the People's Republic of China at the 26th session of the Standing Committee of the 12th National People's Congress on 24 February 2017, and amended for the second time pursuant to the Decision on Amending Four Laws Including the Electric Power Law of the People's Republic of China at the 7th session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

7. Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (passed at the 7th session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

8. The Administrative Measures for Valuation of State-owned Assets (Order No. 91 of the State Council in 1991, and amended by Order No. 732 of the State Council of the People's Republic of China on 29 November 2020);

9. Implementation Rules for the Administrative Measures for Valuation of State-owned Assets (Guo Zi Ban Fa [1992] No. 36) issued by the former State-owned Assets Administration Bureau;

10. Notice of the Opinions on Reforming the Administrative Management Approach of Valuation of State-owned Assets and Strengthening the Supervision and Administration of Asset Valuation (Guo Ban Fa [2001] No. 102);

11. Provisions on Certain Issues Concerning the Administration of Valuation of State-owned Assets (Order No. 14 of the Ministry of Finance);

12. The Interim Regulations for the Supervision and Administration of Enterprise State-owned Assets (promulgated by Order No. 378 of the State Council of the People's Republic of China on 27 May 2003; amended for the first time pursuant to the Decision of the State Council on Repealing and Amending Certain Administrative Regulations on 8 January 2011; amended for the second time pursuant to the Decision of the State Council on Amending Certain Administrative Regulations on 2 March 2019);

13. The Supervisory and Administrative Measures for the Transactions of State-owned Assets of Enterprises) (Order No. 32 of SASAC and the Ministry of Finance);

14. Interim Measures for the Administration of Valuation of State-owned Assets of Enterprises (Order No. 12 of SASAC of the State Council in 2005);

15. Notice on Matters relating to the Transfer of State-owned Assets of Enterprises (Guo Zi Fa Chan Quan Gui [2022] No. 39);

16. Notice on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

17. Guidelines for the Filing of State-owned Asset Valuation Projects of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);

18. The Interim Regulations on Value-added Tax of the People's Republic of China (Order No. 538 of the State Council of the People's Republic of China) (amended and adopted at the 34th executive meeting of the State Council on 5 November 2008, came into effect on 1 January 2009, and amended for the second time pursuant to the Decision of the State Council on Repealing the Provisional Regulations on Business Tax of the People's Republic of China and Revising the Provisional Regulations on Value-added Tax of the People's Republic of China on 19 November 2017);

19. The Implementation Rules of Provisional Regulations on Value-added Tax of the People's Republic of China (Order No. 65 of the Ministry of Finance and State Taxation Administration of the People's Republic of China);

20. The Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Taxation Administration and General Administration of Customs);

21. The Vehicle Purchase Tax Law of the People's Republic of China (7th session of the Standing Committee of the 13th National People's Congress);

22. Announcement on Reduction of Purchase Tax on Certain Passenger Vehicles issued by the Ministry of Finance and State Taxation Administration;

23. Mineral Resources Law of the People's Republic of China (Adopted at the 15th Session of the Standing Committee of the 6th National People's Congress on 19 March 1986; promulgated by Decree No. 36 of the President of the People's Republic of China on 19 March 1986; amended for the first time by the Decision on Amending the Mineral Resources Law of the People's Republic of China at the 21st Session of the Standing Committee of the 8th National People's Congress on 29 August 1996; amended for the second time by Decision on Amending Some Laws on 27 August 2009 at the 10th Session of the Standing Committee of the 11th National People's Congress);

24. Implementation Rules of the Mineral Resources Law of the People's Republic of China (Decree No. 152 of the State Council of the People's Republic of China of 26 March 1994);

25. Regulations on the Administration of Mineral Resources Exploitation and Registration (Decree No. 241 of the State Council of 12 February 1998, amended by Decree No. 653 of the State Council of 29 July 2014);

26. Mining Rights Evaluation Management Measures (Trial) (Issued by the Ministry of Land and Resources, Guo Tu Zi Fa [2008] No. 174);

27. Mineral Resources Assessment and Determination Method (Issued by the Ministry of Land and Resources, Guo Tu Zi Fa [1999] No. 205);

28. Regulations on the Administration of Mineral Resources Statistics (Promulgated by Order No. 23 of the Ministry of Natural Resources on 9 January 2004 and amended by the Decision on the Third Batch of Revoked and Amended Departmental Rules and Regulations of the Ministry of Natural Resources at the 3rd Ministerial Meeting of the Ministry of Natural Resources on 29 April 2020);

29. Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax Rate on Metal Mining and Non-metal Mining Products (Cai Shui [2008] No. 171);

30. Other relevant laws, regulations and documents.

(III) Basis of valuation criteria

1. Asset Valuation Standards – Basic Standards (Cai Zi [2017] No. 43);

2. Code of Ethics for Assets Assessment (CAS [2017] No. 30);

3. Asset Valuation Practicing Standards – Asset Valuation Procedures (CAS [2018] No. 36);

4. Asset Valuation Practicing Standards – Asset Valuation Report (CAS [2018] No. 35);

5. Asset Valuation Practicing Standards – Contract on Asset Valuation Entrustment (CAS [2017] No. 33);

6. Asset Valuation Practicing Standards – Asset Valuation Files (CAS [2018] No. 37);

7. Asset Valuation Practicing Standards – Engagement of Experts and Relevant Reports (CAS [2017] No. 35);

8. Asset Appraisal Expert Guidance No. 8 – Verification in Asset Appraisal (CAS [2019] No. 39);

9. Asset Appraisal Expert Guidance No. 10 – Reasonable Performance of Asset Valuation Procedures during the COVID-19 Pandemic (CAS [2020] No. 6);

10. Asset Valuation Practicing Standards – Asset Valuation Methods (CAS [2019] No. 35);

11. Asset Valuation Practicing Standards – Intangible Assets (CAS [2017] No. 37);

12. Guiding Opinions on Valuation of Patent Assets (CAS [2017] No. 49);

13. Guiding Opinions on Valuation of Trademark Assets (CAS [2017]No. 51);

14. Guiding Opinions on Valuation of Copyright Assets (CAS [2017]No. 50);

15. Practicing Standards for Asset Valuation – Enterprise Value (CAS [2018] No. 38);

16. Practicing Standards for Asset Valuation – Machinery and Equipment (CAS [2017] No. 39);

17. Guidelines for Valuation Report of State-owned Assets of Enterprises (CAS [2017] No. 42);

18. Guidelines for Business Quality Control of Asset Valuation Institutions (CAS [2017] No. 46);

19. Guiding Opinions on Types of Value in Asset Valuation (CAS [2017] No. 47);

20. Guiding Opinions on Legal Ownership of Asset Valuation Targets (CAS [2017] No. 48);

21. PRC Mining Right Appraisal Standards (Notice [2008] No. 5 of China Association of Mineral Resources Appraisers, Notice [2008] No. 6 of the Ministry of Land and Resources);

22. PRC Mining Right Appraisal Standards (II) (Notice [2010] No. 5 of China Association of Mineral Resources Appraisers);

23. Guidelines for Internal Governance of Valuation Institutions (CAS [2010] No. 121).

(IV) Basis of asset ownership

1. Motor vehicle licenses and registration certificates;

2. Patent certificate;

3. Mining license;

4. Purchase contracts, invoices and related agreements and contracts and other information of major equipment;

5. Relevant preliminary consultation contracts, related agreements, accounting vouchers and other information provided by the appraised entity;

6. Other title documents.

(V) Basis of valuation pricing

1. Asset Valuation Declaration Form provided by the appraised entity;

2. "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd.";

3. The loan prime rate (LPR) announcement authorised to be published by the National Interbank Funding Centre;

4. Equipment purchase contracts and invoices;

5. Provisions on the Standards for Compulsory Retirement of Motor Vehicles (Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security and Ministry of Environmental Protection Order [2012] No. 12);

6. On-site survey records and other relevant valuation information collected by valuers;

7. Financial statements, financial, accounting and operating information, as well as relevant agreements, contracts, invoices and other financial information provided by the appraised entity;

8. Statistical information, technical standards and price information published by relevant departments of the State, as well as information on price inquiry and pricing parameters collected by our company;

9. Other information related to the asset valuation.

VII. VALUATION APPROACHES

(I) Introduction of the valuation approaches

The basic approaches of enterprise valuation include asset-based approach, income approach and market approach.

The asset-based approach in the enterprise valuation is also known as the cost approach, which refers to the method of determining the value of the target of valuation by appraising the value of each on-balance sheet and identifiable off-balance sheet asset and liability of the enterprise based on the balance sheet of the appraised entity on the Valuation Reference Date.

The income approach in the valuation for enterprise value refers to the valuation method of determining the value of the target of valuation by capitalizing or discounting the expected income. The specific methods commonly used in the income approach include the dividend discount method and the cash flow discount method. Income approach measures the value of enterprises from the perspective of their profitability, and is based on the expected utility theory of economics.

The market approach in the valuation for enterprise value refers to the valuation method of determining the value of the target of valuation by comparing the target of valuation with comparable listed enterprises or comparable transactions. The two specific methods commonly used in the market approach are the comparison of listed companies and the comparison of transactions.

(II) Selection of valuation approach

The asset-based approach is the valuation method whereby the value of the valuation target is determined by reasonable valuation of the on– and off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised enterprise. In light of the conditions of this valuation, the appraised entity can provide and the asset valuers can also collect information from outside to meet the requirements of the asset-based approach, so that a comprehensive inventory and valuation of the assets and liabilities of the appraised entity can be conducted. Therefore, the asset-based approach is applicable to this valuation.

The income approach is built on the theory of expected utility in economics, which means that for investors, the value of a business lies in the income the business is expected to generate in the future. Although the income approach does not use directly reference available in the market to demonstrate the present fair market value of the valuation target, it appraises assets by expected profitability of the assets, which determines the present fair market value of the assets. It can reflect the overall value and the conclusion is reliable and convincing. From the perspective of the applicable criteria of income approach, as Shandong Energy Group Luxi Mining Co., Ltd. mainly undertakes the development, construction, production and operation of Shandong Energy Group in the Luxi region, it does not carry out actual business operations itself as the parent company, but mainly undertakes the supervision, management and investment of its subsidiaries in the Luxi region. Its future investment plans are difficult to ascertain, and the management functions it mainly undertakes are also subject to a certain degree of uncertainty. The future corporate profit level cannot be reasonably projected, and the risk of future revenues cannot be reasonably quantified. Therefore, the income approach was not adopted in this valuation.

The market approach refers to the valuation method of determining the value of the target of valuation by comparing the target of valuation with comparable listed enterprises or comparable transactions. Since the appraised entity is a non-listed company, its business structure, operating model, enterprise size, asset allocation and usage, business stage, growth, operating risk, financial risk and other factors are quite different from those of listed companies in the same industry. Moreover, there were few trading, acquisition and merger cases of comparable enterprises in the same industry in China around the Valuation Reference Date, so that it was difficult to obtain reliable operational and financial data of comparable transactions and calculate the appropriate value ratio. As a result, the market approach has not been adopted for this valuation.

Therefore, this valuation uses the asset-based approach.

(III) Introduction of the specific valuation methods

The asset-based approach in enterprise valuation refers to the valuation method whereby the value of the valuation target is determined by reasonable valuation of various assets and liabilities of the enterprise on the basis of the balance sheet of the appraised entity on the Valuation Reference Date. The valuation process of various assets and liabilities is described as follows:

1. Valuation of current assets and liabilities

The current assets of the appraised entity include monetary funds, bills receivable, receivables financing, prepayments, other receivables and other current assets; liabilities include accounts payable, taxes payable, other payables, other current liabilities.

(1) Monetary funds are bank deposits, and its assessed value is determined through verifying bank statements and bank confirmation letters.

(2) Bills receivable and receivables financing: bills receivable and receivables financing are the bank acceptance drafts received by the enterprise due to the provision of labor services, etc. For bills receivable and receivables financing, the valuers checked the book records, checked the bill register, and made an inventory check of the bills. If verified, the assessed value is confirmed by the verified book value.

(3) Prepayments: the balance of the ledgers, general ledger, statements and the valuation list are checked for consistency. The aging analysis is carried out based on the account records, including the amounts in the valuation list, time of occurrence and business contents. For prepayments that are stated at a significant amount or unusual amount, a confirmation letter shall be obtained. Alternative procedures are carried out in absence of a confirmation letter (obtaining evidences of amounts recovered subsequently or evidences at the time of business occurrence). Amounts due from associates are checked to verify the authenticity and completeness of receivables, and the verification results of the accounts, statement and bills shall match the amounts. Amortization of prepayments is assessed on the basis of the value of assets and rights remaining after the Valuation Reference Date of the appraised entity. Amortization items with corresponding rights or values remaining after the Valuation Reference Date are determined by the ratio of the original amount incurred and the remaining beneficial period to the total amortization period.

(4) Account receivable and other receivables

Other receivables: For other receivables, the balance of the ledgers, general ledger, statements and the valuation list are checked for consistency. The aging analysis is carried out based on the account records, including the amounts in the valuation list, time of occurrence and business contents. For other receivables that are stated at a significant amount or unusual amount, a confirmation letter shall be obtained. Alternative procedures are carried out in absence of a confirmation letter (obtaining evidences of amounts recovered subsequently or evidences at the time of business occurrence). Amounts due from associates are checked to verify the authenticity and completeness of receivables, and the verification results of the accounts, statement and bills shall match the amounts.

Based on verification of the above receivables and with the help of historical data and on-site investigation, the valuers carried out specific analysis over the amount of arrears, time and reason of arrears, the status of collection, the debtors' current funding, credibility, operation, management and other conditions, as the valuers did not collect and the appraised entity did not provide evidence of recovery or non-recovery from the appraised entity, the appraisal value was recognized at the verified carrying amount.

(5) Other current assets

Other current assets: they are the VAT input tax to be deducted and prepaid taxes. Based on verification of the above amounts, the valuers verified the enterprise's tax returns by understanding the applicable tax types, tax rates, tax amounts and payment rates of the enterprise, and confirmed the accuracy and authenticity of the declared amounts by reviewing the tax payment vouchers. As the tax amounts of the enterprise matched the declared amounts upon verification, the assessed value was determined based on the verified book value.

(6) Liabilities: based on the review and verification of various liabilities, the assessed value is determined based on the actual items and amounts of liabilities to be borne by the appraised entity after the valuation purpose is fulfilled. For liabilities that are not actually borne by the appraised entity, the assessed value is zero.

2. Valuation of non-current assets

(1) Long-term equity investments

There are 10 entities included in the scope of valuation of long-term investments, including 6 wholly-owned subsidiaries and 4 controlled subsidiaries. The name of the investees and the valuation approaches are listed below:

No.	Name of shareholder	Type of control	Shareholding percentage	Valuation approach	Pricing approach	Basis of valuation approach	Basis of pricing approach
1	Feicheng Mining Group Shanxian Energy Co., Ltd.	Wholly-owned	100%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights. In this asset-based approach, the discounted cash flow approach is used to evaluate the mineral rights, and the future mining income of the mineral rights has been considered, so the asset-based approach is more reasonable to adopt

No.	Name of shareholder	Type of control	Shareholding percentage	Valuation approach	Pricing approach	Basis of valuation approach	Basis of pricing approach
2	Shandong Lilou Coal Industry Co., Ltd.	Wholly-owned	100%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights. In this asset-based approach, the discounted cash flow approach is used to evaluate the mineral rights, and the future mining income of the mineral rights has been considered, so the asset-based approach is more reasonable to adopt
3	Kasong Science and Technology Co., Ltd.	Controlling	51%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The estimation on revenue is closely related to the changes in the price of international crude oil and coal, so it is expected that the estimation information is more volatile; the asset-based approach can reflect the fair market value of assets from the perspective of asset replacement, therefore the asset-based approach is finally selected
4	Shandong Tangkou Coal Industry Co., Ltd.	Wholly-owned	100%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights. In this asset-based approach, the discounted cash flow approach is used to evaluate the mineral rights, and the future mining income of the mineral rights has been considered, so the asset-based approach is more reasonable to adopt

No.	Name of shareholder	Type of control	Shareholding percentage	Valuation approach	Pricing approach	Basis of valuation approach	Basis of pricing approach
5	Feicheng Mining Group Liangbaosi Energy Co., Ltd.	Controlling	85.00%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights. In this asset-based approach, the discounted cash flow approach is used to evaluate the mineral rights, and the future mining income of the mineral rights has been considered, so the asset-based approach is more reasonable to adopt
6	Shandong Menglu Mining Engineering Co., Ltd.	Wholly-owned	100.00%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The estimation on revenue is more influenced by the regional coal market and the development of coal mining enterprises, so the estimation information is more volatile; the asset-based approach can reflect the fair market value of assets from the perspective of asset replacement, therefore the asset-based approach is finally selected
7	Linyi Mining Group Heze Coal Electricity Co., Ltd.	Controlling	83.59%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights. In this asset-based approach, the discounted cash flow approach is used to evaluate the mineral rights, and the future mining income of the mineral rights has been considered, so the asset-based approach is more reasonable to adopt

No.	Name of shareholder	Type of control	Shareholding percentage	Valuation approach	Pricing approach	Basis of valuation approach	Basis of pricing approach
8	Shandong Xinjulong Energy Co., Ltd.	Controlling	60%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights. In this asset-based approach, the discounted cash flow approach is used to evaluate the mineral rights, and the future mining income of the mineral rights has been considered, so the asset-based approach is more reasonable to adopt
9	Xinkuang Juye Coal Processing Co., Ltd.	Wholly-owned	100%	Asset-based approach, income approach	Income approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The income approach includes intangible assets which cannot be separately quantified, such as corporate assets and human resources. The profitability of Juye Coal Processing is achieved entirely through the coal processing business with Shandong Xinjulong Energy Co., Ltd.. As Shandong Xinjulong Energy Co., Ltd. is also included in the scope of valuation of this project, the cost from coal processing (i.e. coal processing business between Shandong Xinjulong Energy Co., Ltd. and Juye Coal Processing) is included in the estimation of mineral rights, therefore, it is more reasonable to choose the income approach for estimating results.

No.	Name of shareholder	Type of control	Shareholding percentage	Valuation approach	Pricing approach	Basis of valuation approach	Basis of pricing approach
10	Shandong Zikuang Railway Transportation Co., Ltd.	Wholly-owned	100%	Asset-based approach, income approach	Asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The estimation on revenue is more influenced by the regional coal market and the development of coal mining enterprises, and the main assets are its line assets in fixed assets, which can better reflect the fair market value of assets from the perspective of asset replacement, therefore the asset-based approach is finally selected

The valuation approach mainly refers to the ways and means to assess the estimated asset value. The valuation method for enterprise value valuation generally include the asset-based approach, the income approach and the market approach. For the companies involved in each long term investment, suitable valuation methods were selected for measurement based on the applicability of different valuation methods.

The pricing approach mainly refer to the valuation method corresponding to the valuation conclusions used for value pricing for the valuation conclusion of different valuation methods.

For long-term equity investments in wholly-owned and controlled subsidiaries, the enterprise value valuation method is used to make an overall valuation of the invested enterprises, and the assessed value of the long-term equity investment is determined according to the shareholding percentage in the appraised entity.

For details of the valuation method, please see the Asset Valuation Statement of each company and below summary.

(1) Feicheng Mining Group Shanxian Energy Co., Ltd.(肥城礦業集團單縣能源有限責任公司)

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Feicheng Mining Group Shanxian Energy Co., Ltd. is RMB2,978,462,800, total assets after valuation using the asset-based approach is RMB3,930,319,100, representing an appreciation of RMB951,856,300 or 31.95%; the book value of liabilities is RMB2,530,716,700, the appraised value is RMB2,526,740,300, representing a valuation depreciation of

RMB3,976,400 or 0.16%; the book value of the net assets is RMB447,746,100, the appraised value is RMB1,403,578,800, representing an appreciation of RMB955,832,700 or 213.48%

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights and mining rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise. The main reasons for the appreciation of mining rights are (1) the mining rights were acquired in the primary or secondary market, and the time interval between the acquisition date and the valuation date is relatively long. Due to the historical policy changes of the country and the market conditions of coal at that time, the prices of mining rights in the primary and secondary markets at the time of acquisition were lower than the current level; (2) the current mines are high-quality assets under Shandong Energy, with abundant resource reserves, high-quality product quality, and strong profitability. With the improvement of coal mining technology, the improvement of enterprise management level, the implementation of national tax reduction and fee reduction policies, and the future coal market maintaining a high level of operation, the profit level of the target company can be maintained at a relatively high level.

(2) Shandong Lilou Coal Industry Co., Ltd.（山東李樓煤業有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Shandong Lilou Coal Industry Co., Ltd. is RMB11,281,453,500, total assets after valuation using the asset-based approach is RMB10,232,268,700, representing a valuation depreciation of RMB1,049,184,800 or 9.30%; the book value of liabilities is RMB6,914,759,000, the appraised value is RMB6,914,504,100, representing a valuation depreciation of RMB254,900 or 0.004%; the book value of the net assets is RMB4,366,694,600, the appraised value is RMB3,317,764,600, representing a valuation depreciation of RMB1,048,929,900 or 24.02%.

The key quantitative input for depreciation is its fixed assets, and the depreciation of fixed assets is mainly due to (1) the long construction period of fixed assets resulting in high financial costs and management expenses allocated on the books. In the course of valuation, the funding costs and management expenses were recalculated based on a reasonable construction period; (2) some equipment has been in use for a long period and has become obsolete. The valuation was determined based on the recoverable net value.

(3) Kasong Science and Technology Co., Ltd.（卡松科技股份有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Kasong Science and Technology Co., Ltd. is RMB319,045,300, total assets after valuation using the asset-based approach is RMB337,349,400, representing an appreciation of RMB18,304,100 or 5.74%; the book value of liabilities is RMB139,671,100, the appraised value is RMB139,671,100, with no appreciation or depreciation; the book value of the net assets is RMB179,374,200, the appraised value is RMB197,678,300, representing a valuation depreciation of RMB18,304,100 or 10.20%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise.

(4) Shandong Tangkou Coal Industry Co., Ltd.（山東唐口煤業有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Shandong Tangkou Coal Industry Co., Ltd. is RMB6,231,466,400, total assets after valuation using the asset-based approach is RMB10,509,594,000, representing an appreciation of RMB4,278,127,600 or 68.65%; the book value of liabilities is RMB4,650,969,600, the appraised value is RMB4,560,268,000, representing a depreciation of RMB90,701,600 or 1.95%; the book value of the net assets is RMB1,580,496,800, the appraised value is RMB5,949,326,000, representing an appreciation of RMB4,368,829,200 or 276.42%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights and mining rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise. The main reasons for the appreciation of mining rights are (1) the mining rights were acquired in the primary or secondary market, and the time interval between the acquisition date and the valuation date is relatively long. Due to the historical policy changes of the country and the market conditions of coal at that time, the prices of mining rights in the primary and secondary markets at the time of acquisition were lower than the current level; (2) the current mines are high-quality assets under Shandong Energy, with abundant resource reserves, high-quality product quality, and strong profitability. With the improvement of coal mining technology, the improvement of enterprise management level, the implementation of national tax reduction and fee reduction policies, and the future coal market maintaining a high level of operation, the profit level of the target company can be maintained at a relatively high level.

(5) Feicheng Mining Group Liangbaosi Energy Co., Ltd.（肥城礦業集團梁寶寺能源有限責任公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Feicheng Mining Group Liangbaosi Energy Co., Ltd. is RMB3,360,437,000, total assets after valuation using the asset-based approach is RMB7,544,842,800, representing an appreciation of RMB4,184,405,800 or 124.52%; the book value of liabilities is RMB4,246,247,800, the appraised value is RMB4,226,004,100, representing a valuation depreciation of RMB20,243,700 or 0.48%; the book value of the net assets is RMB-885,810,800, the appraised value is RMB3,318,838,700, representing an appreciation of RMB4,204,649,500 or 474.67%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights and mining rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise. The main reasons for the appreciation of mining rights are (1) the mining rights were acquired in the primary or secondary market, and the time interval between the acquisition date and the valuation date is relatively long. Due to the historical policy changes of the country and the market conditions of coal at that time, the prices of mining rights in the primary and secondary markets at the time of acquisition were lower than the current level; (2) the current mines are high-quality assets under Shandong Energy, with abundant resource reserves, high-quality product quality, and strong profitability. With the improvement of coal mining technology, the improvement of enterprise management level, the implementation of national tax reduction and fee reduction policies, and the future coal market maintaining a high level of operation, the profit level of the target company can be maintained at a relatively high level.

(6) Shandong Menglu Mining Engineering Co., Ltd.（山東盟魯采礦工程有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Shandong Menglu Mining Engineering Co., Ltd. is RMB395,123,200, total assets after valuation using the asset-based approach is RMB482,723,200, representing an appreciation of RMB87,600,000 or 22.17%; the book value of liabilities is RMB201,538,900, the appraised value is RMB201,538,900, with no appreciation or depreciation; the book value of the net assets is RMB193,584,200, the appraised value is RMB281,184,300, representing an appreciation of RMB87,600,000 or 45.25%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise.

(7) Linyi Mining Group Heze Coal Electricity Co., Ltd.（臨沂礦業集團菏澤煤電有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Linyi Mining Group Heze Coal Electricity Co., Ltd. is RMB7,099,255,500, total assets after valuation using the asset-based approach is RMB11,335,371,200, representing an appreciation of RMB4,236,115,700 or 59.67%; the book value of liabilities is RMB6,154,983,700, the appraised value is RMB6,154,983,700, with no appreciation or depreciation; the book value of the net assets is RMB944,271,800, the appraised value is RMB5,180,387,500, representing an appreciation of RMB4,236,115,700 or 448.61%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights and mining rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise. The main reasons for the appreciation of mining rights are (1) the mining rights were acquired in the primary or secondary market, and the time interval between the acquisition date and the valuation date is relatively long. Due to the historical policy changes of the country and the market conditions of coal at that time, the prices of mining rights in the primary and secondary markets at the time of acquisition were lower than the current level; (2) the current mines are high-quality assets under Shandong Energy, with abundant resource reserves, high-quality product quality, and strong profitability. With the improvement of coal mining technology, the improvement of enterprise management level, the implementation of national tax reduction and fee reduction policies, and the future coal market maintaining a high level of operation, the profit level of the target company can be maintained at a relatively high level.

(8) Shandong Xinjulong Energy Co., Ltd.（山東新巨龍能源有限責任公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Shandong Xinjulong Energy Co., Ltd. is RMB16,062,550,200, total assets after valuation using the asset-based approach is RMB42,993,106,200, representing an appreciation of RMB26,930,556,000 or 167.66%; the book value of liabilities is RMB13,996,848,800, the appraised value is RMB13,996,848,800, with no appreciation or depreciation; the book value of the net assets is RMB2,065,701,400, the appraised value is RMB28,996,257,400, representing an appreciation of RMB26,930,556,000 or 1,303.70%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights and mining rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise. The main reasons for the appreciation of mining rights are (1) the mining rights were acquired in the primary or secondary market, and the time interval between the acquisition date and the valuation date is relatively long. Due to the historical policy changes of the country and the market conditions of coal at that time, the prices of mining rights in the primary and secondary markets at the time of acquisition were lower than the current level; (2) the current mines are high-quality assets under Shandong Energy, with abundant resource reserves, high-quality product quality, and strong profitability. With the improvement of coal mining technology, the improvement of enterprise management level, the implementation of national tax reduction and fee reduction policies, and the future coal market maintaining a high level of operation, the profit level of the target company can be maintained at a relatively high level.

(9) Xinkuang Juye Coal Processing Co., Ltd.

The table below illustrates the valuation model of Xinkuang Juye Coal Processing Co., Ltd. based on the income approach.

Unit: RMB 0'000

Items	**2023**	**2024**	**2025**	**2026**	**2027**	**From 2028 onwards**
I. Operating Income	**20,292.22**	**20,292.22**	**20,292.22**	**20,292.22**	**20,292.22**	**20,292.22**
Add: Other operating profits	–	–	–	–	–	–
Less: Operating costs	12,107.95	12,237.31	12,370.54	12,507.77	12,649.12	12,649.12
Tax and Surcharges	174.70	174.70	174.70	174.70	174.70	174.70
Selling Expenses	–	–	–	–	–	–
Management Expenses	829.17	850.63	872.74	895.52	918.97	918.97
Research and Development Expenses	–	–	–	–	–	–
Finance Costs	-2.41	-2.45	-2.48	-2.52	-2.56	-2.56
Impairment Loss on Assets	–	–	–	–	–	–
II. Operating Profits	**7,182.80**	**7,032.02**	**6,876.72**	**6,716.75**	**6,551.99**	**6,551.99**
Add: Investment Returns	–	–	–	–	–	–
Non-operating Income	–	–	–	–	–	–
Less: Non-operating Expenses	–	–	–	–	–	–
III. Total Profits	**7,182.80**	**7,032.02**	**6,876.72**	**6,716.75**	**6,551.99**	**6,551.99**
Less: Income Tax Expenses	1,796.06	1,758.36	1,719.54	1,679.55	1,638.36	1,638.36
IV. Net Profits	**5,386.74**	**5,273.66**	**5,157.18**	**5,037.20**	**4,913.63**	**4,913.63**
After-tax Finance Costs	–	–	–	–	–	–
V. Earnings Before Interest and After Taxes	**5,386.74**	**5,273.66**	**5,157.18**	**5,037.20**	**4,913.63**	**4,913.63**
Add: Depreciation and Amortization	5.05	5.05	5.05	5.05	5.05	5.05
Less: Capital Expenditure	5.05	5.05	5.05	5.05	5.05	5.05
Net Increase in Working Capital Demand	423.02	-16.21	-16.69	-17.20	-17.71	–

Items	2023	2024	2025	2026	2027	From 2028 onwards
VI. Enterprise' Own Cash Flows	**4,963.73**	**5,289.86**	**5,173.87**	**5,054.40**	**4,931.34**	**4,913.63**
Discount Rate Years	0.50	1.50	2.50	3.50	4.50	
VII. Discount Rates	**10.11%**	**10.11%**	**10.11%**	**10.11%**	**10.11%**	**10.11%**
Discount Factor	0.9530	0.8655	0.7860	0.7138	0.6483	6.4125
VIII. Present Value of Net Cash Flows	**4,730.36**	**4,578.30**	**4,066.76**	**3,608.08**	**3,197.02**	**31,508.74**
IX. Operating Value in Forecast Period						**51,689.26**
Add: Surplus Assets						6,030.18
Long-term Equity Investments						0.00
X. Enterprise's Value						**57,719.44**
Less: Interest-bearing Liabilities						0.00
XI. Total Shareholders' Equity						**57,719.44**
Less: Minority Shareholders' Equity						0.00
XII. Ownership attributable to the parent company						**57,719.44**

I. Calculation of Enterprise' Total Value

$V = P + C_1 + C_2 + E'$

$= 577{,}194{,}400$

II. Determination of Value of Interest-bearing Debts

Xinkuang Juye Coal Processing Co., Ltd. has no interest-bearing debts as at the Valuation Reference Date.

III. Calculation of Total Shareholders' Equity

Based on the above valuation work, the value of all shareholders' equity of Xinkuang Juye Coal Processing Co., Ltd. is:

$E = V – D$

$= 577{,}194{,}400$

Where:

E – Total Shareholders' Equity;

V – Enterprise' Value;

D – Apprised Value of Interest-bearing Debts;

P – Appraised Value of Operating Assets;

C1– Appraised Value of Surplus Assets;

C2– Appraised Value of Non-operating Assets;

E'– Appraised Value of Long-term Equity Investments

The value of all shareholders' equity of Xinkuang Juye Coal Processing Co., Ltd. is RMB577,194,400 after valuation using the income approach, representing an appreciation of RMB509,890,500 or 757.59%.

The key inputs for income approach include operating income, operating costs, taxes and surcharges, management expenses, income tax expenses, discount rate, and non-operating assets. Among these, the operating income is mainly determined by the amount of coal washing and selection multiplied by the price agreed in the current contract; operating costs are mainly calculated based on historical unit costs of coal washing and selection. Taxes and surcharges and income tax payable are mainly calculated based on the tax policies implemented by the enterprise. Management expenses are mainly predicted based on historical averages. Non-operating assets and liabilities are evaluated separately. The discount rate is selected by calculating the weighted average cost of capital (WACC).

Since the assumptions or inputs involved in the valuation process have little impact on the valuation, and no key assumptions or inputs that have a significant impact on the valuation have been found and therefore no sensitivity analysis has been prepared.

(10) Shandong Zikuang Railway Transportation Co., Ltd.（山東淄礦鐵路運輸有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Shandong Zikuang Railway Transportation Co., Ltd. is RMB531,760,400, total assets after valuation using the asset-based approach is RMB764,157,000, representing an appreciation of RMB232,396,600 or 43.70%; the book value of liabilities is RMB171,607,400, the appraised value is RMB171,607,400, with no appreciation or depreciation; the book value of the net assets is RMB360,153,000, the appraised value is RMB592,549,600, representing an appreciation of RMB232,396,600 or 64.53%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time and the land prices have continued to rise.

(2) Equipment assets

The valuation of machinery and equipment mainly adopts the replacement cost method. The replacement cost method for machinery and equipment valuation is a method to determine the appraised value of machinery and equipment through estimating the renewal and replacement cost for new machinery and equipment, with the deduction of the actual depreciation, functional depreciation, and economic depreciation, or on the basis of determining its comprehensive newness rate. The replacement cost of equipment generally includes all reasonable direct and indirect expenses required for the re-purchase or construction of new assets with the same functions as the valuation object, such as the purchase price of the equipment, transportation and miscellaneous fees, basic fees for the equipment, installation and commissioning fees, preliminary and other expenses, capital cost, etc. The calculation formula adopted in this valuation is:

Appraised value = replacement cost x comprehensive newness rate

1) Valuation of machinery and equipment

① Determination of the replacement cost of machinery and equipment

As transportation and miscellaneous fees are included in the purchase price of the machinery and equipment to be appraised and such fees are of small amounts, the capital cost of the transportation and miscellaneous fees for the equipment is not accounted for on a separate basis

Replacement cost = purchase price of equipment + basic fees of equipment + installation and commissioning fees + preliminary and other expenses – deductible value-added tax input tax

A. purchase price of equipment

For equipment that is still in circulation in the prevailing market, its purchase price is determined directly based on the prevailing market price. For equipment that has been eliminated, is no longer produced by the manufacturer, or is no longer in circulation in the market, the purchase price is determined by comparing similar equipment with the equipment to be appraised, and comprehensively considering the differences in performance, technical parameters, use functions and other aspects between the two.

B. Basic fees of equipment

Basic fees of equipment are calculated based on the purchase price and different installation rates with reference to the characteristics of the equipment and the industry quota. If the equipment is not accounted for on a separate basis or it was built together with the building during construction, the duplicate basic fees of equipment will not be considered when calculating the replacement cost of the equipment.

C. Installation and commissioning fees

Based on the purchase price, the equipment is charged at different installation rates according to its features, weight and installation difficulty with reference to the Handbook of Commonly Used Data and Parameters for Asset Valuation and equipment industry quota. For small-scale equipment that does not need to be installed, installation and commissioning fees are not considered.

D. Preliminary and other expenses and capital cost

Preliminary and other expenses include project bidding agency service fees, construction unit management fees, etc. The pricing bases are shown in the following table:

No.	Name of project or fees	Calculation formula	Rate/ price	Pricing basis
1	Construction unit management fees	Purchase price of equipment × rate	1.50%	With reference to Cai Jian (2016) No. 504

No.	Name of project or fees	Calculation formula	Rate/ price	Pricing basis
2	Bidding agency service fees	Purchase price of equipment × rate	0.25%	Implement market-adjusted price in accordance with Fa Gai Jia Ge [2015] No. 299
	Total		**1.75%**	

② Determination of comprehensive newness rate

For large-scale and critical equipment, the comprehensive newness rate is determined by weighing of the surveyed newness rate and the theoretical newness rate:

Comprehensive newness rate = surveyed newness rate × 0.6 + theoretical newness rate × 0.4

A. Surveyed newness rate

The determination of surveyed newness rate is mainly based on the actual conditions of the equipment of the enterprise. The surveyed newness rate is determined based on the technical status, working environment and maintenance of the equipment by rating different parts of the equipment in accordance with the actual on-site surveyed conditions.

B. Theoretical newness rate

Theoretical newness rate is determined based on the economic life (or remaining useful life) and used life of the equipment.

Theoretical newness rate = (economic life – used life)/ economic life × 100%

For equipment with used life near/exceeding its economic life, the following formula is used:

Theoretical newness rate = remaining useful life/ (remaining useful life + used life) × 100%

③ Calculation of appraised value

Appraised value = replacement cost × comprehensive newness rate

2) Valuation of vehicles

For vehicles which fall within the scope of this valuation, if the vehicle is still on sale in the market, the replacement cost method is used to determine the market value of the appraised vehicles; if the vehicles have ceased production and sale but are actively traded in the secondary market, the market comparison method is used to determine the market value of the appraised vehicles.

① Replacement cost method

A. Vehicle replacement cost

The replacement cost of vehicles consists of three parts, namely purchase price excluding value-added tax, vehicle purchase tax and other reasonable expenses (such as inspection fee, license fee, handling fee, etc.). The purchase price is mainly determined with reference to the market price of the latest transactions of similar vehicle models. The calculation formula is as follows:

Vehicle replacement cost = vehicle purchase price + vehicle purchase tax + other related expenses – deductible value-added tax input tax.

where: vehicle purchase tax is 10% of the vehicle market price (excluding value-added tax).

B. Determination of comprehensive newness rate

The newness rate of transportation vehicles is determined as comprehensive newness rate. The calculation formula is as follows:

Comprehensive newness rate = theoretical newness rate × 40% + surveyed newness rate × 60%

Life-based newness rate = (prescribed service life – serviced life)/prescribed service life × 100%

Mileage-based newness rate = (prescribed mileage – mileage traveled)/prescribed mileage × 100%

Theoretical newness rate is taken as the lower of life-based newness rate and mileage-based newness rate.

Surveyed newness rate is rated in an on-site survey.

C. Determination of appraised value of vehicles

Appraised value = replacement cost × comprehensive newness rate

② Market comparison approach

A. Definition and basic principles of market comparison approach

Basic meaning: According to the principle of substitution, the vehicle to be appraised is compared with similar vehicle transactions in a relatively recent period, followed by adjustment for relevant factors before arriving at the price of the appraised vehicle as at the Valuation Reference Date.

The market comparison approach is based on the principle of substitution, and therefore is realistic and convincing. The market comparison approach is appropriate for the valuation of prices of assets which are involved in recurring transactions in more developed markets.

B. Basic formula of market comparison approach

Vehicle transaction cases of strong correlation and substitution potential are selected within the same supply and demand range as the valuation object from the recent second-hand vehicle transaction market. The market price of the vehicle to be appraised is then arrived at by analyzing and comparing factors affecting the market price of secondhand vehicles, such as useful life, serviced mileage and surveyed conditions of vehicles, followed by correction based on the conditions of the valuation object and the comparable cases. The calculation formula is as follows:

Comparable price = comparable case price × vehicle life correction coefficient

× vehicle mileage correction coefficient

× surveyed vehicle condition correction coefficient

× transaction price correction coefficient

C. Appraised value of vehicle using market approach = average comparable price

= Σ (corrected unit price of vehicle)/number of comparable cases

3) Valuation of electronic and office equipment

① Determination of replacement cost of electronic equipment

Electronic equipment are computers, printers and other office equipment of the enterprise, the delivery, installation and commissioning of which are responsible by distributors. For equipment that is still in circulation in the market, its replacement cost is determined directly based on the prevailing market price. For equipment that is out of production and circulation and has no market price, the purchase price is determined by comparing similar equipment with the equipment to be appraised, and comprehensively considering the differences in performance, technical parameters, use functions and other aspects between the two. Various expenses and capital cost for such equipment will not be considered. The calculation formula is shown below:

Replacement cost = purchase price ÷ (1 + appropriate VAT rate)

② Determination of newness rate

The newness rate of electronic and office equipment is mainly determined based on their economic life (remaining useful life).

Newness rate = (economic life – used life)/ economic life×100%

For equipment with used life exceeding its economic life, the following formula is used:

Newness rate = remaining useful life/(used life + remaining useful life) × 100%

③ Determination of appraised value

a. Appraised value = replacement cost × newness rate

b. For electronic equipment that has exceeded its economic life and ceased production with no comparable prices, the valuation is mainly conducted through market approach by inquiring about second-hand transaction prices.

(3) Long-term deferred expenses

Long-term deferred expenses are valued by the value of assets and entitlements that are still held by the appraised entities after the Valuation Reference Date. For long-term deferred expenses with no corresponding entitlements and value, or items which have been taken into account in other assets, their appraised values zero. For deferred expenses that have corresponding entitlements or value, such entitlements or value is valued by their original cost and the ratio of the remaining benefit period of such entitlements over their total amortisation period.

(4) Intangible assets – other intangible assets

1) Introduction and selection of valuation approaches for patented technology

There are three valuation approaches for patented technology, namely market comparison approach, income capitalisation approach and replacement cost approach.

For assets valuation, the market comparison approach is applicable to both tangible assets and intangible assets, provided that there is an active technology trading market and same or similar transaction precedents. Based on our market investigation and the information from some relevant industry insiders, the technology trading market in China is not yet active, the trading information is not open enough, and there are no cases of similar technology trading in China. As we cannot find comparable historical transactions and price data for the independent research and development projects, the market approach valuation is not applicable for this valuation.

The income capitalisation approach is to discount the expected income brought by the appraised target to its owner, and take the discounted value as the appraised value. This approach requires a reasonable estimation of the income created by the technology and a reasonable quantification of the return risk. Based on our communication with the appraised entity, Since Shandong Energy Group Luxi Mining Co., Ltd. is mainly responsible for the tasks of development and constructions and manufacturing and operation of Shandong Energy Group in Luxi region, it has no actual business operations as a parent company, but it mainly undertakes to supervise, manage and invest in its subsidiaries in the Luxi region. Future investment plans are difficult to determine and the management functions it primarily undertakes are also subject to certain uncertainty, the future profitability of the enterprise cannot be reasonably anticipated and the risk of future income cannot be reasonably quantified. Therefore, the income approach has not been used in this valuation.

The replacement cost approach, based on the principle of input and value correlation, values the various costs that need to be invested to redevelop the technology. The research and development motivation and formation process of the technology is simple, and the costs can be reasonably estimated and replaced, so we have selected the replacement cost approach for this valuation.

2) Valuation approach model

Its basic calculation formula is as follows:

Appraised value = replacement cost × (1-depreciation rate)

A. Determination of replacement cost

Technology replacement cost = development and research cost + registration agent fee + development profit + relevant taxes

Where: development and research cost includes direct and indirect costs, and direct costs are the costs of wages, materials, special equipment, data, consultation, training, travel, etc., consumed in the process of technology research and development, while indirect costs include administration and office expenses shared by research and development projects. Registration agent fee includes application and examination fee, agent fee, examination fee, publication printing fee, stamp duty, etc., development profit is determined with reference to domestic levels; the relevant taxes are mainly taxes and surcharges.

B. Depreciation rate

The depreciation rate is estimated with life approach.

VIII. IMPLEMENTATION OF VALUATION PROCEDURES

According to the provisions of relevant state departments on asset appraisal and the general principles of accounting, the relevant legal provisions and standardization requirements of relevant state departments, and as agreed in the asset valuation engagement contract with the principal, Shandong Zhongping Hengxin Asset Valuation Co., Ltd. has verified and reviewed the legal documents and accounting records and relevant information provided by the principal, and conducted necessary property rights inspection, field inspection and check of relevant assets, necessary market investigation, transaction price comparison and other necessary asset appraisal procedures such as financial analysis and forecast in accordance with the asset list submitted by the appraised entity. The detailed process of the asset appraisal is as follows:

1. Acceptance of engagement and preparation

(1) Shandong Zhongping Hengxin Asset Valuation Co., Ltd. accepted the engagement of the principal to engage in the asset appraisal project in January 2023. After accepting the engagement, Shandong Zhongping Hengxin Asset Valuation Co., Ltd. carefully discussed with the principal on the valuation purpose, the valuation object and the scope of valuation, the Valuation Reference Date, the characteristics of the entrusted appraisal assets and other issues affecting the asset valuation plan.

(2) According to the characteristics of the entrusted appraisal assets, the valuers arranged the detailed asset appraisal form accordingly, designed the main asset questionnaire, the main business profit questionnaire, etc., conducted business training for the cooperative personnel of the principal to participate in the asset appraisal, and filled in the asset appraisal inventory form and various questionnaires.

(3) Design of the valuation plan

According to the understanding of the characteristics of the assets, efforts were made to formulate the valuation implementation plan, determined the valuers, and formed the asset valuation on-site working group.

(4) Preparation of valuation information

The valuers collected and sorted out the market transaction price information of the valuation object, the price information for the main raw material markets and the property ownership documents of the valuation object.

2. On-site verification stage

(1) Verification of the authenticity and legality of the valuation object

According to the declaration details of the assets and liabilities provided by the principal and the appraised entity, the valuers adopted different verification methods to verify the physical assets and monetary claims and debts, so as to confirm the authenticity and accuracy of the assets and liabilities.

For monetary funds, we investigated by reviewing bank statements and the reconciliation statements of the balance of bank deposits.

For claims and debts, the valuers determined the authenticity of the assets and liabilities by checking the general ledger, subsidiary ledger and spot checking the contractual proofs.

For other current assets, the valuers verified the enterprise's tax returns by understanding the applicable tax types, tax rates, tax amounts and payment rates of the enterprise, and confirmed the accuracy and authenticity of the declared amounts by reviewing the tax payment vouchers.

For long-term equity investments, the valuers checked the written information such as the articles of association and agreement of the investee, the scope and operation of the business, the date of investment, the original investment amount and the shareholding percentage.

The investigation of fixed assets adopts the principle of combining key and general assets, focusing on the investigation of vehicles and important equipment. The valuers checked the vehicle driving permit, equipment purchase contract and invoice, etc., so as to determine the authenticity of the assets.

For long-term deferred expenses, the valuers examined the content of relevant contracts, and understood the progress of project implementation and payment status by talking with financial personnel, analyzed the composition of the book value and its reasonableness, and inspected the original vouchers related to the payments of each project.

For other intangible assets, the valuers carried out checking and verification by means of reviewing rights certificates, acceptance notices, payment evidences and asset inventories.

(2) Investigation of the actual status of the assets

The investigation of equipment operation status adopts the principle of combining key points and general ones, focusing on the investigation of vehicles and important equipment. It was mainly carried out by consulting the operation records of the equipment and observing the operation status of the equipment on site under the cooperation of the equipment management personnel of the appraised entity. The important equipment questionnaire has been improved on the basis of the survey.

(3) Investigation of the value composition of physical assets

According to the characteristics of the assets of the appraised entity, the valuers investigated the rationality and compliance of the value composition of the assets, focusing on checking the authenticity, accuracy, integrity and compliance of the book amount of fixed assets. Relevant accounting vouchers, accounting books, equipment purchase contracts and other materials were checked.

3. Selection of valuation approaches, collection of market information and estimation

According to the work plan formulated on the basis of the characteristics of this project and the pricing principle and valuation model determined in combination with the actual situation, after defining the valuation parameters and price standards and referring to the historical data provided by the enterprise, the valuers started the valuation and estimation work on site.

4. Summary stage of valuation

(1) Determination of the valuation results

According to the field survey and the necessary market survey and calculation conducted by the valuers of Shandong Zhongping Hengxin Asset Valuation Co., Ltd., the results of the asset-based approach of the appraised assets are determined.

(2) Analysis of valuation results and writing of valuation report

The valuation report of relevant assets is prepared in accordance with the standardized requirements of Shandong Zhongping Hengxin Asset Valuation Co., Ltd.. The valuation results and relevant asset valuation report shall be reviewed in three levels according to the procedures stipulated by Shandong Zhongping Hengxin Asset Valuation Co., Ltd. After the final review by the signing asset valuer, the project team shall complete and submit the report.

(3) Sorting out and filing of working papers

IX. VALUATION ASSUMPTIONS

(I) General assumptions

1. Transaction assumption: The transaction assumption is that all assets to be appraised are in the process of transaction, and the asset valuers will conduct valuation in a market according to the transaction conditions of assets to be appraised.

2. Open market assumption: The open market assumption is an assumption about the conditions of the market for proposed asset to enter and what kind of influence the asset will receive under such market conditions. The open market refers to the fully developed and perfect market conditions, which is a competitive market with willing buyers and sellers. In this market, buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information. Both buyers and sellers conduct their transactions under willing, rational, non-compulsory or unrestricted conditions.

3. Continuous use assumption: The continuous use assumption is an assumption about the conditions of the market for proposed asset to enter and the asset status under such market conditions. First, the appraised assets are in use status. Second, it is assumed that the assets in use will continue to be used. Under the assumption of continuous use, the scope of use of the valuation results is limited without considering the conversion of the use of assets or the best use conditions.

4. Going concern assumption: It is an assumption to take the assets in their entirety as the subject of appraisal. As a business entity, the enterprise will continue to operate as a going concern in the external environment. The management is responsible and has the ability to take responsibilities; the enterprise operates according to the law, makes reasonable profits, and its operation is sustainable.

5. Information authenticity assumption: As for the information and materials provided by the principal and relevant parties on the basis of the valuation conclusion, the asset valuer assumes that these are credible and has conducted necessary verification according to the appraisal procedure, but the asset valuer does not make any guarantee for the authenticity, legality and integrity of these information and materials.

(II) Special assumptions

1. There are no material changes in the relevant prevailing laws, regulations and policies of the State and the macroeconomic situation of the State; there are no material changes in the political, economic and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the operator of the enterprise is responsible and the enterprise's management is capable of shouldering its duties.

3. Unless otherwise stated, it is assumed that the enterprise is fully compliant with all relevant laws and regulations.

4. It is assumed that the accounting policies to be adopted by the enterprise in the future are basically consistent with the accounting policies adopted in the preparation of the valuation report in material aspects.

5. It is assumed that the business scope and mode of the company are consistent with the current direction based on the existing management mode and management level.

6. There are no material changes in interest rates, exchange rates, tax bases and tax rates, and policy-based levies.

7. There are no other force majeure and unforeseen factors that would have a material adverse impact on the enterprise.

8. It is assumed that the business content of the enterprise in the forecast years will remain basically the same as the current model without significant changes.

9. It is assumed that the mining license will be renewed and registered upon expiration.

10. It is assumed that product prices, costs and expenses, tax rates and interest rates will vary within the normal range during the development and revenue period of the mines.

According to Article 7 of the "Regulations on the Administration of Mineral Resources Exploitation and Registration", "when the mining license expires and it is necessary to continue on mining, the mining rights holder shall apply for renewal of registration at the registration authority 30 days prior to the expiration of the mining license."

According to Article 18 of the "Notice in relation to Further Improving the Management of Mineral Resources Exploration and Exploitation Registration of the Ministry of Natural Resources", the application for renewal of mining rights to the Ministry of Natural Resources shall submit the application for registration of mining rights or the application form, the file of mineral resources reserves assessment (for renewal, the annual report of mine reserves for the current year or the previous year for non-oil and gas projects), the original and copy of the mining license, the announcement of the result of the geological and environmental protection of the mine and land reclamation project, the development and utilization project of mineral resources, the proof material for the payment of transfer proceeds of mineral rights (price) or compensation for disposal, the opinion from the head of the provincial natural resources department. (Local natural resources departments may refer to the implementation)

According to the catalogue of registration materials for the renewal of mining rights published on the Shandong Provincial Government Service Website, the information for applying to the Shandong Provincial Department of Natural Resources for the renewal of mining license includes: municipal natural resources and planning department's preliminary opinion; application for registration; a copy of the applicant's business license; mining rights transfer contract, payment for the transfer proceeds of mining rights (price) or voucher (copy) of compensation for disposal and payment table; reserve verification report and evaluation letter, geological data remittance certificate; original and copy of the original mining license; valuation opinion and announcement results of mine geological environment protection and land reclamation project; mine area map, upper ground or underground work comparison map or floor plan for development work; mine geological environment management and restoration fund card; application for registration of the report documents.

According to the catalogue of materials for the registration of mining rights renewal published on the Xinjiang Administrative Service Website, the information required for applying to the Department of Natural Resources of Xinjiang Autonomous Region for the renewal of mining license includes: opinions issued by the natural resources department of the prefecture, state or city; copies of the applicant's business license; documents proving the payment of transfer proceeds (price) for mineral rights or compensation disposal; the development and utilization of mineral resources and ecological protection and restoration plan; the original and copy of the mining license; the file of mineral resources reserve assessment; the application for registration of mining rights or the application letter.

In summary, the mining rights are renewed by submitting renewal information in accordance with the requirements of the Department of Natural Resources or the local natural resources authority for the preparation of application materials 30 days prior to the expiry of the mining license. Luxi Mining and its subsidiaries have successfully completed the application or renewal of mining licenses several times and the mineral rights holder has already obtained some of the application documents (such as business licenses and mining licenses, mining rights transfer contracts, reclamation plan announcement results and development and utilization plans, etc.) in the process of acquiring mining rights, and the remaining documents should be prepared in accordance with the relevant regulations in the year of application for renewal.

Therefore, up to now, on the premise that the mineral rights holder will prepare the documents required for the renewal of the mining license in accordance with the above provisions (or the relevant regulations to be announced at that time or the requirements of the competent authorities), and submit the renewal registration procedures in compliance with the relevant provisions within the statutory time limit and have them accepted and approved by the relevant competent authorities, both valuation reports assume that there are no reasonably foreseeable material legal obstacles to the renewal registration procedures of the mining license.

The assumption of going concern of the enterprise is the basic assumption of enterprise value valuation, and the core assets of the mining enterprises involved are mineral rights, and the legal compliance of their assets is the basic premise for the generation of legal income from the assets. No legal impediment to the renewal of the relevant licenses was identified during this valuation, therefore, it is reasonable to assume that the relevant licenses can be renewed upon expiration.

The appraisers apply the asset-based approach to the appraised entity and asset-based approach and income approach to the subsidiaries in accordance with the valuation requirements, and determine that these assumptions are valid on the Valuation Reference Date, and deduces the corresponding valuation conclusion based on these assumptions. If the economic environment changes significantly in the future or other assumptions are not valid, the valuation results will change significantly. The undersigning asset valuer and this valuation agency shall not be liable for deriving a different valuation conclusion as a result of the change in the assumptions.

X. VALUATION CONCLUSION

Under the assumption of going concern on the Valuation Reference Date, after the asset-based approach valuation, for Shandong Energy Group Luxi Mining Co., Ltd., the book value of total assets is RMB13,821,231,900, the appraised value is RMB41,854,382,500, representing an appreciation of RMB28,033,150,600 or 202.83%; the book value of total liabilities is RMB4,724,071,500, the appraised value is RMB4,724,071,500, with no appreciation or depreciation; the book value of the net assets is RMB9,097,160,400, the appraised value is RMB37,130,311,000, representing an appreciation of RMB28,033,150,600 or 308.15%.

Summary table of the valuation results under the asset-based approach

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation or depreciation	Appreciation rate %
Current assets	503,349.32	503,349.32	–	–
Non-current assets	878,773.87	3,682,088.93	2,803,315.06	319.00
Including: long-term equity investments	874,583.61	3,677,146.69	2,802,563.08	320.45
Investment properties	–	–	–	
Fixed assets	3,391.33	3,897.99	506.66	14.94
Construction in progress		–	–	–
Intangible assets	–	250.43	250.43	
Land use rights	–	–	–	
Other	798.93	793.83	-5.10	-0.64
Total assets	**1,382,123.19**	**4,185,438.25**	**2,803,315.06**	**202.83**
Current liabilities	470,207.15	470,207.15	–	–
Non-current liabilities	2,200.00	2,200.00	–	–
Total liabilities	**472,407.15**	**472,407.15**	**–**	**–**
Net assets	**909,716.04**	**3,713,031.10**	**2,803,315.06**	**308.15**

Note: For details of the valuation conclusion, please refer to the Asset Valuation List.

XI. SPECIAL NOTES

The following matters cannot be assessed and estimated by the valuers of the company based on their professional level and ability, but they may indeed affect the valuation conclusion, so the users of this valuation report should pay special attention to them:

(I) The "appraisal value" in this report refers to the fair valuation opinion we put forward for the purpose listed in this report under the condition that the current use of the appraised assets remains unchanged and continues to be valid, as well as under the conditions and the external economic environment on the Valuation Reference Date, and we are not responsible for other purposes.

(II) The valuation conclusion in the report reflects the market value of the valuation object in accordance with the principles of open market and for the purpose of the valuation, which does not consider the relevant expenses and taxes to be borne in the process of property right registration or ownership change of such assets, make any tax adjustment provision for the appraisal appreciation of the assets. The valuation conclusion should not be considered as a guarantee of any realizable price of the valuation object.

(III) During the effective use period of the asset valuation conclusion, if the quantity of assets and the pricing standard change, appropriate adjustments should be made, and the valuation conclusion cannot be directly used.

(IV) In this asset valuation report, for all data appearing in tables or textual representations in the amount of RMB'0,000, where there is a rounding difference between the total and the sum of the sub-values, it is due to rounding and not a measurement error. Users of the report should pay attention to this matter.

(V) Making reference to the conclusion in the reports issued by other institutions:

I) The data of the financial statements from 2020 to 2022 were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023BJAA7B0106. These consolidated financial statements are pro forma financial statements, the bases, methods and assumptions of preparation of which are as follows:

"1) These pro forma consolidated financial statements have been prepared for the purpose of the proposed acquisition of the equity interests of the Company by third parties.

2) These pro forma consolidated financial statements are based on the assumption that the Company was established on 1 January 2020 and that the actual registered capital of RMB5,000 million was contributed by investors on 19 January 2022 and 28 June 2022, of which RMB100 million was contributed in monetary funds and the remaining RMB4,900 million was contributed in equity under the same control. In preparing these pro forma consolidated financial statements, it was

assumed that this portion of the registered capital has been contributed as at 1 January 2020, of which the investors have made contributions in monetary funds, which are shown in "other non-current assets" before being paid up.

3) The control of Kasong Science and Technology Co., Ltd. was acquired by way of a business combination not under common control in December 2020, and the identifiable net assets in the consolidated financial statements as at the date of consolidation were measured at the fair value determined on the date of consolidation. As the influence of this company in the Group is relatively small, the Company still includes it in the scope of consolidation in the pro forma financial statements on the date of actual acquisition of control of this company in the preparation of these pro forma consolidated financial statements.

4) Antai (Pingtan) Investment Partnership (Limited Partnership) (hereinafter referred to as Antai Pingtan) was established in 2021 and is a controlled subsidiary of Shandong Lilou Coal Industry Co., Ltd. owned by the Company. Pursuant to the "Proposal on the Application by Luxi Mining for the Transfer of the General Partnership Share of Antai Pingtan by Lilou Coal" passed at the 50th Meeting of the First Session of the board of directors of Shandong Energy Group Company Limited on 25 November 2022, the board of directors of Shandong Energy Group agreed that Shandong Lilou Coal Industry Co., Ltd. owned by the Company should transfer its entire general partnership share of Antai Pingtan to Longkou Mining Group Co., Ltd.. In the preparation of this pro forma financial report, it is deemed that the entire general partnership share of Antai Pingtan held has been transferred since the establishment of Antai Pingtan, and the assets, liabilities, equity and profit and loss of Antai Pingtan for each period are not included in these pro forma financial statements.

5) The second mine rescue team (the "Second Mine Rescue Team") of Shandong Energy Group Company Limited has been in operation since July 2022 and is managed by the Company on its behalf. On 7 December 2022, Shandong Energy Group Company Limited allocated the personnels and assets of the Second Mine Rescue Team into the Company to be managed as a branch of the Company, and the emergency management branch of Shandong Energy Group Luxi Mining Co., Ltd. was officially established on 19 January 2023. For the purpose of preparing the pro forma financial report, the pro forma financial statements are included as if the Second Mine Rescue Team had been in existence since its inception.

6) Except for the companies mentioned above, all other companies within the scope of consolidation of the Company were established before 1 January 2020, and the acquisition of equity interests in these companies by the Company are all mergers of companies under the

same control. In preparing these pro forma consolidated financial statements, the audited financial statements of each company for 2020, 2021 and 2022 are used as the basis, assuming that they are included in the scope of consolidation of the pro forma financial statements from 1 January 2020, and measured, depreciated and amortized in the pro forma consolidated financial statements prepared at the carrying value of the respective identifiable net assets of each company beginning from 1 January 2020.

7) As these pro forma consolidated financial statements are prepared on the basis of the assumption that the Company was established on 1 January 2020 and that the combined structure of the Company had been formed and existed independently as at 1 January 2020, the pro forma combined master cash flow statement has been prepared in accordance with the methodology described in this note based on the actual cash flow information for 2020, 2021 and 2022. The supplemental information of the pro forma combined statement of cash flows has been prepared on the basis of the pro forma net profit of each company measured, depreciated and amortized at the carrying value of their respective identifiable net assets in the pro forma consolidated financial statements.

8) In addition to the above assumption premises and special basis of preparation, these pro forma consolidated financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance and the related regulations, and based on the accounting policies and accounting estimates described in "V. Significant Accounting Policies and Accounting Estimates" in this Note.

9) As the Company was incorporated on 10 December 2021 and received the first initial capital contribution of RMB100 million from investors and commenced actual operations on 19 January 2022, in this pro forma financial report, the relevant financial statements of the parent company have been prepared on the basis of the actual establishment and operation of the Company and the notes to the relevant financial statements of the parent company have been disclosed in accordance with the actual circumstances.

10) Based on the above internal restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group will implement ASBE 22 – Recognition and Measurement of Financial Instruments, ASBE 23 – Transfer of Financial Assets, ASBE 24 – Hedge Accounting, ASBE 14 – Income and ASBE 21 – Leases from 1 January 2020.

The Ministry of Finance, the Ministry of Natural Resources and the Administration of Taxation jointly issued the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) on 24 March 2023, which set out new regulations on the methods of levying transfer proceeds of mineral rights and has been implemented since 1 May 2023. Based on the above internal restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group has implemented the document in advance and, during the reporting period, the annual share of the transfer proceeds calculated based on the relevant proceeds rate of the mineral rights that meet the requirements of the document to levy the transfer proceeds of mineral rights in the form of transfer proceeds rate was included in the unallocated profit at the beginning of the reporting period, and the sales expenses for each period of the reporting period; the accumulated outstanding transfer proceeds payable are presented in other payables."

II) The ownership value of each mineral rights included in the scope of valuation was determined based on the appraisal value of each mineral rights deducted by the estimated possible transfer proceeds, and the mineral rights and estimated possible transfer proceeds were separately valued by Beijing Kuangtong Resources Development Consultation Co., Ltd. engaged by the principal. The valuation results have been confirmed by the principal and have been filed with the corresponding audit of state-owned assets. The Company only made simple summation on the above valuation results.

1. The mining rights involved in the valuation and included in the scope of valuation according to the overall plan of the economic activity were valued separately by Beijing Kuangtong Resources Development Consultation Co., Ltd. engaged by the principal, which has issued the following reports:

Unit: RMB'0,000

Name of entity	**Name of mining rights**	**Valuation method**	**Reference number of the report**	**Valuation Conclusion**
Shandong Xinjulong Energy Co., Ltd.	Mining rights of Shandong Xinjulong Energy Co., Ltd. (Coal Mine)	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 015	2,679,531.11
Shandong Lilou Coal Industry Co., Ltd.	Mining rights of Shandong Lilou Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 016	436,847.32

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation Conclusion
Shandong Tangkou Coal Industry Co., Ltd.	Mining rights of Shandong Tangkou Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 017	383,006.03
Feicheng Mining Group Shanxian Energy Co., Ltd.	Mining rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 018	84,710.97
Feicheng Mining Group Liangbaosi Energy Co., Ltd.	Mining rights of the Liangbaosi Coal Mine of Feicheng Mining Group Liangbaosi Energy Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 019	332,321.79
Linyi Mining Group Heze Coal Electricity Co., Ltd.	Mining rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 020	312,622.25
	Mining rights of the Pengzhuang Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 021	27,305.37

In the course of this valuation, the valuers communicated with the mineral rights appraisers. The discounted cash flow method and income equity method were adopted for the valuation of the mineral rights. The valuation conclusions have not been confirmed and filed with relevant authorities of mining rights. Having verified that the scope of valuation, valuation purpose and Valuation Reference Date set out in each mining rights valuation report are consistent with this asset valuation report and in line with the requirements of this economic activity and this asset valuation report. In summarizing such parts of the value of the mining rights into this valuation report, we have directly quoted the valuation conclusions issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. The mining rights valuation has not taken into account the impact of the impact ground pressure by mining depths exceeding 1,000m on the valuation results. For details of the calculation process and conclusion of the mining rights consideration, please read the aforesaid mining rights valuation reports issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. carefully.

2. According to the "14th Five-Year Plan for Energy Development in Shandong Province" (Lu Zheng Zi [2021] No. 143) issued by the People's Government of Shandong Province on 9 August 2021, "taking into account factors such as the endowment of coal resources, mining conditions and the degree of threat of disasters, the coal resources will be classified and dealt with in a precise manner. According to the results of the safety demonstration, the coal mines with impact ground pressure by mining depths exceeding 1,000m will be subject to production restrictions, production suspension and closure measures." As at the date of the valuation report, no production restrictions, production suspensions or closures have been taken in respect of the appraised entity's coal mines with impact ground pressure by mining depths exceeding 1,000m. The asset valuation has not considered the impact of the impact ground pressure by mining depths exceeding 1,000m on the valuation results.

3. In the course of this valuation, the mining rights of the Pengzhuang Coal Mine and the mining rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd., the mining rights of the Liangbaosi Coal Mine of Feicheng Mining Group Liangbaosi Energy Co., Ltd. and the mining rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd. were disposed of with compensation by way of cash and conversion into national capital. Pursuant to the "Methods of Levying Transfer Proceeds of Mineral Rights" ("Circular 10"), if the relevant authorities levy transfer proceeds of mineral rights in respect of the resource reserves utilized by the aforesaid mineral rights prior to the Valuation Reference Date of this transaction and the corresponding resource reserves of this transaction, the transferor will reveal the future or some of the payment of the transfer proceeds, therefore, the estimated possible transfer proceeds have not been considered in the valuation process in respect of the value of the interests in the above four mineral rights.

   Except for the mineral rights involved in the above-mentioned three companies, the remaining estimated possible transfer proceeds involved during the valuation of the ownership value of the mineral rights in this transaction is quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and the details of the estimated possible transfer proceeds of the mineral rights involved are as follows:

Name of entity	Name of mining rights	Estimated possible transfer proceeds
Shandong Tangkou Coal Industry Co., Ltd.	Mining rights of Tangkou Coal	59,380.89
Shandong Lilou Coal Industry Co., Ltd.	Mining rights of Lilou Coal of Yuncheng Coal Mine	53,214.65
Shandong Xinjulong Energy Co., Ltd.	Mining rights of Xinjulong Energy	186,981.79

The parties to the transaction have confirmed themselves to the matters described in the description of the estimated possible transfer proceeds issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and we have directly quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when consolidating the estimated possible transfer proceeds into this valuation report. In order to understand the process and results of the calculation of the estimated possible transfer proceeds, please read carefully the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of which are set out in the appendix of the valuation report.

(VI) Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

I) Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted on-site investigation and verification of equipment with relatively large value, while the rest of the equipment was randomly checked using a combination of point and surface. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

II) In this valuation, the asset valuers did not conduct technical testing on the technical parameters and performance of various equipment on the Valuation Reference Date. The asset valuers made a judgment through on-site investigation on the premise that the relevant technical data and operation records provided by the appraised entity are true and valid.

(VII) Incomplete or defective ownership information

I) 4 vehicles licensed to Linyi Mining Group Co., Ltd. were included in the scope of this valuation, the license holder of these 4 vehicles is Longkou Coal& Electricity Co. Ltd. In this regard, the appraised entity and the license holder jointly issued relevant explanation stating that the property right of the vehicles belongs to Shandong Energy Group Luxi Mining Co., Ltd. and there is no dispute over the property right and undertake to bear the corresponding legal responsibility in case of disputes over the ownership of the transport vehicles.

II) The intangible assets – other intangible assets included in the scope of this valuation are off-balance sheet assets, which mainly include: invention patents, utility model patents and appearance design patents, and they are transferred from Linyi Mining Group Co., Ltd. at nil consideration. Among which, 11 invention patents are mainly digital-based coal mining and transportation equipment, and a chain-driven coal mining device with multi-station transportation; 108 utility model patents are mainly coal mine robot welding device, robot for underground coal mine welding and a mobile grounding device for local grounding in underground coal mine; 2 appearance design patents are mainly water diversion device and water diversion instrument. The details are presented in the asset valuation list.

(VIII) Special notes on external investment

I) Feicheng Mining Group Shanxian Energy Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

(1) Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted on-site investigation and verification of equipment and part of the inventories with relatively large value, while the rest of the equipment was randomly checked using a combination of point and surface. For the shaft works, due to the intricacies of the underground roadways, the valuers only surveyed the main roadways of each mine and implemented alternative procedures of reviewing relevant drawings, settlement information, etc. for the roadways not surveyed by them.

(2) For concealed works such as underground pipelines and trenches included in the scope of valuation, taking into account the specificity and complexity of the works, the valuers mainly carried out on-site verification by checking drawings, construction contracts, budget and final accounts, inspection reports, maintenance records and operation records.

With respect to the above matters, this valuation was conducted based on the details of the assets declared by the appraised entity in combination with their current status, and the users of the report are reminded of its impact on the valuation conclusion.

2. Other special matters

(1) Seven buildings included in the scope of valuation, with a total gross floor area of 4,172.00 square meters, have no real estate title certificate as at the Valuation Reference Date. In this regards, Feicheng Mining Group Shanxian Energy Co., Ltd. has issued a letter of undertaking on the property ownership, which proves that the ownership belongs to it and there is no dispute on the ownership. For buildings which have not yet applied for building ownership certificates, their gross floor areas are mainly provided by the appraised entity on the basis of facts, and the valuers conducted verification based on relevant drawings, construction contracts and other information provided by the enterprise, in combination with on-site inspection. The valuation is conducted on the premise that the holder of property ownership is clear and there is no dispute.

(2) A parcel of land for transportation use with a site area of 114,969.81 square meters, located in the north of Litianlou Township Government of Shan County and occupied by a coal transportation road, for which land occupation fee, compensation for seedlings and ground attachments and other related fees have been paid, but has no real estate title certificate. For land use rights that have paid land occupation fee but has no real estate title certificate, their audited book value was taken as their appraised value in this valuation.

(3) 89 items of the machinery and equipment and six items of the electronic equipment included in the scope of valuation are to be scrapped. The Nissan pickup truck with license plate number Lu RH9586 has no repair value due to engine damage, and the vehicle is to be scrapped. They were valued at their recoverable value.

(4) Two of the three items (sets) of machinery and equipment included in the scope of valuation are currently out of service, normal maintenance was carried out during the period when the machinery and equipment was out of service and the impact of this matter on the valuation has not been considered in this appraisal.

(5) The materials and weights of the equipment to be scrapped in fixed assets are declared by the enterprise based on the actual situation on site, combined with the equipment ledgers, design information and nameplates. The appraisers have verified them in

accordance with the requirements of the valuation procedures, and if there is any discrepancy between the weight at the time of future disposal of the assets and the declared weight, the final weight shall be the actual weight. The appraisal value is calculated based on the recoverable price of the asset to be scrapped on the Valuation Reference Date. Due to the volatility of the prices of principal materials such as carbon steel, the impact of changes in the prices of principal materials on the valuation results has not been considered and the user of this report shall pay attention to this matter.

(6) Among the other intangible assets included in the scope of valuation, the 5F co-management platform V1.0 is a unified management platform of the original shareholder, Feicheng Mining Group Co., Ltd. After the transfer of the 100% equity interest held by Feicheng Feikuang Coal Industry Co., Ltd. to Shandong Energy Group Luxi Mining Co., Ltd., the said software system was deactivated and no longer in use. It was valued as zero.

(7) Pursuant to the investment contract between Feicheng Mining Group Shanxian Energy Co., Ltd. and Sino Life Asset Management Co., Ltd., Feicheng Mining Group Shanxian Energy Co., Ltd. borrowed RMB600 million from Sino Life Asset Management Co., Ltd. The loan is guaranteed by Shandong Energy Group Co., Ltd. and the guarantee period is from 30 September 2019 to 15 December 2028.

(8) 18 patents included in the scope of valuation are in the licensing status and substantive examination stage respectively. The cost of the above assets was expensed in the period of acquisition and was not capitalised.

(9) Litigation

According to the information provided by the appraised entity, there are four legal proceedings and the details are as follows:

1) Litigation matters with Jining City Shuntong Municipal Engineering Co., Ltd.:

On 4 June 2021, Jining City Shuntong Municipal Engineering Co., Ltd. submitted an application for arbitration to the Heze Arbitration Commission in connection with a dispute arising from a construction contract. The request is for Feicheng Mining Group Shanxian Energy Co., Ltd. to reimburse the applicant, Jining City Shuntong Municipal Engineering Co., Ltd. for the amount of RMB4,158,345.17 plus interest (calculated at the interest rate of similar loans of the People's Bank of China from 1 December 2013 until the date of payment). Shanxian Energy commissioned a third party, Shandong Sanqiang

Construction Consulting Co., Ltd., to audit the project settlement value, which deviated from the reported settlement value of the project cost of Jining City Shuntong Municipal Engineering Co., Ltd. As at the Valuation Reference Date, the Heze Arbitration Commission had accepted the case and held another hearing on 1 July 2022, which has not yet been adjudicated.

As at the Valuation Reference Date, the audited carrying amount of Shanxian Energy's projected liability was RMB5,658,300.00.

2) Litigation matters with Wenzhou Mining & Shaft Engineering Co., Ltd.:

On 1 May 2022, Wenzhou Mining & Shaft Engineering Co., Ltd. filed a lawsuit against Feicheng Mining Group Shanxian Energy Co., Ltd. in Shanxian People's Court due to a dispute arising from the construction contract of the building project. Claim: The court is requested to order the defendant to pay RMB10,404,077.00 and interest(calculated on the basis of RMB10,404,077.00 from 1 June 2019 to 19 August 2019 at the interest rate of similar loans of the People's Bank of China for the same period and from 20 August 2019 to the date of actual payment at the quoted market rate of loans published by the National Interbank Offered Rate Centre for the corresponding period) for the construction work, and the litigation costs. Shanxian Energy commissioned a third party, Shandong Sanqiang Construction Consulting Co., Ltd. and Shandong Lu Coal Engineering Cost Consulting Co., Ltd. to audit the value of the project settlement for several times and did not reach an agreement with Wenzhou Mining & Shaft Engineering Co., Ltd. On 15 September 2022, the trial was heard and through the defense, the other party ceased to claim that the first team owed RMB2 million, and the remaining amount was reconciled as required by the court. The trial was reopened on 17 January 2023 and no ruling was made yet.

As at the Valuation Reference Date, the carrying amount of accounts payable – Wenzhou Mining and Shaft Engineering Company Limited (Xie Shizhao) was RMB1,468,334.78.

3) Litigation matters with Fang Lixin:

On 7 December 2021, Fang Lixin filed a lawsuit against Feicheng Mining Group Shanxian Energy Co., Ltd. with the Shanxian People's Court over a dispute arising from a construction contract. Claim: Requesting the court to order Feicheng Mining Group Shanxian Energy Co., Ltd. to pay the amount of RMB1,270,178.92 for the project and interest (calculated from 1 January 2019 at the interest rate of similar loans of the People's Bank of China for the corresponding period until the date of payment) as well as bear the litigation costs. According to the civil judgment (2022) (Lu 0102 Minchu No. 10818) of Shanxian People's Court on 19 November 2022, the verdict is as follows: the defendant Feicheng Mining Group Shanxian Energy Co., Ltd. shall pay the plaintiff Fang Lixin RMB111,949.51 for labor services within three days from the effective date of the verdict; the defendant Feicheng Mining Group Shanxian Energy Co., Ltd. shall bear the case acceptance fee of RMB1,450.00 and counter-suit case acceptance fee of RMB6,014.00, totalling RMB119,413.51.

As at the Valuation Reference Date, the above construction costs, case acceptance fees and counter-suit case acceptance fees have not been recorded. In February 2023, the above amount was fully paid by Feicheng Mining Group Shanxian Energy Co., Ltd..

4) Litigation matters between Chen Fang and Shanxian Energy, Feicheng Feikuang Coal Industry Co., Ltd., Shandong Energy Group Company Limited:

On 14 March 2022, Chen Fang filed a lawsuit against Shanxian Energy, Feicheng Feikuang Coal Industry Co., Ltd. and Shandong Energy Group Company Limited in the People's Court of Lixia District, Jinan City over a dispute arising from a cost consulting contract. Claim: Requesting the first defendant to pay RMB3,017,800 and interest of RMB504,900, the second and third defendants to be jointly and severally liable, and the three defendants to be liable for all litigation costs such as case acceptance fee, preservation fee and insurance fee. According to the civil ruling (2022) Lu 0102 Minchu No. 1880 of the People's Court of Lixia District, Jinan City dated 25 April 2022, the verdict was that the plaintiff Chen Fang's suit was dismissed. On 6 May 2022, Chen Fang re-submitted an appeal to the Jinan Intermediate People's Court, requesting to revoke the above civil ruling and the case be heard by the Jinan Lixia District People's Court. On 3 August 2022, the Jinan Intermediate People's Court issued the Civil Ruling No. (2022) Lu 01 Minzhong No. 6905, which ruled that the Civil Ruling No. (2022) Lu 02 Minchu No. 1880 of the People's Court of Jinan City Lixia District was revoked and directed to be heard by the People's Court of Jinan City Lixia

District. On 22 February 2023, a civil judgment was obtained from the Jinan Lixia District People's Court ((2022) Lu 0102 Minchu No. 10818), the verdict is as follows: 1. the defendant Feicheng Mining Group Shanxian Energy Co., Ltd. shall pay the plaintiff Chen Fang a consultation fee of RMB3,017,841.00, to be settled within ten days from the effective date of the judgment; 2. the defendant Feicheng Mining Group Shanxian Energy Co., Ltd. shall pay the plaintiff Chen Fang an interest of RMB341,554.99, to be settled within ten days from the effective date of the judgment; 3. the defendant Feicheng Mining Group Shanxian Energy Co., Ltd. shall pay the plaintiff Chen Fang an interest based on RMB3,017,841.00, calculated from 7 April 2022 to the actual payment date, at the market loan rate published by the National Interbank Funding Center for the same period, to be settled within ten days from the effective date of the judgment. The defendant Feicheng Mining Group Shanxian Energy Co., Ltd. shall bear the case acceptance fee of RMB34,000.00 and the preservation fee of RMB5,000.00, totaling RMB3,398,395.99.

As at the Valuation Reference Date, the carrying amount of accounts payable – Chen Fang was RMB3,517,841.00.

For the relevant amounts involved in the above-mentioned pending litigation, this valuation is made on the basis of the audited carrying amount without considering the impact of the above-mentioned pending matters on the appraisal results, which should be adjusted when there is a difference between the final judgement and the audited carrying amount, and the user of this report shall pay attention to this matter.

II) Shandong Lilou Coal Industry Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

(1) In this valuation, the valuers did not make technical inspection of the concealed works and internal structure of various buildings (structures) (parts that are not observable by the naked eye). The valuation conclusion of the buildings (structures) is a judgment made through field survey under the assumption that the relevant engineering information provided by the appraised entity is true and valid, and without the aid of any testing equipment. Judgements made through field surveys and the impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(2) Shandong Lilou Coal Industry Co., Ltd. was transferred from the prison mine, the enterprise file information was incomplete and do not provide comprehensive financial, engineering and technical information so it may affect the judgment of the professional

valuers on the value of the shaft work. Although the professional valuers have made adequate effort based on their practice standards and ability, under the condition that the valuers cannot generally be informed of based on their professional experience, the valuation results may be affected. The users of this report are reminded of its impact on the valuation conclusion.

(3) The professional valuers did not make a comprehensive on-site survey of the appraised shaft works. The professional valuers tried their best to understand the external appearance of the mine shaft works and the current status and maintenance of the underground roadway works, and implemented alternative procedures of reviewing relevant information, drawings, some of the settlement information, etc. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(4) Due to the survey limitations of the mining enterprise, the valuers were unable to verify each and every equipment underground and mainly relied on the information provided by the enterprise such as inventory sheets, equipment purchase invoices, contracts and equipment management ledgers for confirmation, and the impact of the survey limitations on the valuation conclusion has not been considered in this valuation.

2. Other special matters

(1) Inventory

1) A total of 73 items of raw materials were included in the scope of valuation, for which the appraised entity had issued a statement of relevant matters and the appraisal was zero.

2) 51 items of finished goods included in the scope of valuation are in a state of pending obsolescence and one item is without physical substance, the appraised entity has issued a statement of matter in this regard. The appraisal is based on the recoverable value of obsolete assets and the appraisal of the asset without physical substance was zero.

(2) Fixed assets – buildings (structures)

Three of the housing buildings included in the scope of valuation, with a total gross floor area of 3,443.20 square meters, had not been issued with real estate title certificates as at the Valuation Reference Date. Shandong Lilou Coal Industry Co., Ltd. has issued a letter of commitment on the property rights of the houses in this regard, certifying that the property rights of the buildings belong to the company and there is no dispute on the property rights. For buildings that have not yet been issued with property certification, their floor areas are mainly provided by the appraised entity according to the facts, and the appraisers verify and validate them based on the relevant drawings and construction contracts provided by the enterprise in conjunction with on-site inventories. The appraisal was carried out on the premise that the title ownership was clear and free from disputes.

(3) Intangible assets – land use rights

A total of 297,241.00 square meters of intangible assets – land use rights were included in the scope of valuation. According to the Land Use Certificate (Lu (2022) Yuncheng County Real Estate Rights No. 0044437 Real Estate Certificate), the registered owner of the intangible assets – land use rights totaling 59,297.00 square meters is Shandong Lilou Coal Industry Co., Ltd., and Shandong Lilou Coal Industry Co., Ltd. occupies 23,433.00 square meters of prison land. The appraisal is based on the area of 297,241.00 square meters as stated in the Certificate of Land Use Rights (2022) Yuncheng County Real Estate Rights No. 0044437. The possible impact of the above matters on the appraised value has not been considered and is brought to the attention of the users of the report.

(4) Intangible assets – patent and trademark assets

The off-balance sheet assets declared by the company include patents and trademarks. There are 11 patents, including 9 patents for utility models and 2 patents for inventions. Among which, eight utility model patents were issued by Shandong Yanzhou Coal Mining Machinery Co., Ltd., the remaining of the rights contained in the certificate are owned by Shandong Lilou Coal Industry Co., Ltd. For the 11 patents mentioned above, one of which is for a shear resistant anchor rod and a support method to prevent shear misalignment of the roof plate is waiting for reply and patents for the rest are maintained. There are two trademarks, namely Niu Wang and Ben Niu, the right holder of which is Shandong Yanzhou Coal Mining Machinery Co., Ltd. As at the Valuation Reference Date, some of the patents and trademarks have not yet undergone change of ownership. The appraised entity has issued a statement on this matter, undertaking that the above is true and the ownership is not in dispute.

III) Kasong Science and Technology Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

In this valuation, the valuers did not make technical inspection of the concealed works and internal structure of various buildings (structures) (parts that are not observable by the naked eye). The valuation conclusion of the buildings (structures) is a judgment made through field survey under the assumption that the relevant engineering information provided by the appraised entity is true and valid, and without the aid of any testing equipment. Judgements made through field surveys and the impact of survey limitations on the valuation conclusion has not been considered in this valuation.

2. Other special matters

(1) A total of 4 buildings with a total gross floor area of 613.63 square meters were included in the scope of valuation for which property rights had not been registered. For the buildings for which real estate certificates have not been applied for as at the Valuation Reference Date, Kasong Science and Technology Co., Ltd. has issued a letter of undertaking on the property rights of the buildings, certifying that the property rights of the buildings belong to the company and there is no dispute over the property rights. For buildings that have not yet been issued with property certification, their floor areas are mainly provided by the appraised entity according to the facts, and the appraisers verify and validate them based on the relevant drawings and construction contracts provided by the enterprise in conjunction with on-site inventories measurements, and their legal property rights were confirmed based on the relevant information provided by the appraised entity. The appraisal was carried out on the premise that the title ownership was clear and free from disputes.

(2) China Merchants Bank Co., Ltd. Jining Branch (Party A) and Kasong Science and Technology Co., Ltd. (Party B) entered into the Credit Agreement (no. 531XY2022041392), under which Party A agreed to provide Party B with a credit facility of RMB26 million during the credit period as agreed in the Credit Agreement. In order to guarantee that all debts owed by Party B to Party A under the Credit Agreement can be repaid in full and in a timely manner, Party B is willing to pledge its own property or property which it has the right of disposal in accordance with law as collateral, and Party A agreed to accept the property owned by Party B or which it has the right of disposal in accordance with law as collateral. On 2 December 2022, China Merchants Bank Co., Ltd. Jining Branch (the mortgagee, Party A) and Kasong Science and Technology Co., Ltd. (the mortgagor, Party B) entered into the Maximum Charge Contract (no. 531XY202204139201).

(3) Included in the scope of valuation is an obsolete third-generation electric diaphragm pump as machinery and equipment. The appraisal value of discarded equipment was determined based on its recoverable value.

(4) 55 non-patented technologies, 25 patents and 18 trademarks included in the scope of valuation are off-balance sheet assets. The non-patented technologies and patents are developed by the

enterprise in the production process, and the trademarks are registered by the enterprise through agency, and the related costs have been included in the current profit and loss.

IV) Shandong Tangkou Coal Industry Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

(1) In this valuation, the valuers did not make technical inspection of the concealed works and internal structure of various buildings (structures) (parts that are not observable by the naked eye). The valuation conclusion of the buildings (structures) is a judgment made through field survey under the assumption that the relevant engineering information provided by the appraised entity is true and valid, and without the aid of any testing equipment. Judgements made through field surveys and the impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(2) The professional valuers did not make a complete on-site survey of the appraised shaft works. The professional valuers tried their best to understand the external appearance of the mine shaft works and the current status and maintenance of the underground roadway works, and implemented alternative procedures of reviewing relevant information, drawings, some of the settlement information, etc. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(3) Due to the survey limitations of the mining enterprise, the valuers were unable to verify each and every equipment underground and mainly relied on the information provided by the enterprise such as inventory sheets, equipment purchase invoices, contracts and equipment management ledgers for confirmation, and the impact of the survey limitations on the valuation conclusion has not been considered in this valuation.

2. Other special matters

(1) 34 buildings included in the scope of valuation, with a total gross floor area of 16,985.47 square meters, have no title certificate. In addition, 4# dormitory building has applied for a real property right certificate with a certified gross floor area of 4,899.96 square meters and its basement area of 816.66 square meters has not been registered; the production and dispatch centre building has applied for a real property right certificate with a certified gross floor area of 6,893.93 square meters and its basement area of 1,512.07 square meters has not been registered. For buildings which have no real estate title certificate as at the Valuation Reference Date, Shandong Tangkou Coal Industry Co., Ltd. has issued a letter of

undertaking on the property ownership, which proves that the ownership belongs to it and there is no dispute on the ownership. For buildings which have not yet applied for building ownership certificates, their gross floor areas are mainly provided by the appraised entity on the basis of facts. The valuers conducted verification based on relevant drawings, construction contracts and other information provided by the enterprise, in combination with on-site inspection and measurement, and confirmed their legal ownership based on the information provided by the appraised entity. The valuation is conducted on the premise that the property ownership is clear and there is no dispute.

(2) As verified and confirmed by equipment management personnel, there were 2 items of 2 units (sets) of machinery and equipment in a state of pending retirement; two dump trucks in a state of pending retirement. They were valued at their recoverable value in this valuation.

(3) 33 items and 35 units (sets) of machinery and equipment of fixed assets relating to boilers were taken out of service, and normal maintenance was carried out while the equipment was out of service, and the impact of this matter was not considered in this valuation.

(4) One MH620 roadheader among the machinery and equipment is currently on loan to Shaanxi Zhengtong Coal Co., Ltd. for free use. This appraisal only calculates the value and capital cost of the equipment itself, and does not calculate equipment installation fees, preliminary and other costs.

(5) The off-balance sheet assets included in the scope of valuation comprise 68 patents, 32 computer software copyrights and 2 trademarks, the costs of which are expensed in the period of acquisition and not capitalised.

(6) Three software usage rights (antivirus software, network management platform and ACM2010) on the books of the appraised entity have expired and could not be used as at the Valuation Reference Date and was valued zero in this valuation.

(7) The appraised entity has 68 off-balance sheet patents included in the scope of valuation. According to the patent certificate and notice of acceptance, five patents of Shandong Tangkou Coal Industry Co., Ltd. are shared patents, involving a number of shared patent owners such as Zibo Ruiante Automatic Control Equipment Company Limited, Xi'an University of Science and Technology and Shaanxi Xike Zhi'an Information Technology Company Limited. According to the technology development contracts signed between Shandong Tangkou Coal Industry Co., Ltd. and the shared patent owners, the results obtained from the

technology development and the patent application rights belong to Shandong Tangkou Coal Coal Co., Ltd. For patents where there are co-owners, this appraisal recognises the cost of the patent for the appraised entity on the basis of the number of co-owners sharing the cost equally.

V) Feicheng Mining Group Liangbaosi Energy Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

(1) In this valuation, the valuers did not make technical inspection of the concealed works and internal structure of various buildings (structures) (parts that are not observable by the naked eye). The valuation conclusion of the buildings (structures) is a judgment made through field survey under the assumption that the relevant engineering information provided by the appraised entity is true and valid, and without the aid of any testing equipment. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(2) The professional valuers did not make a complete on-site survey of the shaft works to be appraised. The professional valuers tried their best to understand the external appearance of the mine shaft works and the current status and maintenance of the underground roadway works, and implemented alternative procedures of reviewing relevant information, drawings, some of the settlement information, etc. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(3) Due to the survey limitations of the mining enterprise, the valuers were unable to verify each and every equipment underground and mainly relied on the information provided by the enterprise such as inventory sheets, equipment purchase invoices, contracts and equipment management ledgers for confirmation, and the impact of the survey limitations on the valuation conclusion has not been considered in this valuation.

2. Other special matters

(1) 23 of the buildings included in the scope of valuation, with a total gross floor area of 16,264.98 square meters, have no ownership certificate as at the Valuation Reference Date. In this regards, Feicheng Mining Group Liangbaosi Energy Co., Ltd. has issued a letter of undertaking on the property ownership, which proves that the ownership belongs to it and there is no dispute on the ownership. For buildings which have not yet applied for building ownership certificates, their gross floor areas are mainly provided by the appraised entity on the basis of facts, and the valuers conducted verification based on relevant drawings, construction

contracts and other information provided by the enterprise, in combination with on-site inspection and measurement. The valuation is conducted on the premise that the property ownership is clear and not in dispute and the impact of this matter was not considered in this valuation.

(2) The land use rights of the site of the access road of Well No. 1 included in the scope of the valuation, the total area of this part of land is 67,317.07 square meter and the book value is included in fixed assets, for which the enterprise has paid the land premium and related taxes and signed the land grant contract. As it is the land for the access road to the coal mine, which is now a road for use by both the coal mine and the surrounding villages, the local land administration department will not issue a certificate, and its property rights cannot be defined for the time being. The appraisal is based on its original acquisition cost, and the area and relevant parameters of such part of the land are determined according to the land grant contract. The valuation is based on its original acquisition cost and its appraised value is determined by the valuation method of long-term deferred expenses.

(3) The Jiangling Quanshun ambulance with license plate number Lu JM9535 was purchased by Feicheng Mining Group Liangbaosi Energy Co., Ltd. and its registration was uniformly handled by Shandong Dongyue Energy Co., Ltd. The registered owner is Shandong Dongyue Energy Co., Ltd. and the transfer procedures has not been completed due to historical reason. In this regard, Feicheng Mining Group Liangbaosi Energy Co., Ltd. and Shandong Dongyue Energy Co., Ltd. have jointly undertaken that they have the full ownership of the vehicle and there is no dispute on the ownership. The valuation is conducted on the premise that the ownership is clear and not in dispute.

(4) Pledge and guarantee

On 18 October 2022, Feicheng Mining Group Liangbaosi Energy Co., Ltd. and Huatai Asset Management Co., Ltd. entered into the "Huatai-Shaneng Luxi Mining Infrastructure Debt Investment Plan – Investment Contract" (contract no. HT2022LXKY001). The capital amount of the investment is estimated to be not exceeding RMB2.6 billion, and RMB1 billion in capital was allocated in 2022, and the contracted investment period is from 17 October 2022 to 21 December 2028, and the contracted investment return rate is 4.6%. In connection with this investment, Huatai Asset Management Co., Ltd. and Shandong Energy Group Company Limited entered into the "Huatai-Shaneng Luxi Mining Infrastructure Debt Investment Plan – Guarantee Contract" (contract no. HT2022LXKY002), in which Shandong Energy Group Company Limited provided a joint guarantee for the above investment.

(5) Finance lease

1) On 27 November 2018, Feicheng Mining Group Liangbaosi Energy Co., Ltd. signed the contract numbered 2018PAZL(TJ)0102368-ZL-01 "Sale and Leaseback Contract" with Ping An International Financial Leasing (Tianjin) Co., Ltd. ("Ping An International"). Some of the equipment of Feicheng Mining Group Liangbaosi Energy Co., Ltd. were under finance lease with Ping An International on a "sale and leaseback" basis. The term of the lease is from 19 March 2019 to 19 December 2023. The nominal price of the leased equipment will be RMB100.00 on the expiration date of the lease. From the date of completion of the lease contract, ownership of the leased equipment shall revert to the company upon payment of the nominal price by Feicheng Mining Group Liangbaosi Energy Co., Ltd.. Shandong Energy Group Company Limited has provided guarantee for the above contract and assumes joint and several liability.

2) On 27 November 2018, Feicheng Mining Group Liangbaosi Energy Co., Ltd. signed the contract numbered 2018PAZL(TJ)0102365-ZL-01 "Sale and Leaseback finance Contract" with Ping An International Financial Leasing (Tianjin) Co., Ltd. ("Ping An International"). Some of the equipment of Feicheng Mining Group Liangbaosi Energy Co., Ltd. were under financing lease with Ping An International on a "sale and leaseback" basis. The term of the lease is from 18 March 2019 to 18 December 2023. The nominal price of the leased equipment will be RMB100.00 on the expiration date of the lease. From the date of completion of the lease contract, ownership of the leased equipment shall revert to the company upon payment of the nominal price by the company. Shandong Energy Group Company Limited has provided guarantee for the above contract and assumes joint and several liability.

3) On 27 November 2018, Feicheng Mining Group Liangbaosi Energy Co., Ltd. signed the contract numbered 2018PAZL(TJ)0102369-ZL-01 "Sale and Leaseback Contract" with Ping An International Financial Leasing (Tianjin) Co., Ltd. ("Ping An International"). Some of the equipment of the company were under financing lease with Ping An International on a "sale and leaseback" basis. The term of the lease is from 14 March 2019 to 14 December 2023. The nominal price of the leased equipment will be RMB100.00 on the expiration date of the lease. From the date of completion of the lease contract, ownership of the leased equipment shall revert to the company upon payment of the

nominal price by the company. Shandong Energy Group Company Limited has provided guarantee for the above contract and assumes joint and several liability.

(6) According to the information provided by the appraised entity, the appraised entity is involved in the following litigations, and breakdowns are as follows:

No.	Plaintiff	Defendant	Handling authority	Litigation claims	Case in summary
1	Sun Yankui, Sun Yangju	Liangbaosi Company	Jiaxiang County People's Court	The plaintiff Sun Yankui and Sun Yangju contracted 350 mu of land in four villages for planting fruit trees, which is located in the mining area. In autumn 2018, due to rain waterlogging, resulting in the death of all fruit trees. As negotiations with the defendant Liangbaosi Company on compensation was unsuccessful, they sued to the court. The request was to compensate the plaintiff for damages of RMB15 million. The focus of the case was whether the cause of death of the fruit trees was caused by waterlogging from coal mining collapse.	First instance hearing is in process, I was told that death of the fruit trees was caused by heavy rain not seen for a century. It is understood that such opinion was preliminary accepted by the court and now pending judgment.
2	Zoucheng Lujian Company (鄒城魯建公司)	Liangbaosi Company	Jiangxiang County People's Court	In August 2018, Liangbaosi and Lutai Company entered into a coal storage contract for the coal field closure project of Liangbaosi Mine, which Lutai Company subcontracted to Zoucheng Lujian Company. On 12 June 2019, Liangbaosi Mine notified Lutai Company to suspend construction and Lutai Company informed Zoucheng Lujian Company. Zoucheng Lujian Company requested a suspended loss of RMB2,157,400.	The Jiaxiang Court judged that Lutai Company shall pay the plaintiff RMB240,600 and dismissed Zoucheng Lujian's other claims.

No.	Plaintiff	Defendant	Handling authority	Litigation claims	Case in summary
3	Shandong Lutai Construction Engineering Group Co., Ltd.（山東魯泰建築工程集團有限公司）	Liangbaosi Company	Jinxiang County People's Court	On 9 March 2021, Feicheng Minining Group and Liangbaosi Company received the summons of the Jiaxiang County Court for the opening of the trial of case no. (2021) Lu 0829 Minchu No. 1182. Lutai named Liangbaosi Company and the Group as co-defendants in the writ of summons. The plaintiff requested, firstly, the defendants shall jointly pay the plaintiff the amount of RMB16,310,119.36 for the second and third phases of the shaft construction work of Liangbaosi No. 2 shaft mine construction project and an interest of RMB4,016,933.13 (a total of approximately RMB20.33 million, the "2033 Case"). Secondly, the defendant shall bear the litigation costs, preservation costs and property preservation insurance premiums of the case.	In the morning of 22 June 2021, the trial was heard in the first instance at Jiaxiang County People's Court, and on 20 October, the first instance judgment issued by Jiaxiang Court was received. I. The defendant Feicheng Mining Group Liangbaosi Energy Co., Ltd. shall pay the plaintiff Shandong Lutai Construction Engineering Group Co., Ltd. the construction fee of RMB14,574,202.29 and interest(based on the amount of RMB14,574,202.29, payable from 1 July 2015 to the date of actual payment at the quoted interest rate of the loan market published by the National Interbank Funding Center for the same period) within ten days from the effective date of this judgment. II. Other claims of the plaintiff Shandong Lutai Construction Engineering Group Co., Ltd. were dismissed. If the defendant fails to perform the payment obligation within the period specified in the judgment, he/she shall pay the interest on the debt during the period of delayed performance in accordance with the provisions of Article 253 of the Civil Procedure Law of the PRC. The case acceptance fee amounted of RMB143,435, of which RMB40,594 shall be borne by the plaintiff Shandong Lutai Construction Engineering Group Co., Ltd. and RMB102,841 shall be borne by the defendant Feicheng Mining Group Liangbaosi Energy Co., Ltd.. After a meeting on 23 October, the company continued the work on collection of information related to the original materials fees, and, the lawyer came to the mine and wrote an appeal letter after discussing with various departments on 2 November. Liangbaosi Company filed an appeal to Jiaxiang County People's Court on 3 November.

No.	Plaintiff	Defendant	Handling authority	Litigation claims	Case in summary
4	Shangdong Lutai Construction Engineering Group Co., Ltd.	Liangbaosi Company	Intermediate People's Court of Jining City	On 12 May 2021, Feicheng Mining Group and Liangbaosi Company received the summons of the Jiaxiang County Court for the opening of the trial of case no. (2021) Lu 0829 Minchu no. 2459. In the complaint, Lutai Company named Liangbaosi Company and Feicheng Mining Group Company as co-defendants. The plaintiff requested that, firstly, the defendants shall jointly pay the plaintiff the construction fee of RMB11,379,897.61 and an interest of RMB4,018,352.62 for the second and third phases of the shaft construction work of Liangbaosi No. 2 shaft mine construction project (a total of approximately RMB15.39 million, the "1,539 Case"). Secondly, the defendant shall bear the litigation costs, preservation costs and property preservation insurance premiums of the case.	On 28 March 2022, the case received a second trial verdict from the Jining Intermediate Court, which ruled that Liangbaosi Company shall pay Lutai Company RMB5,537,295.11 and interests, and Lutai Company's other claims were dismissed. According to the amount of the judgment, Liangbaosi Company freezed the construction fee involved in this case with Feicheng Mining Group on 21 April for a period of three years to prevent other teams from filing the lawsuit and to gain time for the remaining labor dispatch teams to negotiate, and then settle the case after the final payment was confirmed with the other teams of Lutai Company.
5	Shandong Zhongmei Construction Engineering Co., Ltd.	Liangbaosi Company	Jiaxiang County People's Court	Litigation claims: 1. The defendants Shandong Yimeike Energy Conservation Services Co., Ltd. (山東宜美科節能服務有限公司) and Liangbaosi Company shall pay RMB92,000 and interest to the plaintiff. 2. The defendants Shandong Yimeike Energy Conservation Services Co., Ltd. and Liangbaosi Company shall bear the litigation cost.	The company is currently verifying the payment through the Finance Division, and looking for Meng Weibo, the person in charge of the department at the time, to understand the procedures related to the construction of the project at that time. Once verified, the company will try not to go through the litigation process and settle with the other party as soon as possible. As the other party still could not provide the original settlement receipts, the company is now asking Ding Dongsheng, the actual construction responsible person, to provide further evidence, if no other evidence materials can be found, the company will no longer settle with Liangbaosi Company, and will proceed to the litigation process.

No.	Plaintiff	Defendant	Handling authority	Litigation claims	Case in summary
6	Zhu Tongyong	Liangbaosi Company	Jiaxiang County Labour Arbitration Committee	Litigation claims: 1.Request for an award of RMB456,089 for disability benefit, medical benefit for work injury, employment injury benefit, medical expenses, nursing expenses, hospital meal allowance, transportation expenses, leave of absence from work, arbitration fee of RMB24,000, etc. 2.Arbitration fees for the case shall be borne by the applicant.	On 10 November 2022, the first-instance judgment was received, in which Lutai Company shall pay to Zhu Tongyong a total of RMB285,587.85 in lump-sum disability benefits, medical benefits for work-related injuries, disability employment benefits, wages during the period of leave from work, and medical expenses, and Liangbaosi Company shall pay Zhu Tongyong a total of RMB97,085.7 in disability employment benefits, wages during the period of leave from work, and medical expenses. The appellant's other requests were denied.
7	Shangdong Lutai Construction Engineering Group Co., Ltd.	Liangbaosi Company	Jiaxiang County People's Court	1. To order the defendant Liangbaosi Company to pay the plaintiff Lutai Company the rental fee and other expenses of RMB884,723.4 and the corresponding interest, and the defendant shall bear the legal costs and other related expenses in this case.	The case was heard on 2 September at the Jiaxiang County People's Court. We argued that 1. the plaintiff's evidence could not prove the existence of the lease contract, 2. the plaintiff's statements contradicted with the facts it claimed, and 3. the plaintiff's claim was time-barred and the plaintiff's lawsuit should be dismissed according to the law. Due to the pandemic, Liangbaosi Company are unable to give feedback to the court for the time being, and will contact the court right after the pandemic is over.
8	Shandong Chengxiang Construction Group Co., Ltd.（山東誠祥建設集團股份有限公司）	Liangbaosi Company	Jiaxiang County People's Court	1. In accordance with the law, Liangbaosi Company shall pay the construction fee of RMB3,063,899.36 to the plaintiff and compensate the interest of the funds and a penalty from the date of default to the date of actual settlement.2. The defendant shall bear the costs of litigation and preservation fees and other costs.	The case is currently undergoing verification of the original payment and the settlement of the signed debt waiver agreement.

Note: Feicheng Mining Group Liangbaosi Energy Co., Ltd. is referred to as "Liangbaosi Company" and Shandong Lutai Construction Engineering Group Co., Ltd. is referred to as "Lutai Company".

(7) A total of five off-balance sheet patent rights were included in the scope of valuation by the appraised entity and the costs of the above assets were expensed and not capitalised in the period of acquisition.

VI) Shandong Menglu Mining Engineering Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

(1) Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted on-site investigation and verification of equipment and part of the inventories with relatively large value, while the rest of the equipment was randomly checked using a combination of point and surface.

(2) A total of five off-balance sheet patent rights were included in the scope of valuation by the appraised entity and the costs of the above assets were expensed and not capitalised in the period of acquisition.

2. Other special matters

Among the buildings and structures included in the scope of valuation, the structures in the fully exploited submerged area of Tianzhuang Coal Mine were left idle as at the Valuation Reference Date. The appraised entity has confirmed that such structures can still be kept for use and an undertaking has been issued in this regard. The impact of such matter on the valuation amount has not been considered.

VI) Linyi Mining Group Heze Coal Electricity Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

(1) In this valuation, the valuers did not make technical inspection of the concealed works and internal structure of various buildings (structures) (parts that are not observable by the naked eye). The valuation conclusion of the buildings (structures) is a judgment made through field survey under the assumption that the relevant engineering information provided by the appraised entity is true and valid, and without the aid of any testing equipment. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(2) The professional valuers did not make a complete on-site survey of the shaft works to be appraised. The professional valuers tried their best to understand the external appearance of the mine shaft works and the current status and maintenance of the underground roadway works, and implemented alternative procedures of reviewing relevant information, drawings, some of the settlement information, etc. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(3) Due to the survey limitations of the mining enterprise, the valuers were unable to verify each and every equipment underground and mainly relied on the information provided by the enterprise such as inventory sheets, equipment purchase invoices, contracts and equipment management ledgers for confirmation, and the impact of the survey limitations on the valuation conclusion has not been considered in this valuation.

2. Other special matters

(1) A total of six buildings included in the scope of valuation, with a total gross floor area of 16,868.07 square meters, have no real estate title certificate as at the Valuation Reference Date. In this regards, Linyi Mining Group Heze Coal Electricity Co., Ltd. has issued a letter of undertaking on the property ownership, which proves that the ownership belongs to it and there is no dispute on the ownership. For buildings which have not yet applied for real estate title certificates, their gross floor areas are mainly provided by the appraised entity on the basis of facts, and the valuers conducted verification based on relevant drawings, construction contracts and other information provided by the enterprise, in combination with on-site inspection. The valuation is conducted on the premise that the property ownership is clear and there is no dispute.

(2) Housings and buildings and structures have been demolished

After the on-site inspection, the valuers found that the following items existed in the housings and buildings, structures and auxiliary facilities to be appraised (please refer to the detailed asset valuation list for further details):

3 buildings, including the guard room, the Guotun changing room and the coal sample room, have been demolished without physical substance, and the enterprise has made full provision for impairment.

3 structures, including 1# water source shaft, movable sieve block clean coal conveyor pallet and gangue tunnel, have been demolished without physical substance and the enterprise has made full provision for impairment. 19 underground shaft assets such as the underground dispatching room, the No.1 midway yard, the No.2 contact alley of the -830 rubber belt downhill, the contact alley of the wing pedestrian downhill, the contact alley, the contact alley of the inspection and maintenance of the rubber belt head, the underground material storage, the excavation and cleaning slope alley, the return air alley of the upper mining area of the east wing, the trackway chute, the underground cleaning yard, the winch chamber of the trackway downhill, the temporary water storage and pump room, the access road, the chamber, the access road of the overturned chamber, the -830 trackway contact alley, the permanent track laying and the hardening of roadway, the measure alley, the east wing rubber belt refuge and the east wing railway have been demolished and the enterprise has made full provision for the impairment. The above dismantled assets were appraised at zero value.

(3) 1,910 items of assets included in machinery and equipment and 418 items of assets among the electronic equipment included in the scope of valuation were retired and of no use. They were valued at their recoverable value in this valuation.

(4) Finance lease

1) Linyi Mining Group Heze Coal Electricity Co., Ltd. and Puyin Financial Leasing Co., Ltd. entered into Contract No. PYHZ0120210025 “Sale and Leaseback Contract”, the leased items are transition hydraulic supports, roadheading machines and other machinery and equipment, the lease cost is RMB300 million with a lease term of 36 months from 21 October 2021 to 21 October 2024.

2) Linyi Mining Group Heze Coal Electricity Co., Ltd. and Zhaoyin Financial Leasing Co., Ltd. entered into Contract No. CB06HZ2106092809 "Sale and Leaseback Contract", the leased items are AC electric traction coal mining machine, belt conveyor and other machinery and equipment, the lease cost is RMB400 million, the lease term is 36 months from 18 June 2021 to 18 June 2024.

3) Linyi Mining Group Heze Coal Electricity Co., Ltd. and Ping An International Finance & Leasing (Tianjin) Co., Ltd. entered into Contract No. 2021PAZL(TJ)0101029-ZL-01, 2021PAZL(TJ)0101016-ZL-01 and 2021PAZL(TJ)0101028-ZL-01 "Sale and Leaseback Contract", with the lease objects of machinery and equipment such as tape conveyors and mine main ventilation fans in the first mining area, with a total lease cost of RMB170 million and a lease term of 36 months from 15 September 2021 to 15 September 2024.

The impact of changes in ownership of the finance lease equipment on the appraised value has not been considered in this valuation.

(5) Termination of construction projects in progress

The book value of the construction in progress of the Guotun Power Plant as at the Valuation Reference Date was RMB19,659,750.99, which mainly comprised preliminary construction expenses such as survey and design fees, construction unit management fees and interest on borrowings incurred for the proposed power plant project. Due to the State Grid Corporation's plant and network separation policy, construction of the project has not yet commenced in substance and the project has now been terminated and the enterprise has made full provision for impairment. The appraised value is confirmed in the valuation based on the audited book value.

(6) The off-balance sheet intangible assets declared by the enterprise are 23 inventions, 88 utility models and 5 software copyrights, the costs of which are expensed in the period of acquisition and not capitalised.

VII) Shandong Xinjulong Energy Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

(1) In this valuation, the valuers did not make technical inspection of the concealed works and internal structure of various buildings (structures) (parts that are not observable by the naked eye). The valuation conclusion of the buildings (structures) is a judgment made through field survey under the assumption that the relevant engineering information provided by the appraised entity is true and valid, and without the aid of any testing equipment. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(2) The professional valuers did not make a complete on-site survey of the shaft works to be appraised. The professional valuers tried their best to understand the external appearance of the mine shaft works and the current status and maintenance of the underground roadway works, and implemented alternative procedures of reviewing relevant information, drawings, some of the settlement information, etc. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

(3) Due to the survey limitations of the mining enterprise, the valuers were unable to verify each and every equipment underground and mainly relied on the information provided by the enterprise such as inventory sheets, equipment purchase invoices, contracts and equipment management ledgers for confirmation, and the impact of the survey limitations on the valuation conclusion has not been considered in this valuation.

2. Other special matters

(1) 30 buildings included in the scope of valuation, with a total gross floor area of 20,682.78 square meters, have no building ownership certificate as at the Valuation Reference Date. In this regards, Shandong Xinjulong Energy Co., Ltd. has issued a letter of undertaking on the property ownership, which proves that the ownership belongs to it and there is no dispute on the ownership. For buildings which have not yet applied for building ownership certificates, their gross floor areas are mainly provided by the appraised entity on the basis of facts, and the valuers conducted verification based on relevant drawings, construction contracts and other information provided by the enterprise, in combination with on-site inspection, and confirmed their legal ownership based on the information provided by the appraised entity.

(2) Outstanding legal and economic matters as at the Valuation Reference Date

1) Some bills receivable are not collected when due

As at the Valuation Reference Date, Xinjulong Company has a bill receivable of RMB1 million with due date on 6 September 2018. The reasons for its arising are as follows: On 2 December 2020, according to the civil judgment (2020) Ning 01 Min Chu No.1700 issued by Yinchuan Intermediate People's Court of Ningxia Hui Autonomous Region, Baota Petrochemical Group Finance Co., Ltd. shall pay the above-mentioned bill amount of RMB1 million and interest to Shandong Xinjulong Energy Co., Ltd. On 1 June 2022, the above matter is to be enforced in accordance with the execution ruling (2020) Ning 01 Zhi No. 1035 issued by the Yinchuan Intermediate People's Court of Ningxia Hui Autonomous Region. As at the date of the report, the above amount has not been recovered and Xinjulong Company has made full provision for impairment of the above bill. It is valued at its audited book amount in this valuation.

2) The nature and amount of guarantees, leases, etc. and their relationship to the valuation target

Xinwen Mining Group Co., Ltd. borrowed RMB830 million from China Development Bank Corporation Limited for the period from 23 June 2009 to 22 June 2024. Shandong Xinjulong Energy Co., Ltd. has provided guarantee for the loan for a period of two years from the date of expiry of the last debt performance period under the main contract.

(3) Shandong Xinjulong Energy Co., Ltd. included 8 invention patents, 39 utility models patents, 3 invention patents at the application stage and 4 trademark rights held by it in the scope of valuation. The costs of the above assets were expensed during the period of acquisition and were not capitalized, therefore there was no book value. For the above off-balance sheet assets, the market approach and cost approach were adopted for valuation.

VIII) Xinkuang Juye Coal Processing Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted on-site investigation and verification of equipment with relatively large value, while the rest of the equipment was randomly checked using a combination of point and surface. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

IX) Shandong Zikuang Railway Transportation Co., Ltd.

1. Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted full investigation and verification of the buildings in the real estate title certificates, and conducted on-site investigation and verification of equipment and part of the inventories with relatively large value, while the rest of the equipment and inventories was randomly checked using a combination of point and surface.

2. Other special matters

The land use rights included in the scope of valuation comprise a total of 7 lands with a total area of 628,237.28 square meters. The registered owner of two parcels of land are still Zibo Mining Bureau, the predecessor of Zikuang Railway Transport Company, with a total land area of 38,554.98 square meters. The impact of this matter on the appraised value has not been considered in this valuation.

XII. LIMITATIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) This valuation report may only be used according to the objectives and purposes as stated herein;

(II) The asset valuation institution and its valuers shall not bear responsibilities if the principal or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report;

(III) Except for the principal, other users of this asset valuation report entrusted in the asset valuation entrustment contract and asset valuation users of this report stipulated by laws and administrative regulations, any other firms or individuals shall not become users of this asset valuation report;

(IV) The users of the asset valuation report shall correctly understand the valuation conclusion, which is not equivalent to the realizable price of the valuation target, and the valuation conclusion shall not be deemed as a guarantee for the realizable price of the valuation target;

(V) This valuation report shall be submitted to the state-owned assets supervision and administration department or the relevant authorities for enterprises for examination, and it can be officially used after filing;

(VI) If all or part of the contents of the asset valuation report are extracted, quoted or disclosed in the public media, the valuation institution shall review the relevant contents, unless otherwise provided by laws, regulations and relevant parties;

(VII) The valuation conclusion revealed in this valuation report is only valid for the economic activity corresponding to the project, and the validity period of the asset valuation conclusion shall be one year from the Valuation Reference Date, that is, from 31 December 2022 to 30 December 2023. When the purpose of the valuation is realized within the validity period, the valuation conclusion should be used as the reference basis for the value. The asset valuation should be renewed after more than a year.

XIII. DATE OF ASSET VALUATION REPORT

The asset valuation report is dated 18 April 2023, which is the date on which the valuation conclusion was formed.

(This page is a signing page)

Asset Valuation Institution: Shandong Zhongping Hengxin Assets Valuation Appraisal Co., Ltd.

Legal Representative:

Asset Valuer: Dang Jinshuai

Asset Valuer: Li Pengpeng

18 April 2023

ANNEXES OF THE ASSET VALUATION REPORT

I. Economic activity documents corresponding to the purpose of valuation (photocopy)

II. Audit report of the appraised entity (photocopy)

III. Copy of the business licenses of the principal and the appraised entity (photocopy)

IV. Letter of undertaking of the principal and the appraised entity

V. Letter of undertaking of the signing asset valuers

VI. Filing document or qualification document of the asset valuation institution (photocopy)

VII. Business license of asset valuation institution (photocopy)

VIII. Qualification certificates of the signing asset valuers (photocopy)

IX. Major ownership proof materials of the valuation target involved (photocopy)

X. "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd."

XI. Explanation on significant difference between the asset book value and the valuation conclusion

Valuation of Mining Rights of Shandong Xinjulong Energy Co., Ltd. (Coal Mine) (4-1)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	Total	Valuation Reference Date	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
			0	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00
I	Cash inflow	47,293,333.44	0.00	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	801,716.24	727,981.02	727,981.02	727,981.02	727,981.02	729,861.27	732,869.67
1	Sales revenue	46,468,256.11		727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02
2	Recovery of VAT credit	312,607.60		0.00	0.00	0.00	0.00	0.00	0.00	0.00	53,253.21	0.00	0.00	0.00	0.00	0.00	4,888.65
3	Recovery of salvage (residual) value of assets	348,674.01		0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,482.00	0.00	0.00	0.00	0.00	1,880.25	0.00
4	Recovery of working capital	163,795.73			0.00												
II	Cash outflow	28,690,919.50	1,068,863.18	403,859.64	389,286.44	389,286.44	389,286.44	389,286.44	389,286.44	389,286.44	848,185.75	389,286.44	389,287.50	389,293.08	389,293.08	389,293.08	431,420.05
1	Fixed assets investment	597,086.29	582,997.35	14,088.94													
2	Intangible assets investment	13,164.52	13,164.52														
3	Other asset investment	308,905.57	308,905.57														
4	Renewal and renovation funds	2,810,424.10		0.00	0.00	0.00	0.00	0.00	0.00	0.00	462,893.30	0.00	0.00	0.00	0.00	0.00	42,493.61
5	Working capital	163,795.73	163,795.73			0.00	0.00										
6	Operating cost	16,325,573.59		255,319.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.69	255,766.70	255,766.70	255,766.70	255,766.70
7	Sales tax and surcharges	2,369,812.82		38,220.16	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36	32,889.04	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36	37,725.50
8	Enterprise income tax	6,102,156.87		96,230.85	95,305.39	95,305.39	95,305.39	95,305.39	95,305.39	95,305.39	96,636.72	95,305.39	95,306.45	95,312.02	95,312.02	95,312.02	95,434.24
III	Net cash flow	18,602,413.94	-1,068,863.18	324,121.38	338,694.58	338,694.58	338,694.58	338,694.58	338,694.58	338,694.58	-46,469.52	338,694.58	338,693.52	338,687.94	338,687.94	340,568.19	301,449.62
IV	Discount factor (r =8.12%)		1.0000	0.9249	0.8554	0.7912	0.7318	0.6768	0.6260	0.5790	0.5355	0.4953	0.4581	0.4237	0.3919	0.3624	0.3352
V	Present value of net cash flow	2,679,531.11	-1,068,863.18	299,779.30	289,731.80	267,972.44	247,847.25	229,233.49	212,017.65	196,094.76	-24,883.98	167,746.67	155,148.12	143,493.86	132,717.23	123,431.39	101,048.58
VI	Appraised value of mining rights	2,679,531.11															

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation Table of Mining Rights of Shandong Xinjulong Energy Co., Ltd. (Coal Mine) (4-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2037 15.00	2038 16.00	2039 17.00	2040 18.00	2041 19.00	2042 20.00	2043 21.00	2044 22.00	2045 23.00	2046 24.00	2047 25.00	2048 26.00	2049 27.00	2050 28.00	2051 29.00	2052 30.00	2053 31.00
I	Cash inflow	727,981.02	727,981.02	727,981.02	727,981.02	743,759.35	801,716.24	727,981.02	727,981.02	727,981.02	727,981.02	729,861.27	732,869.67	727,981.02	727,981.02	727,981.02	727,981.02	728,428.76
1	Sales revenue	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02
2	Recovery of VAT credit	0.00	0.00	0.00	0.00	10,143.22	53,253.21	0.00	0.00	0.00	0.00	0.00	4,888.65	0.00	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	5,635.12	20,482.00	0.00	0.00	0.00	0.00	1,880.25	0.00	0.00	0.00	0.00	0.00	447.74
4	Recovery of working capital																	
II	Cash outflow	389,293.08	389,293.08	389,293.08	389,293.08	511,377.94	848,192.39	389,293.08	389,293.08	389,293.08	389,293.08	389,293.08	431,420.05	389,293.08	389,293.08	389,293.08	389,293.08	389,293.08
1	Fixed assets investment																	
2	Intangible assets investment																	
3	Other asset investment																	
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	122,845.61	462,893.30	0.00	0.00	0.00	0.00	0.00	42,493.61	0.00	0.00	0.00	0.00	0.00
5	Working capital																	
6	Operating cost	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70
7	Sales tax and surcharges	38,214.36	38,214.36	38,214.36	38,214.36	37,200.04	32,889.04	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36	37,725.50	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36
8	Enterprise income tax	95,312.02	95,312.02	95,312.02	95,312.02	95,565.60	96,643.35	95,312.02	95,312.02	95,312.02	95,312.02	95,312.02	95,434.24	95,312.02	95,312.02	95,312.02	95,312.02	95,312.02
III	Net cash flow	338,687.94	338,687.94	338,687.94	338,687.94	232,381.41	-46,476.15	338,687.94	338,687.94	338,687.94	338,687.94	340,568.19	301,449.62	338,687.94	338,687.94	338,687.94	338,687.94	339,135.69
IV	Discount factor (r =8.12%)	0.3100	0.2867	0.2652	0.2453	0.2269	0.2098	0.1941	0.1795	0.1660	0.1536	0.1420	0.1314	0.1215	0.1124	0.1039	0.0961	0.0889
V	Present value of net cash flow	105,004.81	97,118.76	89,824.98	83,078.96	52,721.37	-9,752.35	65,731.41	60,794.87	56,229.07	52,006.17	48,367.45	39,596.59	41,146.86	38,056.66	35,198.54	32,555.07	30,149.93
VI	Appraised value of mining rights																	

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Xinjulong Energy Co., Ltd. (Coal Mine) (4-3)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2054 32.00	2055 33.00	2056 34.00	2057 35.00	2058 36.00	2059 37.00	2060 38.00	2061 39.00	2062 40.00	2063 41.00	2064 42.00	2065 43.00	2066 44.00	2067 45.00	2068 46.00	2069 47.00	2070 48.00
I	Cash inflow	802,522.18	727,981.02	727,981.02	727,981.02	727,981.02	729,861.27	732,869.67	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	801,716.24	727,981.02	727,981.02	727,981.02	727,981.02
1	Sales revenue	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02
2	Recovery of VAT credit	54,059.15	0.00	0.00	0.00	0.00	0.00	4,888.65	0.00	0.00	0.00	0.00	0.00	53,253.21	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	20,482.00	0.00	0.00	0.00	0.00	1,880.25	0.00	0.00	0.00	0.00	0.00	0.00	20,482.00	0.00	0.00	0.00	0.00
4	Recovery of working capital																	
II	Cash outflow	857,892.76	389,293.08	389,293.08	389,293.08	407,569.75	389,293.08	431,420.05	389,293.08	389,293.08	389,293.08	389,293.08	389,293.08	848,192.39	389,293.08	389,293.08	389,293.08	389,293.08
1	Fixed assets investment																	
2	Intangible assets investment																	
3	Other asset investment																	
4	Renewal and renovation funds	472,654.12	0.00	0.00	0.00	18,276.67	0.00	42,493.61	0.00	0.00	0.00	0.00	0.00	462,893.30	0.00	0.00	0.00	0.00
5	Working capital																	
6	Operating cost	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70
7	Sales tax and surcharges	32,808.44	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36	37,725.50	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36	32,889.04	38,214.36	38,214.36	38,214.36	38,214.36
8	Enterprise income tax	96,663.50	95,312.02	95,312.02	95,312.02	95,312.02	95,312.02	95,434.24	95,312.02	95,312.02	95,312.02	95,312.02	95,312.02	96,643.35	95,312.02	95,312.02	95,312.02	95,312.02
III	Net cash flow	-55,370.58	338,687.94	338,687.94	338,687.94	320,411.27	340,568.19	301,449.62	338,687.94	338,687.94	338,687.94	338,687.94	338,687.94	-46,476.15	338,687.94	338,687.94	338,687.94	338,687.94
IV	Discount factor (r =8.12%)	0.0822	0.0761	0.0703	0.0651	0.0602	0.0557	0.0515	0.0476	0.0440	0.0407	0.0377	0.0348	0.0322	0.0298	0.0276	0.0255	0.0236
V	Present value of net cash flow	-4,552.88	25,757.31	23,822.89	22,033.75	19,279.26	18,953.12	15,516.20	16,123.68	14,912.77	13,792.79	12,756.93	11,798.86	-1,497.49	10,093.18	9,335.17	8,634.08	7,985.64
VI	Appraised value of mining rights																	

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Xinjulong Energy Co., Ltd. (Coal Mine) (4-4)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2071 49.00	2072 50.00	2073 51.00	2074 52.00	2075 53.00	2076 54.00	2077 55.00	2078 56.00	2079 57.00	2080 58.00	2081 59.00	2082 60.00	2083 61.00	2084 62.00	2085 63.00	Jan-Oct 2086 63.83
I	Cash inflow	745,639.60	732,869.67	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	801,716.24	727,981.02	727,981.02	727,981.02	727,981.02	730,309.01	733,675.61	727,981.02	993,944.60
1	Sales revenue	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	727,981.02	605,451.85
2	Recovery of VAT credit	10,143.22	4,888.65	0.00	0.00	0.00	0.00	0.00	53,253.21	0.00	0.00	0.00	0.00	0.00	5,694.59	0.00	0.00
3	Recovery of salvage (residual) value of assets	7,515.37	0.00	0.00	0.00	0.00	0.00	0.00	20,482.00	0.00	0.00	0.00	0.00	2,327.99	0.00	0.00	224,697.02
4	Recovery of working capital																163,795.73
II	Cash outflow	511,377.94	431,420.05	389,293.08	389,293.08	389,293.08	389,293.08	389,293.08	848,192.39	389,293.08	389,293.08	388,328.16	383,560.22	383,560.22	435,387.57	383,560.22	319,002.42
1	Fixed assets investment																
2	Intangible assets investment																
3	Other asset investment																
4	Renewal and renovation funds	122,845.61	42,493.61	0.00	0.00	0.00	0.00	0.00	462,893.30	0.00	0.00	0.00	0.00	0.00	52,254.44	0.00	0.00
5	Working capital																
6	Operating cost	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	255,766.70	212,718.57
7	Sales tax and surcharges	37,200.04	37,725.50	38,214.36	38,214.36	38,214.36	38,214.36	38,214.36	32,889.04	38,214.36	38,214.36	36,927.80	30,570.55	30,570.55	30,001.09	30,570.55	25,425.11
8	Enterprise income tax	95,565.60	95,434.24	95,312.02	95,312.02	95,312.02	95,312.02	95,312.02	96,643.35	95,312.02	95,312.02	95,633.66	97,222.97	97,222.97	97,365.34	97,222.97	80,858.74
III	Net cash flow	234,261.66	301,449.62	338,687.94	338,687.94	338,687.94	338,687.94	338,687.94	-46,476.15	338,687.94	338,687.94	339,652.86	344,420.80	346,748.79	298,288.04	344,420.80	674,942.18
IV	Discount factor (r =8.12%)	0.0218	0.0202	0.0187	0.0173	0.0160	0.0148	0.0137	0.0126	0.0117	0.0108	0.0100	0.0092	0.0085	0.0079	0.0073	0.0069
V	Present value of net cash flow	5,108.64	6,080.13	6,318.18	5,843.67	5,404.80	4,998.89	4,623.47	-586.80	3,955.08	3,658.05	3,392.96	3,182.20	2,963.10	2,357.55	2,517.73	4,623.67
VI	Appraised value of mining rights																

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-1)

Principal of the valuation: Yankuang Energy Group Company Limited

Valuation Reference Date: 31 December 2022

Unit: RMB0'000

No	Name of Item	Total	Valuation Reference Date	2023 1.00	2024 2.00	2025 3.00	2026 4.00	2027 5.00	2028 6.00	2029 7.00	2030 8.00	2031 9.00	2032 10.00	2033 11.00	2034 12.00
I	Cash inflow	22,612,903.37	0.00	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	226,378.99	205,807.30	205,807.30	205,807.30	205,807.30
1	Sales revenue	22,276,207.66	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	
2	Offsetting VAT on equipment and real estate	147,869.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,857.34	0.00	0.00	0.00	0.00	
3	Recovery of salvage (residual) value of assets	142,519.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,714.36	0.00	0.00	0.00	0.00	
4	Recovery of working capital	46,306.64													
II	Cash outflow	14,939,967.95	500,122.93	121,134.00	121,134.00	121,134.00	121,134.00	121,134.00	121,134.00	121,134.00	249,164.21	121,134.00	121,136.15	121,136.15	121,136.15
1	Fixed assets investment	276,290.58	276,290.58												
2	Intangible assets investment	6,962.38	6,962.38												
3	Other asset investment	170,563.33	170,563.33												
4	Renewal and renovation funds	1,347,481.96		0.00	0.00	0.00	0.00	0.00	0.00	0.00	129,144.53	0.00	0.00	0.00	0.00
5	Working capital	46,306.64	46,306.64												
6	Operating cost	9,118,057.32		84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66
7	Sales tax and surcharges	1,449,838.71		13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	12,145.36	13,631.10	13,631.10	13,631.10	13,631.10
8	Enterprise income tax	2,524,467.02		23,262.24	23,262.24	23,262.24	23,262.24	23,262.24	23,262.24	23,262.24	23,633.67	23,262.24	23,264.39	23,264.39	23,264.39
III	Net cash flow	7,672,935.42	-500,122.93	84,673.30	84,673.30	84,673.30	84,673.30	84,673.30	84,673.30	84,673.30	-22,785.22	84,673.30	84,671.15	84,671.15	84,671.15
IV	Discount factor (i =8.12%)		1.0000	0.9249	0.8554	0.7912	0.7318	0.6768	0.6260	0.5790	0.5355	0.4953	0.4581	0.4237	0.3919
V	Present value of net cash flow	436,847.32	-500,122.93	78,314.19	72,432.66	66,992.84	61,961.56	57,308.14	53,004.20	49,023.49	-12,201.27	41,936.50	38,786.01	35,873.11	33,178.98
VI	Appraised value of mining rights	436,847.32													

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2035 13.00	2036 14.00	2037 15.00	2038 16.00	2039 17.00	2040 18.00	2041 19.00	2042 20.00	2043 21.00	2044 22.00	2045 23.00	2046 24.00	2047 25.00	2048 26.00	2049 27.00
I	Cash inflow	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	226,378.99	213,146.01	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
1	Sales revenue	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
2	Offsetting VAT on equipment and real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,857.34	4,717.74	0.00	0.00	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,714.36	2,620.97	0.00	0.00	0.00	0.00	0.00	0.00
4	Recovery of working capital															
II	Cash outflow	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	249,166.37	177,919.44	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15
1	Fixed assets investment															
2	Intangible assets investment															
3	Other asset investment															
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	129,144.53	57,137.12	0.00	0.00	0.00	0.00	0.00	0.00
5	Working capital															
6	Operating cost	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66
7	Sales tax and surcharges	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	12,145.36	13,159.32	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10
8	Enterprise income tax	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,635.83	23,382.34	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39
III	Net cash flow	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	-22,787.38	35,226.57	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15
IV	Discount factor (i =8.12%)	0.3624	0.3352	0.3100	0.2867	0.2652	0.2453	0.2269	0.2098	0.1941	0.1795	0.1660	0.1536	0.1420	0.1314	0.1215
V	Present value of net cash flow	30,687.18	28,382.52	26,250.94	24,279.45	22,456.02	20,769.54	19,209.71	-4,781.60	6,836.65	15,198.57	14,057.13	13,001.41	12,024.99	11,121.89	10,286.61
VI	Appraised value of mining rights															

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-3)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2050 28.00	2051 29.00	2052 30.00	2053 31.00	2054 32.00	2055 33.00	2056 34.00	2057 35.00	2058 36.00	2059 37.00	2060 38.00	2061 39.00	2062 40.00	2063 41.00
I	Cash inflow	205,807.30	205,807.30	205,807.30	205,807.30	226,378.99	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
1	Sales revenue	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
2	Offsetting VAT on equipment and real estate	0.00	0.00	0.00	0.00	14,857.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	5,714.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Recovery of working capital														
II	Cash outflow	121,136.15	121,136.15	121,136.15	121,136.15	249,166.37	121,136.15	121,136.15	121,136.15	121,136.15	128,021.07	121,136.15	121,136.15	121,136.15	121,136.15
1	Fixed assets investment														
2	Intangible assets investment														
3	Other asset investment														
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	129,144.53	0.00	0.00	0.00	0.00	6,884.92	0.00	0.00	0.00	0.00
5	Working capital														
6	Operating cost	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66
7	Sales tax and surcharges	13,631.10	13,631.10	13,631.10	13,631.10	12,145.36	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10
8	Enterprise income tax	23,264.39	23,264.39	23,264.39	23,264.39	23,635.83	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39
III	Net cash flow	84,671.15	84,671.15	84,671.15	84,671.15	-22,787.38	84,671.15	84,671.15	84,671.15	84,671.15	77,786.23	84,671.15	84,671.15	84,671.15	84,671.15
IV	Discount factor (i =8.12%)	0.1124	0.1039	0.0961	0.0889	0.0822	0.0761	0.0703	0.0651	0.0602	0.0557	0.0515	0.0476	0.0440	0.0407
V	Present value of net cash flow	9,514.07	8,799.55	8,138.69	7,527.46	-1,873.70	6,439.26	5,955.66	5,508.38	5,094.69	4,328.92	4,358.19	4,030.88	3,728.16	3,448.16
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-4)

Principal of the valuation: Yankuang Energy Group Company Limited   Valuation Reference Date: 31 December 2022   *Unit: RMB0'000*

No	Name of Item	2064 42.00	2065 43.00	2066 44.00	2067 45.00	2068 46.00	2069 47.00	2070 48.00	2071 49.00	2072 50.00	2073 51.00	2074 52.00	2075 53.00	2076 54.00	2077 55.00
I	Cash inflow	205,807.30	205,807.30	226,378.99	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	213,146.01	205,807.30	205,807.30	205,807.30	205,807.30
1	Sales revenue	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
2	Offsetting VAT on equipment and real estate	0.00	0.00	14,857.34	0.00	0.00	0.00	0.00	0.00	0.00	4,717.74	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	5,714.36	0.00	0.00	0.00	0.00	0.00	0.00	2,620.97	0.00	0.00	0.00	0.00
4	Recovery of working capital														
II	Cash outflow	121,136.15	121,136.15	249,166.37	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	177,919.44	121,136.15	121,136.15	121,136.15	121,136.15
1	Fixed assets investment														
2	Intangible assets investment														
3	Other asset investment														
4	Renewal and renovation funds	0.00	0.00	129,144.53	0.00	0.00	0.00	0.00	0.00	0.00	57,137.12	0.00	0.00	0.00	0.00
5	Working capital														
6	Operating cost	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66
7	Sales tax and surcharges	13,631.10	13,631.10	12,145.36	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,159.32	13,631.10	13,631.10	13,631.10	13,631.10
8	Enterprise income tax	23,264.39	23,264.39	23,635.83	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,382.34	23,264.39	23,264.39	23,264.39	23,264.39
III	Net cash flow	84,671.15	84,671.15	-22,787.38	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	35,226.57	84,671.15	84,671.15	84,671.15	84,671.15
IV	Discount factor (i =8.12%)	0.0377	0.0348	0.0322	0.0298	0.0276	0.0255	0.0236	0.0218	0.0202	0.0187	0.0173	0.0160	0.0148	0.0137
V	Present value of net cash flow	3,189.20	2,949.69	-734.22	2,523.27	2,333.77	2,158.50	1,996.39	1,846.46	1,707.79	657.15	1,460.90	1,351.19	1,249.71	1,155.86
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-5)

Principal of the valuation: Yankuang Energy Group Company Limited   Valuation Reference Date: 31 December 2022   *Unit: RMB0'000*

No	Name of Item	2078 56.00	2079 57.00	2080 58.00	2081 59.00	2082 60.00	2083 61.00	2084 62.00	2085 63.00	2086 64.00	2087 65.00	2088 66.00	2089 67.00	2090 68.00	2091 69.00
I	Cash inflow	226,378.99	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	226,378.99	205,807.30
1	Sales revenue	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
2	Offsetting VAT on equipment and real estate	14,857.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,857.34	0.00
3	Recovery of salvage (residual) value of assets	5,714.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,714.36	0.00
4	Recovery of working capital														
II	Cash outflow	249,166.37	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	249,166.37	121,136.15
1	Fixed assets investment														
2	Intangible assets investment														
3	Other asset investment														
4	Renewal and renovation funds	129,144.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	129,144.53	0.00
5	Working capital														
6	Operating cost	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66
7	Sales tax and surcharges	12,145.36	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	12,145.36	13,631.10
8	Enterprise income tax	23,635.83	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,635.83	23,264.39
III	Net cash flow	-22,787.38	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	-22,787.38	84,671.15
IV	Discount factor (i =8.12%)	0.0126	0.0117	0.0108	0.0100	0.0092	0.0085	0.0079	0.0073	0.0068	0.0063	0.0058	0.0053	0.0049	0.0046
V	Present value of net cash flow	-287.71	988.76	914.50	845.82	782.30	723.55	669.21	618.95	572.47	529.47	489.71	452.93	-112.74	387.45
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-6)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2092 70.00	2093 71.00	2094 72.00	2095 73.00	2096 74.00	2097 75.00	2098 76.00	2099 77.00	2100 78.00	2101 79.00	2102 80.00	2103 81.00	2104 82.00	2105 83.00
I	Cash inflow	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	226,378.99	213,146.01	205,807.30	205,807.30
1	Sales revenue	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
2	Offsetting VAT on equipment and real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,857.34	4,717.74	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,714.36	2,620.97	0.00	0.00
4	Recovery of working capital														
II	Cash outflow	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	249,166.37	177,919.44	121,136.15	121,136.15
1	Fixed assets investment														
2	Intangible assets investment														
3	Other asset investment														
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	129,144.53	57,137.12	0.00	0.00
5	Working capital														
6	Operating cost	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66
7	Sales tax and surcharges	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	12,145.36	13,159.32	13,631.10	13,631.10
8	Enterprise income tax	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,635.83	23,382.34	23,264.39	23,264.39
III	Net cash flow	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	-22,787.38	35,226.57	84,671.15	84,671.15
IV	Discount factor (i =8.12%)	0.0042	0.0039	0.0036	0.0033	0.0031	0.0029	0.0026	0.0025	0.0023	0.0021	0.0019	0.0018	0.0017	0.0015
V	Present value of net cash flow	358.35	331.44	306.55	283.53	262.23	242.54	224.32	207.48	191.90	177.48	-44.18	63.17	140.42	129.88
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-7)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2106 84.00	2107 85.00	2108 86.00	2109 87.00	2110 88.00	2111 89.00	2112 90.00	2113 91.00	2114 92.00	2115 93.00	2116 94.00	2117 95.00	2118 96.00	2119 97.00
I	Cash inflow	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	226,378.99	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
1	Sales revenue	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30
2	Offsetting VAT on equipment and real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,857.34	0.00	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,714.36	0.00	0.00	0.00	0.00	0.00
4	Recovery of working capital														
II	Cash outflow	121,136.15	121,136.15	121,136.15	128,021.07	121,136.15	121,136.15	121,136.15	121,136.15	249,166.37	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15
1	Fixed assets investment														
2	Intangible assets investment														
3	Other asset investment														
4	Renewal and renovation funds	0.00	0.00	0.00	6,884.92	0.00	0.00	0.00	0.00	129,144.53	0.00	0.00	0.00	0.00	0.00
5	Working capital														
6	Operating cost	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66
7	Sales tax and surcharges	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	12,145.36	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10
8	Enterprise income tax	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,635.83	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39
III	Net cash flow	84,671.15	84,671.15	84,671.15	77,786.23	84,671.15	84,671.15	84,671.15	84,671.15	-22,787.38	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15
IV	Discount factor (i =8.12%)	0.0014	0.0013	0.0012	0.0011	0.0010	0.0010	0.0009	0.0008	0.0008	0.0007	0.0006	0.0006	0.0006	0.0005
V	Present value of net cash flow	120.12	111.10	102.76	87.31	87.90	81.30	75.20	69.55	-17.31	59.49	55.03	50.89	47.07	43.54
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Lilou Coal Industry Co., Ltd. (8-8)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2120 98.00	2121 99.00	2122 100.00	2123 101.00	2124 102.00	2125 103.00	2126 104.00	2127 105.00	2128 106.00	2129 107.00	2130 108.00	Jan-March 2131 108.24
I	Cash inflow	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	226,378.99	205,807.30	205,807.30	205,807.30	205,807.30	178,553.58
1	Sales revenue	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	205,807.30	49,019.26
2	Offsetting VAT on equipment and real estate	0.00	0.00	0.00	0.00	0.00	0.00	14,857.34	0.00	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	0.00	0.00	5,714.36	0.00	0.00	0.00	0.00	83,227.68
4	Recovery of working capital												46,306.64
II	Cash outflow	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	121,136.15	247,950.82	119,515.41	119,515.41	119,515.41	119,515.41	28,467.39
1	Fixed assets investment												
2	Intangible assets investment												
3	Other asset investment												
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	0.00	0.00	129,144.53	0.00	0.00	0.00	0.00	0.00
5	Working capital												
6	Operating cost	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	84,240.66	20,066.04
7	Sales tax and surcharges	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	13,631.10	10,524.62	11,470.12	11,470.12	11,470.12	11,470.12	2,732.04
8	Enterprise income tax	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	23,264.39	24,041.01	23,804.63	23,804.63	23,804.63	23,804.63	5,669.31
III	Net cash flow	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	84,671.15	-21,571.83	86,291.89	86,291.89	86,291.89	86,291.89	150,086.19
IV	Discount factor (r =8.12%)	0.0005	0.0004	0.0004	0.0004	0.0003	0.0003	0.0003	0.0003	0.0003	0.0002	0.0002	0.0002
V	Present value of net cash flow	40.27	37.24	34.45	31.86	29.47	27.25	-6.42	23.76	21.98	20.32	18.80	32.09
VI	Appraised value of mining rights												

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Tangkou Coal Industry Co., Ltd.(2-1)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	Total	Valuation Reference Date	2023 1.00	2024 2.00	2025 3.00	2026 4.00	2027 5.00	2028 6.00	2029 7.00	2030 8.00	2031 9.00
I	Cash inflow	5,168,045.77	0.00	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	374,603.38	330,640.65	330,640.65	330,640.65
1	Sales revenue	4,990,604.44		330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65
2	Offsetting VAT on equipment and real estate	31,750.86		0.00	0.00	0.00	0.00	0.00	31,750.86	0.00	0.00	0.00
3	Recovery of salvage (residual) value of fixed assets	71,296.32		0.00	0.00	0.00	0.00	0.00	12,211.87	0.00	0.00	0.00
4	Recovery of working capital	74,394.15										
II	Cash outflow	3,995,841.56	531,455.63	212,216.84	212,216.84	212,216.84	212,216.84	212,216.84	485,823.80	212,216.84	212,216.84	212,216.84
1	Fixed assets investment	193,965.87	193,965.87									
2	Intangible assets investment	26,897.38	26,897.38									
3	Other asset investment	236,198.23	236,198.23									
4	Renewal and renovation funds	275,988.28		0.00	0.00	0.00	0.00	0.00	275,988.28	0.00	0.00	0.00
5	Working capital	74,394.15	74,394.15									
6	Operating cost	2,569,189.81		170,215.49	170,215.49	170,215.49	170,215.49	170,215.49	170,215.49	170,215.49	170,215.49	170,215.49
7	Sales tax and surcharges	234,225.46		16,820.96	16,820.96	16,820.96	16,820.96	16,820.96	13,645.86	16,820.96	16,820.96	16,820.96
8	Enterprise income tax	384,982.38		25,180.39	25,180.39	25,180.39	25,180.39	25,180.39	25,974.17	25,180.39	25,180.39	25,180.39
III	Net cash flow	1,172,204.21	-531,455.63	118,423.81	118,423.81	118,423.81	118,423.81	118,423.81	-111,220.42	118,423.81	118,423.81	118,423.81
IV	Discount factor (*i* =8.07%)		1.0000	0.9253	0.8562	0.7923	0.7331	0.6784	0.6277	0.5808	0.5375	0.4973
V	Present value of net cash flow	383,006.03	-531,455.63	109,580.65	101,397.84	93,826.08	86,819.73	80,336.57	-69,815.78	68,786.46	63,649.91	58,896.93
VI	Appraised value of mining rights		383,006.03									

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Shandong Tangkou Coal Industry Co., Ltd.(2-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2032 10.00	2033 11.00	2034 12.00	2035 13.00	2036 14.00	2037 15.00	Jan-Feb 2038 15.09
I	Cash inflow	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	164,473.29
1	Sales revenue	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	330,640.65	30,994.69
2	Offsetting VAT on equipment and real estate	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00	59,084.45
4	Recovery of working capital							74,394.15
II	Cash outflow	212,216.84	210,264.00	209,857.13	209,613.06	209,613.06	209,613.06	19,650.25
1	Fixed assets investment							
2	Intangible assets investment							
3	Other asset investment							
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Working capital							
6	Operating cost	170,215.49	170,215.49	170,215.49	170,215.49	170,215.49	170,215.49	15,957.46
7	Sales tax and surcharges	16,820.96	14,217.17	13,674.68	13,349.24	13,349.24	13,349.24	1,251.38
8	Enterprise income tax	25,180.39	25,831.34	25,966.96	26,048.33	26,048.33	26,048.33	2,441.41
III	Net cash flow	118,423.81	120,376.65	120,783.52	121,027.59	121,027.59	121,027.59	144,823.04
IV	Discount factor (i =8.07%)	0.4602	0.4258	0.3940	0.3646	0.3374	0.3122	0.3099
V	Present value of net cash flow	54,498.87	51,260.83	47,593.30	44,128.32	40,833.09	37,783.93	44,884.93
VI	Appraised value of mining rights							

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd. (3-1)

Principal of the valuation: Feicheng Mining Group Shanxian Energy Co., Ltd. Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

				Production Period												
	Items	Total	Valuation Reference Date 31 December 2022	2023 1.00	2024 2.00	2025 3.00	2026 4.00	2027 5.00	2028 6.00	2029 7.00	2030 8.00	2031 9.00	2032 10.00	2033 11.00	2034 12.00	2035 13.00
	Production volume of raw coal (Ten kiloton)	2,928.99		70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
I.	Cash inflow CI	3,583,011.47		83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	94,084.96	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68
1.	Product sales revenue	3,484,605.43		83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68
2.	Recovery of salvage (residual) value	45,543.97							3,001.74							
3.	Recovery of working capital	18,737.70														
4.	Recovery of VAT credits	34,124.37							7,804.53							
II.	Cash outflow CO	2,721,172.00	213,673.32	52,665.06	52,665.06	52,723.66	52,744.25	52,744.25	119,998.30	52,744.25	52,744.25	52,744.25	52,744.25	52,744.25	52,744.25	52,744.25
1.	Fixed assets investment	129,067.43	129,067.43													
2.	Intangible assets and other investment	65,868.19	65,868.19													
3.	Renewal and renovation funds	306,555.35							67,839.40							
4.	Working capital	18,737.70	18,737.70													
5.	Operating cost	1,722,124.67		41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15
6.	Sales tax and surcharges	180,024.74		4,488.46	4,488.46	4,488.46	4,488.46	4,488.46	3,708.00	4,488.46	4,488.46	4,488.46	4,488.46	4,488.46	4,488.46	4,488.46
7.	Enterprise income tax	298,794.08		7,019.45	7,019.45	7,078.05	7,098.64	7,098.64	7,293.75	7,098.64	7,098.64	7,098.64	7,098.64	7,098.64	7,098.64	7,098.64
III.	Net cash flow (CI -CO)	861,839.49	-213,673.32	30,613.62	30,613.62	30,555.02	30,534.43	30,534.43	-25,913.34	30,534.43	30,534.43	30,534.43	30,534.43	30,534.43	30,534.43	30,534.43
IV.	Discount factor (i =8.02%)		1.0000	0.9258	0.8570	0.7934	0.7345	0.6800	0.6295	0.5827	0.5395	0.4994	0.4623	0.4280	0.3962	0.3668
V.	Present value of net cash flow	84,710.97	-213,673.32	28,342.09	26,235.87	24,242.35	22,427.54	20,763.41	-16,312.45	17,792.41	16,473.32	15,248.89	14,116.07	13,068.74	12,097.74	11,200.03
VI.	Appraised value of mining rights	84,710.97														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd. (3-2)

Mining right owner: Feicheng Mining Group Shanxian Energy Co., Ltd. Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

		Production Period														
		2036	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**	**2047**	**2048**	**2049**	**2050**
	Items	**14.00**	**15.00**	**16.00**	**17.00**	**18.00**	**19.00**	**20.00**	**21.00**	**22.00**	**23.00**	**24.00**	**25.00**	**26.00**	**27.00**	**28.00**
	Production volume of raw coal (Ten kiloton)	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
I.	Cash inflow CI	83,278.68	83,278.68	94,084.96	83,278.68	83,278.68	83,278.68	87,799.49	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	94,084.96	83,278.68	83,278.68
1.	Product sales revenue	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68
2.	Recovery of salvage (residual) value			3,001.74				1,614.58						3,001.74		
3.	Recovery of working capital															
4.	Recovery of VAT credits			7,804.53				2,906.24						7,804.53		
II.	Cash outflow CO	52,744.25	52,744.25	119,998.30	52,744.25	52,744.25	52,744.25	87,724.03	52,744.25	52,744.25	52,744.25	52,744.25	52,744.25	119,998.30	52,744.25	52,744.25
1.	Fixed assets investment															
2.	Intangible assets and other investment															
3.	Renewal and renovation funds															
4.	Working capital			67,839.40				35,197.74						67,839.40		
5.	Operating cost	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15
6.	Sales tax and surcharges	4,488.46	4,488.46	3,708.00	4,488.46	4,488.46	4,488.46	4,197.84	4,488.46	4,488.46	4,488.46	4,488.46	4,488.46	3,708.00	4,488.46	4,488.46
7.	Enterprise income tax	7,098.64	7,098.64	7,293.75	7,098.64	7,098.64	7,098.64	7,171.29	7,098.64	7,098.64	7,098.64	7,098.64	7,098.64	7,293.75	7,098.64	7,098.64
III.	Net cash flow (CI -CO)	30,534.43	30,534.43	-25,913.34	30,534.43	30,534.43	30,534.43	75.46	30,534.43	30,534.43	30,534.43	30,534.43	30,534.43	-25,913.34	30,534.43	30,534.43
IV.	Discount factor (i =8.02%)	0.3396	0.3144	0.2910	0.2694	0.2494	0.2309	0.2138	0.1979	0.1832	0.1696	0.1570	0.1453	0.1346	0.1246	0.1153
V.	Present value of net cash flow	10,369.49	9,600.02	-7,540.78	8,225.98	7,615.29	7,050.40	16.13	6,042.76	5,593.91	5,178.64	4,793.91	4,436.65	-3,487.94	3,804.59	3,520.62
VI.	Appraised value of mining rights															

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Chenmanzhuang Coal Mine of Feicheng Mining Group Shanxian Energy Co., Ltd. (3-3)

Mining right owner: Feicheng Mining Group Shanxian Energy Co., Ltd. Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

		Production Period													
	Items	2051 29.00	2052 30.00	2053 31.00	2054 32.00	2055 33.00	2056 34.00	2057 35.00	2058 36.00	2059 37.00	2060 38.00	2061 39.00	2062 40.00	2063 41.00	Jan-Nov 2064 41.84
	Production volume of raw coal (Ten kiloton)	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	58.99
I.	Cash inflow CI	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	94,084.96	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	120,839.68
1.	Product sales revenue	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	83,278.68	70,179.55
2.	Recovery of salvage (residual) value								3,001.74						31,922.42
3.	Recovery of working capital														18,737.70
4.	Recovery of VAT credits								7,804.53						
II.	Cash outflow CO	52,744.25	52,744.25	52,744.25	52,744.25	52,744.25	52,744.25	52,744.25	119,998.30	52,641.09	52,088.43	52,088.43	52,088.43	52,088.43	43,893.86
1.	Fixed assets investment														
2.	Intangible assets and other investment														
3.	Renewal and renovation funds								67,839.40						
4.	Working capital														
5.	Operating cost	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	41,157.15	34,681.36
6.	Sales tax and surcharges	4,488.46	4,488.46	4,488.46	4,488.46	4,488.46	4,488.46	4,488.46	3,708.00	4,350.92	3,614.04	3,614.04	3,614.04	3,614.04	3,045.56
7.	Enterprise income tax	7,098.64	7,098.64	7,098.64	7,098.64	7,098.64	7,098.64	7,098.64	7,293.75	7,133.02	7,317.24	7,317.24	7,317.24	7,317.24	6,166.94
III.	Net cash flow (CI -CO)	30,534.43	30,534.43	30,534.43	30,534.43	30,534.43	30,534.43	30,534.43	-25,913.34	30,637.59	31,190.25	31,190.25	31,190.25	31,190.25	76,945.82
IV.	Discount factor (i= 8.02%)	0.1068	0.0988	0.0915	0.0847	0.0784	0.0726	0.0672	0.0622	0.0576	0.0533	0.0494	0.0457	0.0423	0.0396
V.	Present value of net cash flow	3,261.08	3,016.80	2,793.90	2,586.27	2,393.90	2,216.80	2,051.91	-1,611.81	1,764.73	1,662.44	1,540.80	1,425.39	1,319.35	3,047.05
VI.	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Liangbaosi Coal Mine of Feicheng Mining Group Liangbaosi Energy Co., Ltd. (2-1)

Mining right owner: Feicheng Mining Group Liangbaosi Energy Co., Ltd. Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

Items	Total	Valuation Reference Date	Production Period								
		31 December 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
			1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00
Production volume of raw coal (Ten kiloton)	6,688.80		165.20	208.90	330.00	330.00	330.00	330.00	330.00	330.00	330.00
I. Cash inflow CI	4,743,340.85		110,650.82	139,913.42	224,665.36	224,665.36	224,665.36	247,446.68	224,665.36	224,665.36	224,665.36
1. Product sales revenue	4,549,638.02		110,650.82	139,913.42	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36
2. Recovery of salvage (residual) value	110,246.78							6,328.14			
3. Recovery of working capital	50,549.71										
4. Recovery of VAT credits	32,906.35							16,453.17			
II. Cash outflow CO	3,548,783.89	301,613.62	114,057.44	102,322.49	150,388.44	136,053.70	138,106.78	278,423.76	133,112.91	138,261.63	135,478.89
1. Fixed assets investment	214,112.28	214,112.28									
2. Intangible assets and other investment	87,501.34	87,501.34									
3. Renewal and renovation funds	286,032.08							143,016.04			
4. Working capital	50,549.71		25,305.49	6,694.01	18,550.21						
5. Operating cost	2,252,029.89		80,999.70	79,083.63	95,514.59	101,216.99	103,975.79	101,985.89	97,240.49	104,157.29	100,408.49
6. Sales tax and surcharges	226,951.31		6,401.95	7,880.60	11,888.94	11,807.17	11,785.81	10,176.96	11,862.61	11,810.77	11,849.01
7. Enterprise income tax	431,607.25		1,350.30	8,664.26	24,434.70	23,029.54	22,345.18	23,244.87	24,009.81	22,293.57	23,221.39
III. Net cash flow (CI -CO)	1,194,556.96	-301,613.62	-3,406.62	37,590.93	74,276.92	88,611.66	86,558.58	-30,977.08	91,552.45	86,403.73	89,186.47
IV. Discount factor (*i* =8.17%)		1.0000	0.9245	0.8546	0.7901	0.7304	0.6753	0.6243	0.5771	0.5335	0.4932
V. Present value of net cash flow	332,321.79	-301,613.62	-3,149.42	32,125.21	58,686.19	64,721.96	58,453.01	-19,338.99	52,834.92	46,096.39	43,986.77
VI. Appraised value of mining rights	332,321.79										

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Liangbaosi Coal Mine of Feicheng Mining Group Liangbaosi Energy Co., Ltd. (2-2)

Mining right owner: Feicheng Mining Group Liangbaosi Energy Co., Ltd. Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

Items	Production Period												
	2032	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**Jan-Feb 2044**
	10.00	**11.00**	**12.00**	**13.00**	**14.00**	**15.00**	**16.00**	**17.00**	**18.00**	**19.00**	**20.00**	**21.00**	**21.16**
Production volume of raw coal (Ten kiloton)	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	330.00	323.40	51.30
I. Cash inflow CI	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	247,446.68	224,665.36	225,676.35	220,172.05	182,054.45
1. Product sales revenue	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	224,665.36	220,172.05	34,925.25
2. Recovery of salvage (residual) value									6,328.14				97,590.49
3. Recovery of working capital											1,010.99		49,538.72
4. Recovery of VAT credits									16,453.17				
II. Cash outflow CO	137,024.01	137,689.78	138,372.88	139,070.83	139,781.16	140,503.86	141,243.88	140,535.40	282,811.76	141,814.27	142,611.22	141,813.68	97,691.50
1. Fixed assets investment													
2. Intangible assets and other investment													
3. Renewal and renovation funds									143,016.04				
4. Working capital													
5. Operating cost	102,470.99	103,358.69	104,269.49	105,200.09	106,147.19	107,110.79	108,097.49	109,100.69	110,126.99	111,173.09	112,235.69	112,817.49	95,338.39
6. Sales tax and surcharges	11,846.47	11,846.47	11,846.47	11,846.47	11,846.47	11,846.47	11,846.47	9,898.62	7,886.08	9,531.39	9,531.39	9,361.61	2,353.11
7. Enterprise income tax	22,706.55	22,484.62	22,256.92	22,024.27	21,787.50	21,546.60	21,299.92	21,536.09	21,782.65	21,109.79	20,844.14	19,634.58	
III. Net cash flow (CI -CO)	87,641.35	86,975.58	86,292.48	85,594.53	84,884.20	84,161.50	83,421.48	84,129.96	-35,365.08	82,851.09	83,065.13	78,358.37	84,362.95
IV. Discount factor (i =8.17%)	0.4560	0.4215	0.3897	0.3603	0.3330	0.3079	0.2846	0.2631	0.2433	0.2249	0.2079	0.1922	0.1898
V. Present value of net cash flow	39,964.46	36,660.21	33,628.18	30,839.71	28,266.44	25,913.33	23,741.75	22,134.59	-8,604.32	18,633.21	17,269.24	15,060.48	16,012.09
VI. Appraised value of mining rights													

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd. (3-1)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	Total	Valuation Reference Date 0	2023 1.00	2024 2.00	2025 3.00	2026 4.00	2027 5.00	2028 6.00	2029 7.00	2030 8.00	2031 9.00	2032 10.00	2033 11.00	2034 12.00
I	Cash inflow	9,118,244.99	0.00	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	262,181.10	227,264.60	223,761.98	223,761.98	223,761.98	224,024.06
1	Sales revenue	8,812,190.38		223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98
2	Offsetting VAT on equipment and real estate	100,417.01		0.00	0.00	0.00	0.00	0.00	0.00	26,774.19	3,502.62	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	155,291.15		0.00	0.00	0.00	0.00	0.00	0.00	11,644.93	0.00	0.00	0.00	0.00	262.08
4	Recovery of working capital	50,346.45													
II	Cash outflow	6,525,680.20	617,819.65	127,610.62	127,610.62	127,610.62	127,610.62	127,610.62	127,610.62	388,777.90	127,347.92	127,610.62	127,610.62	127,610.62	127,610.62
1	Fixed assets investment	327,505.41	327,505.41												
2	Intangible assets investment	18,691.31	18,691.31												
3	Other asset investment	221,276.49	221,276.49												
4	Renewal and renovation funds	898,641.46		0.00	0.00	0.00	0.00	0.00	0.00	263,175.35	0.00	0.00	0.00	0.00	0.00
5	Working capital	50,346.45	50,346.45												
6	Operating cost	3,633,465.20		92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05
7	Sales tax and surcharges	507,862.68		13,449.09	13,449.09	13,449.09	13,449.09	13,449.09	13,449.09	10,771.67	13,098.83	13,449.09	13,449.09	13,449.09	13,449.09
8	Enterprise income tax	867,891.21		21,899.48	21,899.48	21,899.48	21,899.48	21,899.48	21,899.48	22,568.83	21,987.04	21,899.48	21,899.48	21,899.48	21,899.48
III	Net cash flow	2,592,564.79	-617,819.65	96,151.36	96,151.36	96,151.36	96,151.36	96,151.36	96,151.36	-126,596.80	99,916.68	96,151.36	96,151.36	96,151.36	96,413.44
IV	Discount factor (*r* =8.07%)		1.0000	0.9253	0.8562	0.7923	0.7331	0.6784	0.6277	0.5808	0.5375	0.4973	0.4602	0.4258	0.3940
V	Present value of net cash flow	312,622.25	-617,819.65	88,971.37	82,327.54	76,179.83	70,491.19	65,227.34	60,356.57	-73,533.74	53,702.78	47,819.94	44,249.05	40,944.80	37,990.57
VI	Appraised value of mining rights	312,622.25													

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd. (3-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2035 13.00	2036 14.00	2037 15.00	2038 16.00	2039 17.00	2040 18.00	2041 19.00	2042 20.00	2043 21.00	2044 22.00	2045 23.00	2046 24.00	2047 25.00	2048 26.00
I	Cash inflow	224,443.39	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	262,181.10	227,264.60	223,761.98	223,761.98	235,364.09	224,024.06	224,443.39	223,761.98
1	Sales revenue	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98
2	Offsetting VAT on equipment and real estate	681.41	0.00	0.00	0.00	0.00	0.00	26,774.19	3,502.62	0.00	0.00	7,458.50	0.00	681.41	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	0.00	0.00	11,644.93	0.00	0.00	0.00	4,143.61	262.08	0.00	0.00
4	Recovery of working capital														
II	Cash outflow	133,482.50	127,610.62	127,610.62	127,610.62	127,610.62	127,610.62	388,777.90	127,347.92	127,610.62	127,610.62	217,381.93	127,610.62	133,482.50	127,610.62
1	Fixed assets investment														
2	Intangible assets investment														
3	Other asset investment														
4	Renewal and renovation funds	5,922.99	0.00	0.00	0.00	0.00	0.00	263,175.35	0.00	0.00	0.00	90,330.71	0.00	5,922.99	0.00
5	Working capital														
6	Operating cost	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05
7	Sales tax and surcharges	13,380.95	13,449.09	13,449.09	13,449.09	13,449.09	13,449.09	10,771.67	13,098.83	13,449.09	13,449.09	12,703.23	13,449.09	13,380.95	13,449.09
8	Enterprise income tax	21,916.51	21,899.48	21,899.48	21,899.48	21,899.48	21,899.48	22,568.83	21,987.04	21,899.48	21,899.48	22,085.94	21,899.48	21,916.51	21,899.48
III	Net cash flow	90,960.88	96,151.36	96,151.36	96,151.36	96,151.36	96,151.36	-126,596.80	99,916.68	96,151.36	96,151.36	17,982.16	96,413.44	90,960.88	96,151.36
IV	Discount factor (r =8.07%)	0.3646	0.3374	0.3122	0.2889	0.2673	0.2473	0.2289	0.2118	0.1960	0.1813	0.1678	0.1553	0.1437	0.1329
V	Present value of net cash flow	33,165.59	32,440.18	30,017.75	27,776.21	25,702.06	23,782.78	-28,975.09	21,160.94	18,842.88	17,435.81	3,017.33	14,969.73	13,068.50	12,782.67
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Guotun Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd. (3-3)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2049 27.00	2050 28.00	2051 29.00	2052 30.00	2053 31.00	2054 32.00	2055 33.00	2056 34.00	2057 35.00	2058 36.00	2059 37.00	2060 38.00	2061 39.00	Jan-May 2062 39.38
I	Cash inflow	223,761.98	223,761.98	223,761.98	223,808.57	262,181.10	227,348.47	223,761.98	223,761.98	223,761.98	224,024.06	224,443.39	223,761.98	223,761.98	251,199.54
1	Sales revenue	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	223,761.98	85,473.16
2	Offsetting VAT on equipment and real estate	0.00	0.00	0.00	0.00	26,774.19	3,586.49	0.00	0.00	0.00	0.00	681.41	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	46.59	11,644.93	0.00	0.00	0.00	0.00	262.08	0.00	0.00	0.00	115,379.93
4	Recovery of working capital														50,346.45
II	Cash outflow	127,610.62	127,610.62	127,610.62	127,610.62	389,793.62	127,341.64	127,610.62	127,610.62	126,521.59	125,848.49	131,720.38	125,848.49	125,848.49	48,073.81
1	Fixed assets investment														
2	Intangible assets investment														
3	Other asset investment														
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	264,191.07	0.00	0.00	0.00	0.00	0.00	5,922.99	0.00	0.00	0.00
5	Working capital														
6	Operating cost	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	92,262.05	35,245.25
7	Sales tax and surcharges	13,449.09	13,449.09	13,449.09	13,449.09	10,771.67	13,090.45	13,449.09	13,449.09	11,997.06	11,099.59	11,031.45	11,099.59	11,099.59	4,239.94
8	Enterprise income tax	21,899.48	21,899.48	21,899.48	21,899.48	22,568.83	21,989.14	21,899.48	21,899.48	22,262.48	22,486.85	22,503.89	22,486.85	22,486.85	8,588.62
III	Net cash flow	96,151.36	96,151.36	96,151.36	96,197.95	-127,612.52	100,006.83	96,151.36	96,151.36	97,240.39	98,175.57	92,723.00	97,913.49	97,913.49	203,125.73
IV	Discount factor (*r* =8.07%)	0.1230	0.1138	0.1053	0.0975	0.0902	0.0835	0.0772	0.0715	0.0661	0.0612	0.0566	0.0524	0.0485	0.0471
V	Present value of net cash flow	11,828.14	10,944.88	10,127.59	9,375.86	-11,508.89	8,345.74	7,424.81	6,870.37	6,429.34	6,006.45	5,249.25	5,129.17	4,746.15	9,558.46
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Pengzhuang Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd. (2-1)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	Total	Valuation Reference Date	2023	2024	2025	2026	2027	2028	2029	2030
			0	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00
I	Cash inflow	1,170,483.51	0.00	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	73,051.74
1	Sales revenue	1,130,436.65		63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69
2	Offsetting VAT on equipment and real estate	7,847.60		0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,893.74
3	Recovery of salvage (residual) value of assets	17,992.83		0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,018.31
4	Recovery of working capital	14,206.43									
II	Cash outflow	991,347.44	103,810.51	50,635.79	49,633.44	48,379.44	47,270.64	46,188.24	45,171.84	45,171.84	112,868.57
1	Fixed assets investment	65,359.56	65,359.56								
2	Intangible assets investment	3,077.08	3,077.08								
3	Other asset investment	21,167.44	21,167.44								
4	Renewal and renovation funds	68,213.77		0.00	0.00	0.00	0.00	0.00	0.00	0.00	68,213.77
5	Working capital	14,206.43	14,206.43			0.00					
6	Operating cost	698,847.52		45,302.11	43,965.64	42,293.64	40,815.24	39,372.04	38,016.84	38,016.84	38,016.84
7	Sales tax and surcharges	59,366.76		3,544.87	3,544.87	3,544.87	3,544.87	3,544.87	3,544.87	3,544.87	2,855.49
8	Enterprise income tax	61,108.87		1,788.81	2,122.93	2,540.93	2,910.53	3,271.33	3,610.13	3,610.13	3,782.47
III	Net cash flow	179,136.07	-103,810.51	12,503.90	13,506.25	14,760.25	15,869.05	16,951.45	17,967.85	17,967.85	-39,816.83
IV	Discount factor (r =8.12%)		1.0000	0.9249	0.8554	0.7912	0.7318	0.6768	0.6260	0.5790	0.5355
V	Present value of net cash flow	27,305.37	-103,810.51	11,564.84	11,553.74	11,678.19	11,612.53	11,472.99	11,247.60	10,402.89	-21,321.53
VI	Appraised value of mining rights	27,305.37									

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of the Pengzhuang Coal Mine of Linyi Mining Group Heze Coal Electricity Co., Ltd. (2-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2031 9.00	2032 10.00	2033 11.00	2034 12.00	2035 13.00	2036 14.00	2037 15.00	2038 16.00	2039 17.00	Jan-Nov 2040 17.90
I	Cash inflow	64,093.55	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	86,242.87
1	Sales revenue	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	63,139.69	57,061.92
2	Offsetting VAT on equipment and real estate	953.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Recovery of salvage (residual) value of assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,974.52
4	Recovery of working capital										14,206.43
II	Cash outflow	45,100.29	45,171.84	45,171.84	45,171.84	45,123.97	44,674.61	44,674.61	44,674.61	44,674.61	37,778.90
1	Fixed assets investment										
2	Intangible assets investment										
3	Other asset investment										
4	Renewal and renovation funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Working capital										
6	Operating cost	38,016.84	38,016.84	38,016.84	38,016.84	38,016.84	38,016.84	38,016.84	38,016.84	38,016.84	30,896.77
7	Sales tax and surcharges	3,449.47	3,544.87	3,544.87	3,544.87	3,481.05	2,881.90	2,881.90	2,881.90	2,881.90	2,604.45
8	Enterprise income tax	3,633.98	3,610.13	3,610.13	3,610.13	3,626.08	3,775.87	3,775.87	3,775.87	3,775.87	4,277.68
III	Net cash flow	18,993.26	17,967.85	17,967.85	17,967.85	18,015.72	18,465.08	18,465.08	18,465.08	18,465.08	48,463.97
IV	Discount factor (r =8.12%)	0.4953	0.4581	0.4237	0.3919	0.3624	0.3352	0.3100	0.2867	0.2652	0.2471
V	Present value of net cash flow	9,406.87	8,230.68	7,612.54	7,040.83	6,529.40	6,189.66	5,724.80	5,294.86	4,897.21	11,977.78
VI	Appraised value of mining rights										

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

The following is the text of valuation report, prepared for the purpose of incorporation in this circular received from Shandong Zhongping Hengxin Asset Valuation Co., Ltd., an independent valuer, in connection with its valuation of Xinjiang Energy as at 31 December 2022.*

This report is prepared under the PRC Asset Appraisal Standards

ASSET VALUATION REPORT ON THE VALUE OF ALL THE SHAREHOLDERS' EQUITY OF YANKUANG XINJIANG ENERGY & CHEMICAL CO., LTD. INVOLVED IN THE PROPOSED ACQUISITION OF THE EQUITY INTERESTS IN YANKUANG XINJIANG ENERGY & CHEMICAL CO., LTD. BY YANKUANG ENERGY GROUP COMPANY LIMITED

Zhong Heng Lu Ping Bao Zi (2023) No. 027
(The First of One Volume)

Shandong Zhongping Hengxin Asset Valuation Co., Ltd.

18 April 2023

CONTENTS

DISCLAIMER

I. This asset valuation report is prepared in accordance with the Basic Rules for Asset Valuation issued by the Ministry of Finance and the Practice Guidelines for Asset Valuation and the Code of Ethics for Asset Valuation issued by China Appraisal Society.

II. The principal or other users of the asset valuation report shall use the asset valuation report in accordance with the provisions of laws and administrative regulations and within the scope of use as specified herein. Where the principal or other users of the asset valuation report use this asset valuation report in violation of the above provisions, the asset appraisal agency and its asset valuation professionals shall bear no liability.

III. This asset valuation report shall only be used by the principal, other users of the asset valuation report agreed in the asset valuation engagement contract, and users of asset valuation report as stipulated by laws and administrative regulations. Save for the above, no other agencies or individuals shall use this asset valuation report.

IV. The asset appraisal agency and asset valuers remind the users of the asset valuation report that they should correctly interpret and use the valuation conclusion, which is not equivalent to the realizable value of the valuation subject and should not be regarded as a guarantee for the realizable value of the valuation subject.

V. The users of the asset valuation report shall pay attention to the assumptions for the establishment of the valuation conclusion, the special notes and restrictions on use of the asset valuation report.

VI. The asset appraisal agency and our asset valuers comply with the laws, administrative regulations and asset valuation standards, adhere to the principles of independence, objectivity and impartiality, and take legal responsibility for the asset valuation report issued.

VII. The list of assets and liabilities involved in the valuation subject shall be declared by the principal and the appraised entity and confirmed by the same parties with signature, seal or other methods permitted by law; the principal and other parties concerned shall be responsible for the authenticity, completeness and legality of the information provided by it.

VIII. The asset appraisal agency and our asset valuers have no interest in and are not expected to have any interest in the valuation subject in this asset valuation report. We do not have any existing or prospective interest in nor any bias against the principal concerned.

IX. Our asset valuers have carried out on-site inspection on the valuation subject and its assets involved in the asset valuation report, paid necessary attention to the legal titles of the valuation subject and its assets involved, verified the information related to the legal titles of the valuation subject and its assets involved, truthfully disclosed the issues identified in the process, and brought them to the attention of the principal.

SUMMARY OF ASSET VALUATION REPORT ON THE VALUE OF ALL THE SHAREHOLDERS' EQUITY OF YANKUANG XINJIANG ENERGY & CHEMICAL CO., LTD. INVOLVED IN THE PROPOSED ACQUISITION OF THE EQUITY INTERESTS IN YANKUANG XINJIANG ENERGY & CHEMICAL CO., LTD. BY YANKUANG ENERGY GROUP COMPANY LIMITED

Zhong Heng Lu Ping Bao Zi (2023) No. 027

Shandong Zhongping Hengxin Asset Valuation Co., Ltd. has been engaged by Yankuang Energy Group Company Limited to appraise the market value of all the shareholders' equity in Yankuang Xinjiang Energy & Chemical Co., Ltd. as at 31 December 2022 involved in the proposed acquisition of the equity interests in Yankuang Xinjiang Energy & Chemical Co., Ltd. by Yankuang Energy Group Company Limited and following necessary valuation procedures in accordance with the requirements of the relevant laws, administrative regulations and rules for asset appraisal and adhering to the principles of independence, objectivity and impartiality. The asset appraisal is reported as follows:

1. Purpose of valuation: In accordance with the Minutes of the General Manager's Office Meeting of Yankuang Energy Group Company Limited (No. 19), for the proposed acquisition of the equity interests in Yankuang Xinjiang Energy & Chemical Co., Ltd. by Yankuang Energy Group Company Limited, it is required to conduct a valuation on the value of the total shareholders' equity of Yankuang Xinjiang Energy & Chemical Co., Ltd. involved in the said economic activity to provide reference and basis on the value for such economic activity.

2. Subject of valuation: the value of all the shareholders' equity in Yankuang Xinjiang Energy & Chemical Co., Ltd.

3. Scope of valuation: all assets and liabilities of Yankuang Xinjiang Energy & Chemical Co., Ltd. in its audited pro forma financial statements as at the Valuation Reference Date (valuation of mineral properties and estimated possible transfer proceeds was separately performed by Beijing Kuangtong Resources Development Consultation Co., Limited engaged by the principal).

4. Value type: market value.

5. Valuation Reference Date: 31 December 2022.

6. Valuation approach: asset-based approach.

7. Valuation conclusion:

Under the assumption of going concern on the Valuation Reference Date, after the asset-based approach valuation, for Yankuang Xinjiang Energy & Chemical Co., Ltd., the book value of total assets is RMB5,287,173,000, the appraised value is RMB18,675,997,200, representing an appreciation of RMB13,388,824,200 or 253.23%; the book value of total liabilities is RMB2,770,404,500, the appraised value is RMB2,770,404,500, with no appreciation or depreciation; the book value of the net assets is RMB2,516,768,500, the appraised value is RMB15,905,592,700, representing an appreciation of RMB13,388,824,200 or 531.98%.

The following table shows the summary sheet of asset valuation results:

Summary sheet of asset valuation results

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation or depreciation	Appreciation rate %
Current assets	139,398.64	139,398.64	–	–
Non-current assets	389,318.66	1,478,201.08	1,338,882.42	343.90
Including: Long-term equity investments	369,040.15	1,051,695.75	682,655.60	184.98
Investment properties	–	–	–	
Fixed assets	796.65	921.29	124.64	15.65
Construction in progress	19,481.86	340.29	-19,141.57	-98.25
Intangible assets	–	675,243.76	675,243.76	
Land use rights	–	–	–	
Others	–	–	–	
Total assets	**528,717.30**	**1,867,599.72**	**1,338,882.42**	**253.23**
Current liabilities	275,419.45	275,419.45	–	–
Non-current liabilities	1,621.00	1,621.00	–	–
Total liabilities	**277,040.45**	**277,040.45**	**–**	**–**
Net assets	**251,676.85**	**1,590,559.27**	**1,338,882.42**	**531.98**

The reasons for the 531.98% appreciation of Xinjiang Energy are as follows:

1. The appraised value of the long-term equity investment is RMB10,516,957,461.41, representing an appreciation of RMB6,826,555,973.34 or 184.98%. The appreciation and depreciation of each long-term equity investment is shown in the table below:

Unit: RMB

No.	Name of investees	Book value	Appraised value	Appreciation	Main reasons for appreciation	Pricing method
1	Zhongyin Xinjiang Real Estate Development Co., Ltd. (中垠新疆房地產開發有限公司)	130,000,000.00	189,676,403.84	59,676,403.84	The investment properties included in the appraisal are all owned by the enterprises and their carrying value is mainly the development cost at the time of construction. The appraisal was conducted based on the prevailing real estate market prices and included real estate development profits.	Asset-based approach
2	Yankuang Xinjiang Mining Co., Ltd. (兗礦新疆礦業有限公司)	195,500,000.00	3,883,558.83	–191,616,441.17	The appraised value of Xinjiang Mining has increased compared to the book value of net assets mainly due to the appreciation in the appraisal of fixed assets and mineral rights; however, there is still a depreciation compared to the original investment cost of Xinjiang Mining in the book value of the long-term equity investment in Xinjiang Energy & Chemical.	Asset-based approach
3	Xinjiang Yankuang Qineng Coal Industry Co., Ltd. (新疆兗礦其能煤業有限公司)	76,000,000.00	1,221,721,261.70	1,145,721,261.70	The mineral rights were acquired earlier so the market price of the coal products showed a greater increase as at the Valuation Reference Date as compared to the date of acquisition, and the economic benefits from the exploration and development of the mineral rights have increased significantly.	Asset-based approach
4	Xinjiang Shanneng Chemicals Co., Ltd. (新疆山能化工有限公司)	100,000,000.00	100,797,112.24	797,112.24	The appreciation is mainly because the carrying value of the land is amortized on a straight-line basis and the valuation is calculated on a modified basis over the life of the land, which is a different calculation methodology.	Asset-based approach
5	Yankuang Xinjiang Coal and Chemical Co., Ltd. (兗礦新疆煤化工有限公司)	3,130,000,000.00	3,284,222,454.24	154,222,454.24	This income approach measurement includes intangible assets that cannot be separately quantified, such as corporate qualifications, customer relationships, research and development technology and human resources.	Income approach

No.	Name of investees	Book value	Appraised value	Appreciation	Main reasons for appreciation	Pricing method
6	Xinwen Mining Group (Xinjiang) Energy Co., Ltd. (新汶礦業集團(新疆)能源有限公司)	58,901,488.07	81,056,219.51	22,154,731.44	The appreciation is mainly due to the good operating conditions of the business and the relatively high profitability achieved over the years.	Asset-based approach
7	Xinwen Mining Group (Yili) Energy Development Co., Ltd. (新汶礦業集團(伊犁)能源開發有限責任公司)	–	5,635,600,451.05	5,635,600,451.05	The foreign investment enterprise is in good operating condition and the appraisal value has increased compared to the carrying cost of the investment; the mineral rights were acquired earlier so the market price of the coal products showed a greater increase as at the Valuation Reference Date as compared to the date of acquisition, and the economic benefits from the exploration and development of the mineral rights have increased significantly.	Asset-based approach
	Total	3,690,401,488.07	10,516,957,461.41	6,826,555,973.34		
	Less: Provision for impairment of long-term equity investment	–				
	Net value	3,690,401,488.07	10,516,957,461.41	6,826,555,973.34		

The reason for the valuation appreciation is that the book value of long-term equity investment is the historical cost of Xinjiang Energy's investment, while the appraised value is derived from the valuation of subsidiaries based on the actual situation of each subsidiary by adopting the enterprise value valuation approach and then the long-term equity investment is calculated according to the proportion of the appraised entity's equity. The appraised value is higher than the investment cost of Xinjiang Energy during the historical period.

2. The assets in the equipment category were assessed to have an impairment of RMB2,037,105.83 in original value and an appreciation of RMB1,246,316.90 in net value. The assessed impairment rate of the original value was 14.44% and the valuation appreciation rate of the net value was 15.64%.

   1 Transportation vehicles

      1 The main reasons for assessing the impairment of the original value are, first, the rapid replacement of vehicles and the certain decrease in their purchase price; on the other hand, the book value of some vehicles includes value-added tax and the original valuated value does not include value-added tax.

      2 The increase in the net valuation value is mainly due to the fact that the corporate accounting depreciation life of the vehicles is shorter than the economic life of the vehicles.

   2 Electronic equipment

      1 The main reasons for the impairment of the assessed original value are (i) the prices of electronic products are decreasing year by year and their purchase prices have decreased to a certain extent; (ii) some of the electronic equipment is valuated using the market approach and the assessed original value and net value are equal to the market transaction prices of second-hand equipment; and (iii) most of the original book value of electronic equipment includes value-added tax and the assessed original value does not include value-added tax.

      2 The main reason for the assessed net valuation appreciation is that the accounting depreciation life of the enterprise's electronic equipment is shorter than the economic life of the electronic equipment.

3. Construction in progress was assessed to be impaired by RMB191,415,751.13, representing an impairment rate of 98.25%. The reason for the assessed impairment was that the expenses related to exploration of the Huangcaohu exploration area in construction in progress were assessed in intangible assets – mineral rights, which were valuated as zero.

4. Appreciation of intangible assets:

   (1) The valuation appreciation of mineral rights was RMB6,751,895,800.00, which was mainly due to the following reasons: (1) as the purchase price and exploration expenses of the 11 prospecting rights were accounted for construction in progress, and there was no carrying value in intangible assets; (2) the book cost in the construction in progress of the enterprise only included the transfer fee of the prospecting rights and exploration expenses. According to the overall plan of this economic activity, the prospecting rights and the estimated possible transfer proceeds included in the scope of valuation were separately performed by Beijing Kuangtong Resources Development Consultation Co., Limited engaged by the principal, and the appraised value of the mineral rights was recognized on the basis of the net value of the mineral rights deducted by the estimated possible transfer proceeds and the value of the interest of the mineral rights is appraised to have a valuation appreciation.

   (2) The appraised value of other intangible assets was RMB541,800.00 and the valuation appreciation was RMB541,800.00. The reasons for the valuation appreciation were, firstly, the patent assets reported by the enterprise had no book value, secondly, the valuation of the common patents owned by the appraised entity was conducted by adopting the revenue sharing method, and the appraised value was higher than the book value as such part of the patent assets could bring excess revenue to the enterprise.

When using the valuation conclusion in this report, users of the report should be aware of the impact on the valuation conclusion as set forth in item XI "Special Notes" in the full text of this report; and pay attention to the valuation assumptions and prerequisites on which the valuation conclusion is based.

With respect to the following matters in item XI "Special Notes" in the full text of this report, which may affect the valuation conclusion but are not material to the standard of practice and the ability of the asset valuer and competence to assess and estimate, the users of this report are reminded to pay particular attention to the following:

(I) The "appraisal value" in this report refers to the fair valuation opinion we put forward for the purpose listed in this report under the condition that the current use of the appraised assets remains unchanged and continues to be valid, as well as under the conditions and the external economic environment on the Valuation Reference Date, and we are not responsible for other purposes.

(II) The valuation conclusion in the report reflects the market value of the valuation object in accordance with the principles of open market and for the purpose of the valuation, which does not consider the relevant expenses and taxes to be borne in the process of property right registration or ownership change of such assets, make any tax adjustment provision for the appraisal appreciation of the assets. The valuation conclusion should not be considered as a guarantee of any realizable price of the valuation object.

(III) During the effective use period of the asset valuation conclusion, if the quantity of assets and the pricing standard change, appropriate adjustments should be made, and the valuation conclusion cannot be directly used.

(IV) In this asset valuation report, for all data appearing in tables or textual representations in the amount of RMB0'000, where there is a rounding difference between the total and the sum of the sub-values, it is due to rounding and not a measurement error. Users of the report should pay attention to this matter.

(V) Making reference to the conclusion and data in the reports issued by other institutions:

I) The data of the financial statements from 2020 to 2022 were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH2023XAAA3B0009.

The pro forma financial statements have been prepared on the following basis:

"1. Basis of preparation

These pro forma financial statements have been prepared for the purpose of the internal asset reorganisation proposed by the Shanneng Group with Xinjiang Energy & Chemical as the subject of the transaction on the following assumptions:

(1) The scope of the consolidated financial statements is as described in Note II "Scope of Consolidated Financial Statements" herein.

At the 46th meeting of the 1st session of the Board of Shanneng Group held on 30 September 2022, the Board of Directors of Shandong Energy Group considered and approved the resolution in relation to transfer of equity interests in Zhaosu Shengquan Co., Ltd. from Xinjiang Energy & Chemical without compensation. The Board of Shandong Energy Group agreed that Xinjiang Energy & Chemical shall transfer 100% of the equity interest in Zhaosu Shengquan Co., Ltd. ("Zhaosu Shengquan") held by Yili Energy to Xinkuang Group without compensation. The transfer of equity interest was completed on 22 October 2022. Assuming the transfer was completed on 31 December 2018, Zhaosu Shengquan is not included in the Group's consolidated financial statements.

2 The Ministry of Finance, the Ministry of Natural Resources and the Administration of Taxation jointly issued the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) on 24 March 2023, which set out new regulations on the methods of levying transfer proceeds of mineral rights and has been implemented since 1 May 2023. Based on the above internal

restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group has implemented the document in advance and, during the reporting period, the annual share of the transfer proceeds calculated based on the relevant proceeds rate of the mineral rights that meet the requirements of the document to levy the transfer proceeds of mineral rights in the form of transfer proceeds rate was included in the construction in progress during the reporting period, the unallocated profit at the beginning of the year, and the sales expenses for each period of the reporting period. The accumulated outstanding transfer proceeds payable are presented in other payables. The prepaid transfer proceeds is presented in other current assets.

(3) The pro forma financial statements have been prepared on a going concern basis, based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and related regulations, and on the basis of the accounting policies and accounting estimates set out in Note IV "Significant Accounting Policies and Accounting Estimates" herein.

At the same time, based on the above internal reorganisation requirements, the preparation of the pro forma financial statements assumes that the Group will implement Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfers of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, Accounting Standards for Business Enterprises No. 14 – Revenue and Accounting Standards for Business Enterprises No. 21 – Leases since 1 January 2019.

2. Going concern

The Group has a stable cash flow, a recent history of profitable operations and the ability to obtain financial resources to support its production and operations, and therefore has the ability to continue as a going concern in the preparation of these financial statements."

II) The ownership value of each mineral right included in the scope of valuation was determined based on the appraisal value of each mineral right deducted by the estimated possible transfer proceeds, and the mineral rights and estimated possible transfer proceeds were separately commissioned to Beijing Kuangtong Resources Development Consultation Co., Ltd. by the principal. The valuation results have been confirmed by the principal and have been filed with the corresponding audit of state-owned assets. The Company only made simple summation on the above valuation results.

1. For the mining rights involved in this valuation, according to the overall scheme of economic conduct, the mining rights included in the scope of valuation were separately commissioned by the principal to Beijing Kuangtong Resources Development Consultation Co., Limited and issued the following report:

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation amount of mining rights *(RMB0'000)*
Yankuang Xinjiang Energy & Chemical Co., Ltd	Exploration prospecting rights in Huangcaohu I Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 028, Kuang Tong Ping Bao Zi [2023] No. 029	752,218.55
	Exploration prospecting rights in Huangcaohu II Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu III Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu IV Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu V Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu VI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu VII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu VIII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu IX Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu X Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu XI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
Yankuang Xinjiang Mining Co., Ltd.	Liuhuanggou Coal Mine Mining Right of Yankuang Xinjiang Mining Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 025	60,154.56
	Jimsar Shuixigou Mining District Hongshanwa Coal Mine of Yankuang Xinjiang Mining Co., Ltd.	Income equity method	Kuang Tong Ping Bao Zi [2023] No. 024	3,731.80
	Jimsar Shuixigou Mining District Baosheng Coal Mine of Yankuang Xinjiang Mining Co., Ltd.	Income equity method	Kuang Tong Ping Bao Zi [2023] No. 023	1,057.33

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation amount of mining rights *(RMB0'000)*
Xinjiang Yankuang Qineng Coal Industry Co., Ltd.	Exploration of the No. 4 open pit field in the Wucaiwan Mining District, Jimsar County, Zhundong Coalfield, Xinjiang	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 022	190,387.99
Xinwen Mining Group (Yili) Energy Development Co., Ltd.	Yili No.1 Coal Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 026	522,835.99
Yili Xinkuang Coal Industry Co., Ltd.	Yili No.4 Mine of Yili Xinkuang Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 027	330,667.50

In the course of this valuation, the valuers communicated with the mineral rights appraisers. The discounted cash flow method and income equity method were adopted for the valuation of the mineral rights. The valuation conclusions have not been confirmed and filed with relevant authorities of mining rights. It has been verified that the scope of valuation, the purpose of valuation and the Valuation Reference Date set out in each mining rights valuation report are consistent with this asset valuation report and in compliance with the requirements of this economic activity and this asset valuation report. We have directly quoted the valuation conclusion issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when summarizing the mineral rights value of this section into this valuation report . For details of the calculation process and conclusion of the mining rights consideration, please read the mining rights reports issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. carefully.

2. In the course of this valuation, the mining rights of the Baosheng Coal Mine and the mining rights of the Hongshanwa Coal Mine of Yankuang Xinjiang Mining Co., Ltd. were disposed of with compensation. Pursuant to the "Methods of Levying Transfer Proceeds of Mineral Rights" ("Circular 10"), if the relevant authorities levy transfer proceeds of mineral rights in respect of the resource reserves utilized by the aforesaid mineral rights prior to the Valuation Reference Date of this transaction and the corresponding resource reserves of this transaction, the transferor will reveal the future or some of the payment of the transfer proceeds, therefore, the estimated possible transfer proceeds have not been considered in the valuation process in respect of the value of the interests in the above two mineral rights.

Except for the above two mineral rights, the estimated possible transfer proceeds of the remaining mineral rights involved in the valuation process are quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of the estimated possible transfer proceeds of the mineral rights involved are as follows:

Name of entity	Name of mining rights	Estimated possible transfer proceeds (RMB0'000)
Yankuang Xinjiang Energy & Chemical Co., Ltd	Exploration prospecting rights in Huangcaohu I Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	77,028.97
	Exploration prospecting rights in Huangcaohu II Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu III Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu IV Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu V Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VIII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu IX Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu X Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu XI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
Yankuang Xinjiang Mining Co., Ltd.	Liuhuanggou Coal Mine Mining Right of Yankuang Xinjiang Mining Co., Ltd.	3,892.06

Name of entity	Name of mining rights	Estimated possible transfer proceeds (RMB0'000)
Xinjiang Yankuang Qineng Coal Industry Co., Ltd.	Exploration of the No. 4 open pit field in the Wucaiwan Mining District, Jimsar County, Zhundong Coalfield, Xinjiang	35,287.23
Xinwen Mining Group (Yili) Energy Development Co., Ltd.	Yili No.1 Coal Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd.	52,786.15
Yili Xinkuang Coal Industry Co., Ltd.	Yili No.4 Mine of Yili Xinkuang Coal Industry Co., Ltd.	8,681.37

The parties to the transaction have confirmed themselves to the matters described in the description of the estimated possible transfer proceeds issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and we have directly quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when consolidating the estimated possible transfer proceeds into this valuation report. In order to understand the process and results of the calculation of the estimated possible transfer proceeds, please read carefully the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of which are set out in the appendix of the valuation report.

(VI) Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

I) Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted on-site investigation and verification of equipment and inventories with relatively large value, while the rest of the equipment was randomly checked using a combination of point and surface. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

II) In this valuation, the asset valuers did not conduct technical testing on the technical parameters and performance of various equipment on the Valuation Reference Date. The asset valuers made a judgment through on-site investigation on the premise that the relevant technical data and operation records provided by the appraised entity are true and valid.

III) In this appraisal, the appraisal officers did not conduct any technical inspection on the concealed works and internal structures (parts not observable by the naked eye) of various buildings (structures). The conclusions of the buildings (structures) appraisal were made on the premise that the relevant engineering information provided by the appraised entity was true and valid, and under the conditions of on-site investigation without the aid of any testing equipment.

For concealed works such as underground pipelines and trenches included in the scope of appraisal, taking into account the special nature and complexity of the works, the valuers mainly carried out on-site verification by checking drawings, construction contracts, pre-determination books, inspection reports, maintenance records and operation records, etc.

IV) As there are many uncertainties which may exist in the shaft, the appraisal officers did not conduct a comprehensive site survey of the shaft works to be appraised for safety reasons. The appraisal officers tried their best to understand the external appearance of the mine shaft works and the current status and maintenance of the underground roadway works, and carried out alternative procedures such as inspection of relevant information, drawings and some settlement information.

In respect of the above matters, the appraisal was conducted on the basis of the asset details provided by the appraised entity in conjunction with its current status, and the users of the report are reminded of the impact on the conclusion of the appraisal.

V) Due to the survey limitations of the mining enterprises, the appraisal officers were unable to verify each and every piece of equipment underground and mainly relied on information provided by the enterprises such as inventory sheets, invoices for equipment purchases, contracts and equipment management ledgers for confirmation. The impact of the survey limitations on the conclusion of the appraisal has not been considered in this appraisal.

(VII) Significant subsequent events from the Valuation Reference Date to the valuation report date

1. On 13 March 2023, Yankuang Xinjiang Energy & Chemical Co., Ltd. transferred 100% equity interest in Xinwen Mining Group (Xinjiang) Energy Co., Ltd., its wholly-owned subsidiary, to Xinwen Mining Group (Yili) Energy Development Co., Ltd., its wholly-owned subsidiary, which did not have any impact on the valuation conclusions, but users of the report are still reminded to take note.

2. On 24 February 2023, Yankuang Xinjiang Energy & Chemical Co., Ltd. and Zhongyin Estate Co., Ltd. entered into an agreement whereby Zhongyin Estate Co., Ltd. transferred its 13.33% equity interest in Zhongyin Xinjiang Real Estate Development Co., Ltd. to Yankuang Xinjiang Energy &

Chemical Co., Ltd., after which Yankuang Xinjiang Energy & Chemical Co., Ltd. held 100% equity interest in Zhongyin Xinjiang Real Estate Development Co., Ltd. Users of the report are reminded to take note.

(VIII) Other special matters

1. The validity of the mining rights certificates included in the scope of valuation expired on 8 March 2023 and 29 March 2023, respectively, and the appraised entities are currently in the process of renewing their certificates. Users of the report are reminded to take note.

2. As at the Valuation Reference Date, the patent owners of the 9 utility model patents included in the scope of this valuation are Yankuang Xinjiang Energy & Chemical Co., Ltd. and Yankuang Xinjiang Coal and Chemical Co., Ltd. As there are no relevant agreements and other provisions on joint development and revenue sharing for the aforesaid patents in common ownership, a weighting of 50% is assigned to the aforesaid patents in common ownership in this valuation to consider the value of the patent rights enjoyed by Yankuang Xinjiang Energy & Chemical Co., Ltd. Users of the report are reminded to take note.

3. The land use right of the 800,000 Tonnes/Year Coal to Olefin Project in Wucaiwan, Zhundong is under construction and the land use right certificate is still being processed, the contract number for the grant of the right to use state-owned construction land: 652327022062, grantee: Xinjiang Shanneng Chemicals Co., Ltd., land location: Wucaiwan Industrial Park, Jimsar County; date of acquisition: 15 August 2022; land use: industrial; type of land use right: grant; Land registered area: 2,701,833 sq.m. Users of the report are reminded to take note.

(IX) Special notes on external investment

For details of special matters for foreign investment companies, please refer to "XI. Special Notes".

In particular, we emphasise that this valuation is only a reference for the value of the proposed acquisition of equity interests in Yankuang Xinjiang Energy & Chemical Company Limited by Yankuang Energy Group Company Limited and is not a substitute for the parties to the transaction in determining the price of the equity interests.

This report and its conclusion are only used for the appraisal purpose set out herein and shall not be used for other purposes.

According to relevant state regulations, the conclusion made in this valuation report is valid for one year from the Valuation Reference Date of 31 December 2022 to 30 December 2023.

The above summary is extracted from the full text of the valuation report. Please read the full text of the valuation report to learn about the detailed information of the relevant valuation and reasonable understanding of the relevant valuation conclusions and pay particular attention to the special notes.

ASSET VALUATION REPORT ON THE VALUE OF ALL THE SHAREHOLDERS' EQUITY OF YANKUANG XINJIANG ENERGY & CHEMICAL CO., LTD. INVOLVED IN THE PROPOSED ACQUISITION OF THE EQUITY INTERESTS IN YANKUANG XINJIANG ENERGY & CHEMICAL CO., LTD. BY YANKUANG ENERGY GROUP COMPANY LIMITED

Zhong Heng Lu Ping Bao Zi (2023) No. 027

Yankuang Energy Group Company Limited:

Shandong Zhongping Hengxin Asset Valuation Co., Ltd. has accepted the engagement by the Company to appraise the market value of all the equity interest of the shareholders in Yankuang Xinjiang Energy & Chemical Co., Ltd. as at 31 December 2022 involved in the proposed acquisition of the equity interests in Yankuang Xinjiang Energy & Chemical Co., Ltd. by Yankuang Energy Group Company Limited, by adopting the asset-based approach and carrying out necessary valuation procedures in accordance with the relevant laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectivity and impartiality. Details of the asset valuation are reported as follows:

I. OVERVIEW OF THE PRINCIPAL, THE APPRAISED ENTITY AND OTHER USERS OF THE VALUATION REPORT AS AGREED IN THE ASSET VALUATION ENGAGEMENT CONTRACT

(I) Overview of the Principal

Company name	:	Yankuang Energy Group Company Limited ("**Yankuang Energy**")
Unified social credit code	:	91370000166122374N
Registered address	:	No. 949, Fushan South Road, Zoucheng City, Jining City, Shandong Province
Legal representative	:	Li Wei
Registered capital	:	RMB4,948.70364 million
Type of enterprise	:	Joint stock company with limited liability (With investment from Hong Kong, Macau, Taiwan and listed)
Date of establishment	:	25 September 1997

Scope of business	:	Permitted items: Coal mining; public railway transportation; road goods transportation (excluding hazardous goods); port operation; installation, upgrading and maintenance of special equipment; real estate development and operation; catering services; accommodation services; sewage water treatment and recycling; heat generation and supply; inspection and detection services; inspection and detection for safe production; projects construction; type 1 value-added telecommunication services; type 2 value-added telecommunication services. (Items which are subject to approvals required by the laws shall be approved by the relevant authorities, and approval documents or licenses from the relevant authorities shall be obtained for such specified items) General Items: import and export of cargoes and technology; project pricing consultation; investment activities using the company's own funds; corporate management; social and economic consulting services; market research (not involving foreign-related investigations); manufacture of mining machinery; sale of mining machinery; machinery and equipment leasing; general equipment repair; general machinery and equipment installation services; sale of metal materials; sale of machinery and electrical equipment; sale of building materials; sale of timber; manufacture of specialized chemical products (excluding hazardous chemicals); sale of specialized chemical products (excluding hazardous chemicals); manufacture of daily chemical products; sale of coal and coal products; manufacture of coatings (excluding hazardous chemicals); sale of coatings (excluding hazardous chemicals); sale of lubricating oil; sale of petroleum products (excluding hazardous chemicals); sale of chemical products (excluding licensed chemical products); technological services, technological development, technological consulting, technological exchanges, technology transfer, technology promotion; leasing of non-residential real estate; sale of metal ore; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval); landscaping project construction; scenic spot management; safety technical training for special operators; measurement technology services; planning of corporate image; sale of knitting textile; sale of plastic products; sale of instruments; sale of cement products; production of refractory materials; sale of refractory materials; sale of labor protection products; sale of office supplies; stationery retail; railway transportation auxiliary activities; production of fire-proof sealing materials; sale of fire-proof sealing materials; electronic specialized equipment manufacturing; sale of electronic specialized equipment; software development; network technical services; sale of network equipment; Internet data services; sale of radio and television transmission equipment; sale of communication equipment; repairs and maintenance of motor vehicles; property management; human resources service (excluding occupational intermediary activities and labor dispatch services); integrated information system services; operation and maintenance services of information systems; sale of industrial automatic control system devices; sale of digital video surveillance systems; sale of internet equipment. (Except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws)

(II) Overview of the Appraised Entity

1. Basic Information

Company name	:	Yankuang Xinjiang Energy & Chemical Co., Ltd. ("**Xinjiang Energy & Chemical**")
Unified credit code	:	91650100663634039B
Type of enterprise	:	Other limited liability company
Registered address	:	7/F, Yankuang Building, 97 Ningtai Lane, Urumqi High-tech Zone (New City), Xinjiang
Registered capital	:	RMB3,000 million
Legal representative	:	Wang Xuyou
Date of establishment	:	3 August 2007
Scope of business	:	Investment for project; aluminum processing and sales; electrical equipment manufacturing, repair and leasing; real estate development; software development; general cargo road transportation (for branch company use only); sales: mining accessories; minerals, building materials and chemical products; machines and equipment, hardware products and electronic products; textile, clothing and household products; culture and sports products and equipment; agricultural and livestock products; feeds and fertilizers; mining of coal; coal preparation; production of chemical products (excluding licensed chemical products); production of cement products; production of concrete structural components; production of lightweight building materials; production of construction blocks; production of new building materials (excluding hazardous chemicals); sale of cotton and hemp; sale of coal and coal products; sale of petroleum products (excluding hazardous chemicals); sale of chemical products (excluding licensed chemical products); acquisition of cotton; sale of lightweight building materials; sale of construction blocks; sale of concrete structural components; sale of cement products; house rental; leasing of non-residential real estate. (For items which are subject to approval according to the law, business activities shall be carried out with the approval of relevant departments)

2. *History and development and change of shareholding structure of the Company*

Yankuang Xinjiang Energy & Chemical Co., Ltd. was jointly funded and established by Yangkuang Group Corporation Ltd. and Yankuang Lunan Fertilizer Plant on 3 August 2007 upon the approval by Shandong Provincial People's Government State-owned Assets Supervision and Administration Commission with document Hui Lu Guo Zi Qi Gai Han No. [2007] 43, with a registered capital of RMB1,000 million, of which Yankuang Group Corporation Ltd. contributed RMB990 million in cash, representing 99.00% of the registered capital, with paid-in capital contribution of RMB594 million in cash, representing 99.00% of the paid-in capital; Yankuang Lunan Fertilizer Plant contributed RMB10 million in cash, representing 1.00% of the registered capital, with paid-in capital contribution of RMB6 million in cash, representing 1.00% of the paid-in capital. The above contribution in cash were verified by Xin Lianyi Certified Public Accountants LLP with the issue of Capital Verification Report (Lu Xin Lianyi Zhou Yan Zi (2007) No. 034). Upon the capital contribution, the shareholding structure is as follows:

Unit: RMB'0,000

Name of shareholder	Committed capital contribution		Paid-in capital contribution	
	Amount	Proportion	Amount	Proportion
Yangkuang Group Corporation Ltd.	99,000.00	99.00%	59,400.00	99.00%
Yankuang Lunan Fertilizer Plant	1,000.00	1.00%	600.00	1.00%
Total	**100,000.00**	**100.00%**	**60,000.00**	**100.00%**

On 18 September 2009, the shareholders of Yankuang Xinjiang Energy & Chemical Co., Ltd. made a second capital contribution, Yangkuang Group Corporation Ltd. contributed RMB396 million in cash and Yankuang Lunan Fertilizer Plant contributed RMB4 million in cash this time. The above contribution in cash were verified by Xin Lianyi Certified Public Accountants LLP with the issue of Capital Verification Report (Lu Xin Lianyi Yan Zi (2009) No. 021). Upon the capital contribution, the shareholding structure is as follows:

Unit: RMB'0,000

Name of shareholder	Committed capital contribution		Paid-in capital contribution	
	Amount	Proportion	Amount	Proportion
Yangkuang Group Corporation Ltd.	99,000.00	99.00%	99,000.00	99.00%
Yankuang Lunan Fertilizer Plant	1,000.00	1.00%	1,000.00	1.00%
Total	**100,000.00**	**100.00%**	**100,000.00**	**100.00%**

On 25 December 2015, according to the resolution of the 2015 extraordinary general meeting of Yankuang Xinjiang Energy & Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd. changed its registered capital by increasing its registered capital by RMB2,000 million and the registered capital increased to RMB3,000 million, of which Yangkuang Group Corporation Ltd. contributed RMB2,000 million through the conversion of debt to equity. The shareholding structure upon this capital increase is as follows:

Unit: RMB'0,000

Name of shareholder	Committed capital contribution		Paid-in capital contribution	
	Amount	Proportion	Amount	Proportion
Yangkuang Group Corporation Ltd.	299,000.00	99.67%	299,000.00	99.67%
Yankuang Lunan Fertilizer Plant	1,000.00	0.33%	1,000.00	0.33%
Total	**300,000.00**	**100.00%**	**300,000.00**	**100.00%**

On 24 December 2018, according to the resolution of general meeting and the equity transfer agreements of Yankuang Xinjiang Energy & Chemical Co., Ltd., Yankuang Lunan Fertilizer Plant transferred its 0.33% equity interest to Yangkuang Group Corporation Ltd. at a price of RMB9,704,000.00. The shareholding structure upon these changes is as follows:

Unit: RMB'0,000

Name of shareholder	Committed capital contribution		Paid-in capital contribution	
	Amount	**Proportion**	**Amount**	**Proportion**
Yangkuang Group Corporation Ltd.	300,000.00	100.00%	300,000.00	100.00%
Total	**300,000.00**	**100.00%**	**300,000.00**	**100.00%**

On 19 August 2021, Yangkuang Group Corporation Ltd., the shareholder, changed its name to Shandong Energy Group Co., Ltd.

On 28 February 2022, Xinwen Mining Group Co., Ltd. (as seller) entered into an equity transfer agreement with Shandong Energy Group Co., Ltd. (as buyer 1) and Yankuang Xinjiang Energy & Chemical Co., Ltd. (as buyer 2), under which the seller transferred all its equity interest in Xinwen Mining Group (Yili) Energy Development Co., Ltd. to the buyers by way of transferring 56.84% equity interest in Yankuang Xinjiang Energy & Chemical Co., Ltd. as payment for consideration and completed the change of business registration on 23 June 2022. The shareholding structure of Yankuang Xinjiang Energy & Chemical Co., Ltd. upon the completion of the transaction is as follows:

Unit: RMB'0,000

Name of shareholder	Committed capital contribution		Paid-in capital contribution	
	Amount	**Proportion**	**Amount**	**Proportion**
Shandong Energy Group Co., Ltd.	129,480.00	43.16%	129,480.00	43.16%
Xinwen Mining Group Co., Ltd.	170,520.00	56.84%	170,520.00	56.84%
Total	**300,000.00**	**100.00%**	**300,000.00**	**100.00%**

As at 31 December 2022, the Valuation Reference Date, there was no change in the shareholding structure of Yankuang Xinjiang Energy & Chemical Co., Ltd.

3. *Overview of principal assets*

The principal assets of Xinjiang Energy & Chemical are divided into current assets and non-current assets. The principal assets are summarised as follow:

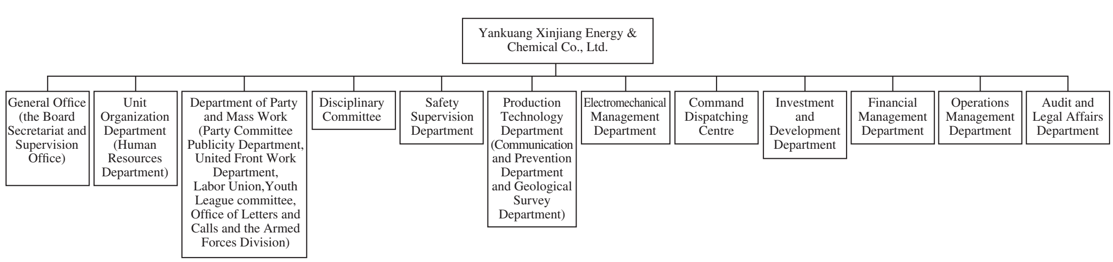
Current assets mainly comprise monetary funds, receivables financing, prepayments, other receivables and other current assets; non-current assets mainly comprise long-term equity investments, fixed assets, and construction in progress. It has a total of seven external investment units, including four wholly-owned subsidiaries and three controlled subsidiaries; fixed assets include vehicles and electronic and office equipment; construction in progress refers to the former prepaid expenses.

4. *Overview of principal business*

Yankuang Xinjiang Energy & Chemical Co., Ltd. was established in August 2007 in the Urumqi High-tech Zone. The parent company itself is currently not carrying out actual business operation, but mainly assuming the supervision, management and investment functions for its subsidiaries in Xinjiang district.

5. *Organisation structure and personnel of the Company*

Yankuang Xinjiang Energy & Chemical Co., Ltd. has a total of 12 functional departments, including General Office, Organisation Department of the Party Committee, Department of Party and Mass Work, Disciplinary Committee, Safety Supervision Department, Production Technology Department, Investment and Development Department, Financial Management Department and Audit and Legal Department, with a total of more than 180 employees.



6. *Statement of financial position and operating results*

Statement of Financial Position (parent company)

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	136,331.82	178,829.30	139,398.64
Non-current assets	368,194.84	373,118.58	389,318.66
Including: Long-term equity investments	348,590.00	353,150.00	369,040.15
Investment properties	–	–	–
Fixed assets	415.45	486.72	796.65
Construction in progress	19,189.39	19,481.86	19,481.86
Intangible assets	–	–	–
Others	–	–	–
Total assets	**504,526.66**	**551,947.88**	**528,717.30**
Current liabilities	241,060.16	266,718.75	275,419.45
Non-current liabilities	2,990.00	32,369.00	1,621.00
Total liabilities	**244,050.16**	**299,087.75**	**277,040.45**
Net assets	**260,476.50**	**252,860.13**	**251,676.85**

Statement of Operating Results (parent company)

Unit: RMB0'000

Item	2020	2021	2022
1. Operating income	139.35	307.18	22.55
Less: Operating costs	18.95	–	–
Taxes and surcharges	8.70	14.86	48.10
Selling expenses	–	–	–
Management expenses	2,109.15	2,717.60	8,517.38
R&D expenses	–	–	–
Financial expenses	5,896.54	4,969.00	-1,272.48
Add: Other gains	12.99	12.83	226.44
Investment gains	–	–	–
Gains on changes in fair value	–	–	–
Credit impairment loss	-2.12	-1.43	-6.41
Impairment loss on assets	–	–	-30.56
Gain on disposal of assets	–	–	–
2. Operating profit	-7,883.13	-7,382.87	-7,080.98
Add: Non-operating income	16.12	26.56	62.84
Less: Non-operating expenses	3,191.69	260.06	55.29
3. Total profit	-11,058.71	-7,616.36	-7,073.43
Less: Income tax expenses	–	–	–
4. Net profit	-11,058.71	-7,616.36	-7,073.43

Statement of Financial Position (combined)

Unit: RMB0’000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	444,233.86	485,489.58	375,260.19
Non-current assets	1,287,141.26	1,417,214.60	1,435,836.59
Including: Long-term equity investments	34,474.71	37,236.49	146,906.49
Investment properties	–	–	–
Fixed assets	779,699.56	1,086,877.12	1,029,611.39
Construction in progress	331,601.51	81,867.28	54,290.93
Intangible assets	94,897.17	181,922.33	182,494.06
Others	46,468.31	29,311.38	22,533.72
Total assets	**1,731,375.12**	**1,902,704.18**	**1,811,096.78**
Current liabilities	1,736,401.24	1,761,617.83	1,161,531.72
Non-current liabilities	108,677.73	215,081.97	507,940.95
Total liabilities	**1,845,078.97**	**1,976,699.80**	**1,669,472.67**
Net assets	**-113,703.85**	**-73,995.62**	**141,624.11**

Statement of Operating Results (combined)

Unit: RMB0'000

Item	2020	2021	2022
1. Operating income	259,002.19	448,612.59	606,268.50
Less: Operating costs	219,592.45	283,517.86	322,908.92
Taxes and surcharges	11,831.48	18,947.03	32,479.05
Selling expenses	3,793.43	7,073.20	7,527.69
Management expenses	24,137.68	42,086.44	35,886.46
R&D expenses	10,059.46	11,513.31	22,810.12
Financial expenses	46,937.96	54,405.72	57,473.09
Add: Other gains	364.10	1,793.81	860.96
Investment gains	-35,984.54	2,477.10	110,003.56
Gains on changes in fair value	–	–	–
Credit impairment loss	199.49	-154.45	–273.10
Impairment loss on assets	–	–	-743.55
Gain on disposal of assets	–	94.60	544.07
2. Operating profit	-92,771.22	35,280.09	237,575.12
Add: Non-operating income	179.18	137.53	274.34
Less: Non-operating expenses	3,816.70	1,407.98	1,604.43
3. Total profit	-96,408.73	34,009.64	236,245.04
Less: Income tax expenses	-11,419.97	6,181.11	19,411.78
4. Net profit	-84,988.76	27,828.52	216,833.26

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH2023XAAA3B0009.

7. *External Investment Units*

(1) Zhongyin Xinjiang Real Estate Development Co., Ltd. (中垠新疆房地產開發有限公司)

1) Basic information

Company name	:	Zhongyin Xinjiang Real Estate Development Co., Ltd.
Unified social credit code	:	91650100099510122J
Registered address	:	Room 703, Yankuang Building, 97 Ningtai Lane, Urumqi High-tech Zone (New City), Xinjiang
Legal representative	:	Ren Sizhen
Registered capital	:	RMB150 million
Type of enterprise	:	other limited liability company
Date of establishment	:	8 May 2014
Scope of business	:	Real estate development and operation, property leasing, real estate intermediary service, property management. (For items which are subject to approval according to the law, business activities shall be carried out with the approval of relevant departments)

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Zhongyin Xinjiang Real Estate Development Co., Ltd. is as follows:

Unit: RMB0'000

No.	Name of shareholder	Committed capital amount	Proportion	Paid-in capital contribution	Method of capital contribution
1	Zhongyin Property Co., Ltd.	2,000.00	13.33%	2,000.00	Cash
2	Yankuang Xinjiang Energy & Chemical Co., Ltd.	13,000.00	86.67%	13,000.00	Land use rights
	Total	**15,000.00**	**100.00%**	**15,000.00**	

3) Overview of major assets

The major assets of Zhongyin Xinjiang Real Estate Development Co., Ltd. are inventories and investment properties, the major assets are summarised as follows:

① Inventories – Development Products

Inventories – development products refer to the remaining storage rooms and parking spaces of Shenglong Jiayuan residential project developed by the appraised entity. The Shenglong Jiayuan project was completed in December 2018 and filing was completed in January 2021. As at the Valuation Reference Date, the remaining residential units had been sold out except 21 units which are self-owned by the appraised entity (appraised under investment properties). There are 3 sets of storage rooms remaining in Inventories – development products have not been sold; there are 227 parking spaces and all have not been sold.

The above storage rooms and parking spaces have not obtained the real estate certificate, Zhongyin Xinjiang Real Estate Development Co., Ltd. has issued a statement of ownership to prove that it owns the above assets and has no disputes concerning ownership.

② Investment properties

Investment properties included in the valuation scope refer to the Shenglong Jiayuan residential building, community health service stations, offices of Yankuang Building and the supporting underground storage room and parking space of Yankuang Building developed and constructed by Zhongyin Xinjiang Real Estate Development Co., Ltd., located at 176 Futai Lane and 97 Ningtai Lane, Urumqi High-tech Zone, all of which were constructed in December 2018. The Shenglong Jiayuan residences include 4 buildings with 18 floors and 2 underground unitary high-rise residences in steel concrete structure, which were completed for use in December 2018. Currently, most residences have been sold to public, while a small portion was reserved for corporate's use. The housings to be appraised include 21 residential units and 20 underground storage rooms with a total gross floor area of 2,322.00 square meters, located on the second floor and third floor respectively, including three-bedroom apartments of over 110 square meters and two-bedroom apartments of 92 square meters. Yankuang Building is a single office building with 17 floors and 2 UG floors with a total height of 69.15 meters in steel concrete structure, which was completed and opened in December 2018. In addition to 155 parking spaces on UG1 (including 4 double parking spaces) and 266 parking spaces on UG2 (including 2 double parking spaces), the appraised space are including the offices located on 1st to 17th floors of Yankuang Building and 8 sets of warehouses on UG1 with a total gross floor area of 26,172.54 square meters. The community health service station is a single 3 storey building with a total height of 10.35 meters in steel concrete structure, which was completed and opened for operation in December 2018 with a gross floor area of 1,404.33 square meters.

4) Financial position and operating results

Statement of Financial Position

Unit: RMB'0,000

Item	**2020.12.31**	**2021.12.31**	**2022.12.31**
Current assets	2,928.00	2,949.56	2,849.82
Non-current assets	26,209.92	25,354.21	26,191.06
Including: Long-term equity investments	–	–	–
Investment properties	26,208.34	25,288.75	26,145.94
Fixed assets	1.58	65.46	45.12
Constructions in progress	–	–	–
Intangible assets	–	–	–
Including: Land use rights	–	–	–
Others	–	–	–
Total assets	**29,137.92**	**28,303.77**	**29,040.87**
Current liabilities	12,387.84	14,805.00	16,383.26
Non-current liabilities	392.00	355.00	264.00
Total liabilities	**12,779.84**	**15,160.00**	**16,647.26**
Owners' equity	**16,358.07**	**13,143.78**	**12,393.61**

Statement of Operating Results

Unit: RMB'0,000

Item	2020	2021	2022
1. Operating income	1,065.40	715.91	2,785.15
Less: Operating costs	1,585.47	3,221.28	1,679.78
Taxes and surcharges	131.09	266.19	882.07
Selling expenses	–	–	–
Management expenses	444.23	389.07	503.07
R&D expenses	–	–	–
Financial expenses	59.59	12.80	10.69
Add: Other gains	0.79	0.63	0.50
Investment gains	–	–	–
Gains and losses on changes in fair value	–	–	–
Credit impairment loss	-0.74	-6.35	-7.69
Asset impairment loss	–	–	-302.61
Gain on disposal of assets	–	–	–
2. Operating profit	-1,154.93	-3,179.16	-600.26
Add: Non-operating income	2.14	–	9.67
Less: Non-operating expenses	–	34.13	160.57
3. Total profit	-1,152.79	-3,213.30	-751.16
Less: Income tax expenses	–	–	–
4. Net profit	-1,152.79	-3,213.30	-751.16

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023YCAA1B0024.

***(2) Yankuang Xinjiang Mining Co., Ltd.*（兗礦新疆礦業有限公司）**

1) Basic information

Company name	:	Yankuang Xinjiang Mining Co., Ltd.
Unified social credit code	:	91652300666667805U
Registered address	:	Liuhuanggou County (united community) Changji City, Changji Prefecture, Xinjiang
Legal representative	:	He Qingbo
Registered capital	:	RMB383.33 million
Type of enterprise	:	Other limited liability company
Date of establishment	:	28 September 2007
Scope of business	:	Coal production and sales (only for its branches). The production, sale, leasing and repair of mining machines; leasing of electronic equipment and sales of accessories; sales of metal materials, mechanical and electrical products, construction materials, timber and rubber products; comprehensive scientific and technical services for coal mines; property leasing; production and sale of coal gangue as construction materials. (Items which are subject to approvals required by the laws shall be approved by the relevant authorities before commencing operation)

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Yankuang Xinjiang Mining Co., Ltd. was as follows:

Unit: RMB0'000

No.	Name of shareholder	Committed capital contribution	Shareholding percentage	Paid-in capital contribution	Percentage of paid-in capital
1	Xinjiang Zhongtai New Energy Co. Ltd.	18,783.00	49.00%	18,783.00	49.00%
2	Yankuang Xinjiang Energy & Chemical Co., Ltd	19,550.00	51.00%	19,550.00	51.00%
	Total	**38,333.00**	**100.00%**	**38,333.00**	**100.00%**

3) Overview of major assets

The main assets of Yankuang Xinjiang Mining Co., Ltd. consist of current and non-current assets. Current assets include: monetary funds, bills receivables, receivables financing, accounts receivable, prepayments, other receivables, inventories, other current assets; non-current assets include: fixed assets, construction in progress, intangible assets, long-term deferred expenses, deferred income tax assets, of which fixed assets include buildings, structures and other auxiliary facilities, shaft works, machinery and equipment, electronic and office equipment, vehicles; construction in progress is investment in construction in progress; intangible assets include land use rights, mining rights, other intangible assets.

4) *Financial position and operating results*

Statement of Financial Position

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	4,803.23	2,759.85	7,144.61
Non-current assets	56,313.12	82,520.99	78,596.88
Including: Long-term equity investments	–	–	–
Investment properties	–	–	–
Fixed assets	29,548.62	35,713.69	55,502.30
Construction in progress	9,977.37	18,480.87	742.85
Intangible assets	2,162.26	17,634.64	18,055.98
Others	14,624.87	10,691.79	4,295.75
Total assets	**61,116.35**	**85,280.84**	**85,741.50**
Current liabilities	135,697.14	155,164.25	129,438.85
Non-current liabilities	31,438.03	40,151.71	35,318.65
Total liabilities	**167,135.17**	**195,315.95**	**164,757.50**
Net assets	**-106,018.82**	**-110,035.12**	**-79,016.01**

Statement of Operating Results

Unit: RMB0'000

Item	2020	2021	2022
1. Operating income	47,580.91	40,943.72	106,921.18
Less: Operating costs	35,586.18	22,652.23	44,950.40
Taxes and surcharges	3,328.73	2,686.17	7,808.13
Selling expenses	–	–	–
Management expenses	5,700.44	16,177.97	7,685.91
R&D expenses	1,286.25	1,430.41	3,284.97
Financial expenses	4,510.65	5,220.12	10,932.72
Add: Other gains	73.49	1,540.03	244.99
Gain on investment	–	–	–
Gain or loss on fair value changes	–	–	–
Credit impairment loss	-110.34	–272.75	-277.89
Impairment loss on assets	–	–	-72.90
Gain or loss on disposal of assets	–	–	432.87
2. Operating profit	-2,868.20	-5,955.90	32,586.13
Add: Non-operating income	105.68	14.58	23.65
Less: Non-operating expenses	430.13	350.81	265.08
3. Total profit	-3,192.65	-6,292.14	32,344.69
Less: Income tax expenses	405.04	-202.39	5,097.21
4. Net profit	-3,597.69	-6,089.74	27,247.48

The financial data shown in the above table were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023YCAA1B0022.

***(3) Xinjiang Yankuang Qineng Coal Industry Co., Ltd.*（新疆兗礦其能煤業有限公司）**

1) Basic Information

Company name	:	Xinjiang Yankuang Qineng Coal Industry Co., Ltd. (hereinafter referred to as "**Qineng Coal Industry**")
Unified social credit code	:	91652327094880191W
Type of enterprise	:	Other limited liability company
Registered address	:	East side of K451+754 meters of G216 National Highway, Zhundong Economic and Technological Development Zone, Changji Prefecture, Xinjiang (Huoshaoshan Industrial Park)
Registered capital	:	RMB100 million
Legal representative	:	Xu Huaige
Date of establishment	:	19 March 2014
Scope of business	:	Sale of coal; cargo handling services; leasing and repair of mining machinery and equipment; leasing, sale and repair of electrical equipment and related accessories; sale of other mining materials; comprehensive technical services for coal mines; sale of building material products of the coal gangue series. (Items which are subject to approval required by the laws shall be approved by the relevant authorities before commencing operation)

2) The company's shareholding structure

Xinjiang Yankuang Qineng Coal Industry Co., Ltd. was established in March 2014 with registered capital of RMB100.00 million. In which, Yankuang Xinjiang Energy & Chemical Co., Ltd. contributed RMB76 million, accounting for 76% of the registered capital; Xinjiang Qiya Aluminium Electricity Co., Ltd. contributed RMB19 million, accounting for 19% of the registered capital and Xinjiang Energy (Group) Co., Ltd. contributed RMB5 million, accounting for 5% of the registered capital. The shareholding structure at the time of establishment of the company was as follows:

Unit: RMB0'000

No.	Name of shareholder	Committed capital contribution	Shareholding percentage %	Paid-in capital contribution	Percentage of paid-in capital %
1	Yankuang Xinjiang Energy & Chemical Co., Ltd	7,600.00	76.00	7,600.00	76.00
2	Xinjiang Qiya Aluminium Electricity Co., Ltd.	19,00.00	19.00	19,00.00	19.00
3	Xinjiang Energy (Group) Co., Ltd.	500.00	5.00	500.00	5.00
	Total	**10,000.00**	**100.00**	**10,000.00**	**100.00**

As at 31 December 2022, the Valuation Reference Date, there were no changes to the shareholding structure of Xinjiang Yankuang Qineng Coal Industry Co., Ltd.

3) Overview of major assets

Its main assets are current and non-current assets, with a summary of the major assets as follows:

Current assets are mainly monetary funds, other receivables and other current assets; non-current assets are mainly fixed assets and construction in progress. Fixed assets include vehicles, electronic and office equipment, while construction in progress represents equipment under construction and pre-start deferred expenses. Intangible assets – mining rights for the exploration of the No. 4 Open Pit Field, Wucaiwan Mining District, Jimusar County, Zhundong Coalfield, Xinjiang. Prospecting right holder: Xinjiang Yankuang Qineng Coal Industry Co., Ltd., Exploration Licence No.: T6500002008101010016890, validity period: 23 February 2021 to 23 February 2023, exploration area: 96.67 square kilometres. The exploration rights were acquired by way of consolidation and have no book value.

Note: The appraised entity newly obtained a renewed exploration license on 10 February 2023, the validity of the license is from 10 February 2023 to 10 February 2025, the exploration area is 96.67 square kilometers.

4) *Financial position and operating results*

Statement of Financial Position

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	492.57	5,025.17	4,135.13
Non-current assets	1,603.96	3,105.25	4,300.46
Including: Long-term equity investments	–	–	–
Investment properties	–	–	–
Fixed assets	5.72	4.05	130.66
Construction in progress	1,598.25	3,101.20	4,169.81
Intangible assets	–	–	–
Others	–	–	–
Total assets	**2,096.54**	**8,130.42**	**8,435.60**
Current liabilities	47.64	103.53	434.70
Non-current liabilities	144.00	122.00	96.00
Total liabilities	**191.64**	**225.53**	**530.70**
Net assets	**1,904.90**	**7,904.90**	**7,904.90**

Statement of Operating Results

Unit: RMB0'000

Item	2020	2021	2022
1. Operating income	–	–	–
Less: Operating costs	–	–	–
Taxes and surcharges	–	–	–
Selling expenses	–	–	–
Management expenses	149.76	–	–
R&D expenses	–	–	–
Financial expenses	5.00	–	–
Add: Other gains	–	–	–
Gain on investment	–	–	–
Gain on fair value changes	–	–	–
Credit impairment loss	–	–	–
Impairment loss on assets	–	–	–
Gain on disposal of assets	–	–	–
2. Operating profit	-154.76	–	–
Add: Non-operating income	–	–	–
Less: Non-operating expenses	–	–	–
3. Total profit	-154.76	–	–
Less: Income tax expenses	–	–	–
4. Net profit	-154.76	–	–

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023YCAA1B0026.

(4) *Xinjiang Shanneng Chemicals Co., Ltd.* **（新疆山能化工有限公司）**

1) Basic information

Company name	:	Xinjiang Shanneng Chemicals Co., Ltd.
Unified social credit code	:	91652301MABJJB9M50
Registered address	:	9 Jianyi Road (Caizhong), Caizhong Industrial Park, Zhundong Economic & Technological Development Zone, Changji Prefecture, Xinjiang
Legal Representative	:	Wang Xuyou
Registered capital	:	RMB5,000,000,000
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Date of establishment	:	29 November 2021
Scope of business	:	Permitted items: production of fertilizer; mining of coal; electricity supply business. (Items which are subject to approval in accordance with the law shall be carried out after being approved by the related departments, and approval documents or licenses from the relevant authorities shall be obtained for such specified items) General items: sale of chemical products (excluding licensed chemical products); sale of synthetic materials; sale of fertilizers; coal washing and processing; coal and coal products sales; house leasing; leasing of non-residential real estate; heat generation and supply; production of cement products; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; production of chemical products (excluding licensed chemical products); manufacture of synthetic materials (excluding dangerous chemicals). (Except for items subject to approval required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws)

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Xinjiang Shanneng Chemicals Co., Ltd. was as follows:

Unit: RMB0'000

Name of shareholder	Committed capital contribution		Paid-in capital contribution	
	Amount	Proportion	Amount	Proportion
Yankuang Xinjiang Energy & Chemical Co., Ltd.	500,000.00	100.00%	10,000.00	100.00%
Total	**500,000.00**	**100.00%**	**10,000.00**	**100.00%**

As at the Valuation Reference Date, Xinjiang Shanneng Chemical Co. Ltd. had a registered capital of RMB5,000.00 million and a paid-up capital of RMB100 million, which had not yet been fully paid up.

3) Overview of major assets

The major assets of Xinjiang Shanneng Chemicals Co., Ltd. are current assets and non-current assets, the major assets are summarised as follows:

Current assets include monetary funds, other receivables, other current assets; non-current assets are construction in progress, intangible assets, deferred income tax assets.

4) *Financial position and operating results*

Statement of Financial Position

Unit: RMB0'000

Item	**2022.12.31**
Current assets	5,242.01
Non-current assets	5,325.23
Including: Long-term equity investments	
Investment properties	
Fixed assets	
Construction in progress	990.90
Intangible assets	4,334.33
Others	
Total assets	**10,567.24**
Current liabilities	567.23
Non-current liabilities	
Total liabilities	**567.23**
Owners' equity	**10,000.00**

Statement of Operating Results

Unit: RMB0'000

Item	**2022**
I. Operating income	–
Less: Operating costs	–
Taxes and surcharges	–
Selling expenses	–
Management expenses	–
Finance expenses	–
Impairment loss on assets	–
Credit impairment loss	–
Add: Gain on investment	–
II. Operating profit	–
Add: Non-operating income	–
Less: Non-operating expenses	–
III. Total profit	–
Less: Income tax expenses	–
IV. Net profit	–

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023YCAA1B0027.

(5) Yankuang Xinjiang Coal and Chemical Co., Ltd.

1) Basic Information

Company name	:	Yankuang Xinjiang Coal and Chemical Co., Ltd.
Unified social credit code	:	91650100686471607Y
Registered address	:	1666 Cuizhu Road, Ganquanbao Economic & Technological Development Zone Industrial Park, Urumqi, Xinjiang
Legal representative	:	Li Zhonghua
Registered capital	:	RMB3,130,000,000
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Date of establishment	:	13 April 2009

Scope of business : Permitted items: production of dangerous chemicals; storage of dangerous chemicals; operation of dangerous chemicals. (Items subject to approval in accordance with the law, only after the approval of the relevant departments to commence business activities, the specific business items are subject to the approval documents or permits of the relevant departments) General items: sales of fertilizers; production of chemical products (excluding permitted chemical products); sales of chemical products (excluding permitted chemical products); technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; coal and sale of manufactured goods; import and export of goods. (Except for items subject to approval in accordance with the law, the business activities shall be carried out independently in accordance with the business license)

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Yankuang Xinjiang Coal and Chemical Co., Ltd. was as follows:

Unit: RMB0'000

Name of shareholder	Subscribed contribution		Paid-in capital	
	Amount	Percentage	Amount	Percentage
Yankuang Xinjiang Energy & Chemical Co., Ltd.	313,000.00	100.00%	313,000.00	100.00%
Total	**313,000.00**	**100.00%**	**313,000.00**	**100.00%**

3) Overview of major assets

The major assets of of Yankuang Xinjiang Coal and Chemical Co., Ltd. are current assets and non-current assets, the major assets are summarised as follows:

Current assets are mainly monetary funds, bills receivables, accounts receivables, accounts receivable financing, prepayments, other receivables, inventories and other current assets etc.; non-current assets are mainly fixed assets, construction in progress, intangible assets, deferred tax and other non-current assets etc.

4) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	**2020.12.31**	**2021.12.31**	**2022.12.31**
Current assets	44,115.85	82,684.51	88,549.13
Non-current assets	340,483.99	315,578.18	304,110.51
Including: Long-term equity investments			
Investment properties			
Fixed assets	314,605.28	295,014.98	274,944.67
Construction in progress	3,540.19	5,975.93	15,529.54
Intangible assets	7,085.83	6,680.03	6,324.23
Others	15,252.69	7,907.24	7,312.06
Total assets	**384,599.84**	**398,262.70**	**392,659.63**
Current liabilities	148,845.13	128,591.22	87,349.89
Non-current liabilities	1,379.00	1,466.00	1,269.78
Total liabilities	**150,224.13**	**130,057.22**	**88,619.66**
Owners' equity	**234,375.72**	**268,205.48**	**304,039.97**

Statement of Operating Results

Unit: RMB0'000

Item	2020	2021	2022
I. Operating income	110,952.46	185,394.71	206,495.73
Less: Operating costs	99,763.53	125,754.28	146,783.97
Taxes and surcharges	1,135.71	2,019.51	1,702.36
Selling expenses	853.43	1,126.54	590.11
Management expenses	5,499.94	6,197.13	6,074.70
R&D expenses	5,572.98	6,971.03	7,184.36
Finance expenses	6,062.66	3,685.11	2,560.84
Impairment loss on assets			
Credit impairment loss			-3.18
Add: Other gains	126.89	151.78	178.89
Add: Gain on investment		50.55	
II. Operating profit	-7,808.91	39,843.44	41,774.91
Add: Non-operating income	26.70	66.79	158.25
Less: Non-operating expenses	146.33	251.16	192.85
III. Total profit	-7,928.54	39,659.07	41,740.31
Less: Income tax expenses	-8,917.06	5,828.30	5,925.68
IV. Net profit	988.52	33,830.76	35,814.63

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023YCAA1B0025.

(6) Xinwen Mining Group (Xinjiang) Energy Co., Ltd. (新汶礦業集團(新疆)能源有限公司)

1) Basic information

Company name	:	Xinwen Mining Group (Xinjiang) Energy Co., Ltd. ("Xinjiang Energy")
Unified social credit code	:	91650100560548285K
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Registered address	:	34 km of Tuanjie Road, Qiongbole Village, Qiongbole Town, Qapqal Xibe Autonomous County, lli Prefecture, Xinjiang
Legal representative	:	Huang Qiwen
Registered capital	:	RMB20 million
Date of establishment	:	22 October 2010

Scope of business : Coal operations; coal development technology research and consultation and services; house leasing; agriculture and livestock breeding; project investment; asset management; industrial and mining technology equipment consultation; commodity information consultation and planning services; logistics services; import and export business of goods and technology; sale of mineral products, steel, coke, decorative materials, electronic components, raw textile materials, mechanical equipment, electrical and mechanical products, chemical products, construction materials, metal materials and products, knitted textile, agricultural by-products, rubber products, timber, building materials, instruments, measuring and weighing instruments, computers and accessories, computer software, hardware and electric materials, plastic products, handicrafts, daily necessities, labor protection supplies, office equipment and daily sundries; manufacturing and sale of welded pipes, support and protective products, general protection products, environmental protection equipment, fiberglass products and mining machinery; leasing of office equipment. (Items that require approval according to law, business activities can only be commenced after approval by the relevant departments)

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Xinwen Mining Group (Xinjiang) Energy Co., Ltd. was as follows:

Unit: RMB0'000

Name of shareholder	**Subscribed contribution**		**Paid-in capital**	
	Amount	**Percentage**	**Amount**	**Percentage**
Yankuang Xinjiang Energy & Chemical Co., Ltd.	2,000.00	100.00%	2,000.00	100.00%
Total	**2,000.00**	**100.00%**	**2,000.00**	**100.00%**

3) Overview of major assets

The major assets of Xinwen Mining Group (Xinjiang) Energy Co., Ltd. are current assets and non-current assets. Current assets are mainly monetary funds, accounts receivable, prepayments and other receivables; non-current assets are mainly fixed assets and deferred tax assets. Fixed assets include vehicles, electronic and office equipment.

4) Statement of financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	7,961.27	19,229.28	17,723.47
Non-current assets	10.26	11.20	3.37
Including: Long-term equity investments			
Investment properties			
Fixed assets	10.26	11.20	1.20
Construction in progress	–	–	
Intangible assets			
Others			2.17
Total assets	**7,971.53**	**19,240.48**	**17,726.84**
Current liabilities	6,036.30	15,365.77	9,667.06
Non-current liabilities	–	–	–
Total liabilities	**6,036.30**	**15,365.77**	**9,667.06**
Net assets	**1,935.23**	**3,874.71**	**8,059.78**

Statement of Operating Results

Unit: RMB0'000

Item		2020	2021	2022
I.	Operating income	881.13	2,830.44	5,829.59
	Less: Operating costs	–	–	–
	Taxes and surcharges	38.24	133.63	220.00
	Selling expenses	13.58	114.93	24.50
	Management expenses	1.78	7.07	10.84
	R&D expenses	–	–	–
	Financial expenses	-2.77	-19.03	-29.87
	Add: Other gains			
	Investment gains			
	Gains from fair value changes			
	Credit impairment loss			-8.68
	Impairment loss on assets			
	Gain on disposal of assets			
II.	Operating profit	830.30	2,593.83	5,595.44
	Add: Non-operating income	12.00	–	0.05
	Less: Non-operating expenses	–	–	–
III.	Total profit	842.30	2,593.83	5,595.49
	Less: Income tax expenses	184.55	654.35	1,410.43
IV.	Net profit	657.75	1,939.49	4,185.07

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023XAAA3B0005.

(7) *Xinwen Mining Group (Yili) Energy Development Co., Ltd.* (新汶礦業集團(伊犁)能源開發有限責任公司)

1) Basic information

Company name	:	Xinwen Mining Group (Yili) Energy Development Co., Ltd.
Unified social credit code	:	91654000776092256C
Registered address	:	588 Xinhuaxi Road, Yining City, lli Prefecture, Xinjiang
Legal representative	:	Jiang Shoulai
Registered capital	:	RMB1,000 million
Paid-in capital	:	RMB1,000 million
Type of enterprise	:	Limited liability company (legal person sole proprietorship invested or controlled by non-natural person)
Date of establishment	:	20 July 2005
Duration of operation	:	Long term

Scope of business : Coal mining technology research and consultation and services, coalfield geological investigation; machinery equipment and leasing of housing; agriculture and livestock breeding; investment in coal mines, electricity, coal washing and coal chemical projects, entrusting the operation and management of investment enterprises and provide enterprise management consultation services and marketing planning services; logistics services; import and export businesses of goods and technology; gangue crushing, coal washing and processing; handling services; sale of coal, electrical and mechanical products, chemical products (except for precursor chemicals and hazardous chemical products), metal materials and products, agricultural by-products (except for those restricted by the State), rubber products, timber, cement, building materials, instruments, measuring and weighing instruments, hardware and electric materials, plastic products, handicrafts, daily necessities, labor protection supplies, daily sundries, furnace materials, welded pipes, support and protection products, general prevention products, environmental protection equipment, fiberglass products, mining machinery, grease and sand and gravel materials for shaft works; production and sale of cement blocks and concrete; processing and sale of shaft supportive and protection materials; mining of construction sands (for branch operations only), transportation of goods, installation, repair and leasing of mining equipment, installation, repair and removal of hydraulic support, mine engineering construction; mine rescue services, mine safety technology consultation services, mine safety training (excluding education training and career skills training). (Items that require approval according to law, business activities can only be commenced after approval by the relevant departments).

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Xinwen Mining Group (Yili) Energy Development Co., Ltd. was as follows:

Unit: RMB0'000

No.	Name of shareholder	Subscribed contribution		Paid-in capital	
		Amount	Percentage	Amount	Percentage
1	Yankuang Xinjiang Energy & Chemical Co., Ltd.	100,000.00	100%	100,000.00	100%
	Total	**100,000.00**	**100%**	**100,000.00**	**100%**

3) Overview of major assets

The major assets of Xinwen Mining Group (Yili) Energy Development Co., Ltd. are current assets and non-current assets, the major assets are summarised as follows:

Current assets are mainly monetary funds, account receivables, account receivables financing, prepayments, other receivables, inventories and other current assets etc; non-current assets are mainly fixed assets, construction in progress, intangible assets, deferred tax assets and other non-current assets etc.

4) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	574,309.44	589,355.08	331,667.22
Non-current assets	493,160.16	564,222.96	626,551.56
Of which: Long-term equity investments	112,270.57	115,032.34	223,136.49
Fixed assets	73,907.71	423,542.85	370,531.41
Construction in progress	279,502.91	5,343.19	10,004.50
Intangible assets	18,676.10	18,221.16	17,766.21
Others	8,802.88	2,083.42	5,112.95
Total assets	**1,067,469.61**	**1,153,578.05**	**958,218.78**
Current liabilities	1,153,423.73	1,219,668.87	556,287.93
Non-current liabilities	78,163.73	80,014.73	414,427.23
Total liabilities	**1,231,587.47**	**1,299,683.60**	**970,715.15**
Owners' equity	**-164,117.86**	**-146,105.55**	**-12,496.38**

Statement of Operating Results

Unit: RMB0'000

Item		2020	2021	2022
I.	Operating income	28,451.53	126,579.00	177,104.78
	Less: Operating costs	23,573.80	69,558.57	88,158.92
	Taxes and surcharges	1,830.92	7,826.81	12,462.82
	Selling expenses	1,972.25	5,116.40	5,856.98
	Management expenses	5,365.50	10,540.90	6,662.93
	R&D expenses	–	127.06	5,320.78
	Finance expenses	12,681.69	21,567.57	29,798.25
	Credit impairment loss	0.74	-0.01	0.29
	Impairment loss on assets	–	–	-337.49
	Add: Other gains	112.7	18.55	125.06
	Gain on investment	-35,984.54	2,426.55	110,003.56
	Gain on disposal of assets	–	0.74	–
II.	Operating profit	-52,843.74	14,287.52	138,635.53
	Add: Non-operating income	22.81	23.43	6.79
	Less: Non-operating expenses	11.26	190.62	428.53
III.	Total profit	-52,832.18	14,120.33	138,213.78
	Less: Income tax expenses	-3.45	-22	4,160.33
IV.	Net profit	-52,828.73	14,142.33	134,053.45

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the audit report of No. XYZH/2023URAA3B0007.

(7-1) Yili Xinkuang Coal Industry Co., Ltd. (伊犁新礦煤業有限責任公司)

1) Basic information

Company name	:	Yili Xinkuang Coal Industry Co., Ltd.
Unified social credit code	:	91654023697847198C
Registered address	:	Room 403, Yixin Coal Industry Office Building, Jieliangzi Farm, Huocheng County, Yili Kazakh Autonomous Prefecture, Xinjiang
Legal representative	:	Jiang Shoulai
Registered capital	:	RMB1,386,000,000.00
Type of enterprise	:	Other limited liability company
Date of establishment	:	5 March 2010
Scope of business	:	Mining, processing and sale of coal, management of affiliated enterprises, manufacturing, procurement, repair and sale of mining machinery equipment and materials, research and consultation on coal mining technology and services, mine investment, coal transmission services, leasing of machinery and equipment, leasing of housing, agriculture and livestock breeding, logistics services, sale of hardware and electric materials, plastic products, handicrafts, daily necessities, labor protection supplies and daily sundries. (Items that require approval according to law, business activities can only be commenced after approval by the relevant departments)

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Yili Xinkuang Coal Industry Co., Ltd. was as follows:

Unit: RMB'0,000

No.	Name of shareholder	Subscribed contribution Amount	Subscribed contribution Percentage	Paid-in capital Amount	Paid-in capital Percentage
1	Zhejiang Provincial Energy Group Co., Ltd.	62,370.00	45%	62,370.00	45%
2	Xinwen Mining Group (Yili) Energy Development Co., Ltd.	76,230.00	55%	76,230.00	55%
	Total	**138,600.00**	**100%**	**138,600.00**	**100%**

3) Overview of major assets

The major assets of Yili Xinkuang Coal Industry Co., Ltd. are current assets and non-current assets, the major assets are summarised as follows:

Current assets are mainly account receivables, account receivables financing, prepayments, other receivables, inventories and other current assets: non-current assets are mainly fixed assets, construction in progress, intangible assets and deferred tax assets.

4) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	2020.12.31	2021.12.31	2022.12.31
Current assets	11,620.25	7,270.97	54,463.22
Non-current assets	463,663.73	503,272.34	463,663.73
Of which: Fixed assets	355,910.27	325,772.68	318,444.68
Construction in progress	17,229.67	29,484.23	3,394.95
Intangible assets	66,972.97	139,386.50	136,013.31
Of which: Land use rights	4,806.51	4,699.48	5,857.65
Others	8,551.79	8,628.93	5,810.79
Total assets	**460,284.94**	**510,543.31**	**518,126.95**
Current liabilities	363,931.87	350,514.59	348,596.40
Non-current liabilities	7,470.96	73,903.54	68,244.29
Total liabilities	**371,402.83**	**424,418.13**	**416,840.69**
Owners' equity	**88,882.11**	**86,125.18**	**101,286.26**

Statement of Operating Results

Unit: RMB0'000

Item		2020	2021	2022
I.	Operating income	83,933.56	105,067.11	159,881.03
	Less: Operating costs	75,645.73	78,269.62	95,222.75
	Operating taxes and surcharges	5,358.07	5,999.85	9,355.60
	Selling expenses	954.17	715.32	1,056.08
	Management expenses	4,182.64	5,434.61	7,384.80
	R&D expenses	3,200.23	2,984.82	7,020.00
	Finance expenses	17,724.60	18,970.15	15,472.94
	Impairment loss on assets	–	–	–
	Credit impairment loss	311.95	126.09	30.47
	Add: Other gains	37.24	69.98	–
	Add: Gain on disposal of assets	–	–	111.20
	Add: Gain on investment	–	–	–
II.	Operating profit	-22,782.70	-7,111.20	24,595.81
	Add: Non-operating income	5.74	100.04	13.10
	Less: Non-operating expenses	37.28	321.19	502.10
III.	Total profit	-22,814.24	-7,332.35	24,106.81
	Less: Income tax expenses	-3,089.05	-77.14	2,818.14
IV.	Net profit	-19,725.19	-7,255.21	21,288.67

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH/2023XAAA3B0006.

(7-2) Yili Xintien Coal Chemicals Co., Ltd. (伊犁新天煤化工有限責任公司)

1) Basic information

Company name	:	Yili Xintien Coal Chemicals Co., Ltd. ("Xintien Coal Chemicals Company", "Company")
Unified social credit code	:	91654000552434456E
Registered address	:	588 Xinhuaxi Road, Yining City, Yili Prefecture, Xinjiang
Legal representative	:	Wang Yi
Registered capital	:	RMB4,828 million
Type of enterprise	:	Limited liability company (State-controlled)
Date of establishment	:	22 April 2010
Scope of business	:	Production of hazardous chemicals (2,000 million Nm3/year of Synthetic Natural Gas, 84,000 tonnes/year of poly hydrocarbon, 100,000 tonnes/year of heavy aromatics, 25,000 tonnes/year of mixed phenols, 31,100 tonnes/year of light hydrocarbon) (subject to the work safety licenses, which is valid from 8 March 2019 to 7 March 2022); manufacturing, procurement, repair and sale of production machinery equipment and materials; production and sale of electricity; production and sale of building materials (except for cement); sale of coal, steel, timber, plastic products and waste materials; coal chemicals technology consultation, leasing of vehicles, leasing of venues and accommodation, mine rescue services; supply of domestic water, supply of industrial water, water quality testing and coal-based laboratory testing. (Items that require approval according to law, business activities can only be commenced after approval by the relevant departments)

2) Shareholding structure of the company

As at 31 December 2022, the Valuation Reference Date, the shareholding structure of Yili Xintien Coal Chemicals Co., Ltd. was as follows:

Unit: RMB0'000

No.	Name of shareholder	Subscribed contribution Amount	Subscribed contribution Percentage	Paid-in capital Amount	Paid-in capital Percentage
1	Zhejiang Provincial Energy Group Co., Ltd.	265,540.00	55%	265,540.00	55%
2	Xinwen Mining Group (Yili) Energy Development Co., Ltd.	217,260.00	45%	217,260.00	45%
	Total	**482,800.00**	**100%**	**482,800.00**	**100%**

3) Overview of major assets

The major assets of Yili Xintien Coal Chemicals Co., Ltd. are current assets and non-current assets, the major assets are summarised as follows:

Current assets are mainly monetary funds, accounts receivable, prepayments, other receivables and inventories etc; non-current assets are mainly fixed assets, construction in progress, intangible assets, deferred tax assets and other non-current assets etc.

4) Financial position and operating results

Statement of Financial Position

Unit: RMB0'000

Item	**2020.12.31**	**2021.12.31**	**2022.12.31**
Current assets	176,703.75	190,444.10	299,019.81
Non-current assets	1,427,434.53	1,357,098.83	1,327,994.81
Of which: Fixed assets	1,370,608.12	1,302,402.39	1,228,532.95
Construction in progress	25,919.55	23,330.27	34,507.64
Intangible assets	18,815.01	25,243.13	28,767.47
Of which: Land use rights	11,335.81	18,855.14	23,470.29
Others	12,091.85	6,123.04	36,186.75
Total assets	**1,604,138.28**	**1,547,542.93**	**1,627,014.62**
Current liabilities	653,093.85	606,411.24	580,790.06
Non-current liabilities	874,433.97	858,383.94	719,765.70
Total liabilities	**1,527,527.82**	**1,464,795.19**	**1,300,555.75**
Owners' equity	**76,610.46**	**82,747.74**	**326,458.86**

Statement of Operating Results

Unit: RMB0'000

Item		2020	2021	2022
I.	Operating income	422,428.59	523,726.13	802,845.77
	Less: Operating costs	413,943.79	424,819.57	506,515.51
	Taxes and surcharges	2,227.04	2,265.27	2,354.15
	Selling expenses	286.28	51.85	66.42
	Management expenses	6,706.47	7,658.34	5,005.41
	R&D expenses	14,146.89	19,880.84	25,591.55
	Finance expenses	65,589.99	59,584.50	53,700.42
	Add: Impairment loss on assets	–	–	–
	Add: Credit impairment loss	-2.70	3.67	-32.33
	Add: Other gains	104.32	68.18	290.54
	Add: Gain on disposal of assets	–	–	–
	Add: Gain on investment	–	–	–
II.	Operating profit	-80,370.23	9,537.61	209,870.52
	Add: Non-operating income	406.56	206.69	102.95
	Less: Non-operating expenses	1.98	4,351.96	1,136.83
III.	Total profit	-79,965.65	5,392.34	208,836.64
	Less: Income tax expenses	–	–	-35,615.73
IV.	Net profit	-79,965.65	5,392.34	244,452.37

The financial data set out in the tables above were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH2023XAAA3B0059.

II. PURPOSE OF VALUATION

In accordance with the Minutes of the General Manager's Office Meeting of Yankuang Energy Group Company Limited (No.19), Yankuang Energy Group Company Limited proposes to acquire the equity interests of Yankuang Xinjiang Energy & Chemical Co., Ltd. It is required to conduct a valuation on the value of the total shareholders' equity of Yankuang Xinjiang Energy & Chemical Co., Ltd. involved in the said economic activity for the purpose of providing valuation reference for the economic activity.

III. VALUATION SUBJECT AND SCOPE

(I) Valuation Subject

The valuation subject is the value of the total shareholders' equity of Yankuang Xinjiang Energy & Chemical Co., Ltd.

(II) Valuation Scope

The scope of valuation covers all assets and liabilities of Yankuang Xinjiang Energy & Chemical Co., Ltd. as at the Valuation Reference Date as shown in its audited pro forma financial statements (the mining rights and estimated possible transfer proceeds were valuated separately by Beijing Kuangtong Resources Development Consultation Co., Ltd.（北京礦通資源開發諮詢有限責任公司）engaged by the principal), of which the book value of total assets amounted to RMB5,287,173,000, liabilities amounted to RMB2,770,404,500 and net assets amounted to RMB2,516,768,500. The book values were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH2023XAAA3B0009. The book values of various assets and liabilities are as follows:

Summary form of asset appraisal declaration

Unit: RMB0'000

Item	Book value
Current assets	139,398.64
Non-current assets	389,318.66
Of which: Long-term equity investments	369,040.15
Investment properties	–
Fixed assets	796.65
Construction in progress	19,481.86
Intangible assets	–
Land use right	–
Others	–
Total assets	**528,717.30**
Current liabilities	275,419.45
Non-current liabilities	1,621.00
Total liabilities	**277,040.45**
Net assets	**251,676.85**

1. The scope of asset valuation is based on the valuation declaration form provided by the appraised entity. The principal and the appraised entity undertake that the entrusted appraised target and scope of valuation are consistent with the appraised target and scope of valuation involved in economic activity, without duplication or omission.

2. Information on the off-balance sheet assets declared by the company

Through public information inquiries, Yankuang Xinjiang Energy & Chemical Co., Ltd. obtained 9 patents for utility models after the Valuation Reference Date, the above assets were expensed in the period in which they were incurred and not capitalized, therefore there are no book value. The above patents are jointly owned by the appraised entity and its subsidiary Yankuang Xinjiang Coal and Chemical Co., Ltd.. Details are as follows:

No.	Name	Type of patent	Patent No.	Application date	Announcement Date	Patent holder
1	Condensate tank steam reclamation water device	Utility model	202220955244.5	2022/4/24	2022/10/21	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.
2	Urea system anti-corrosion dehydrogenation device	Utility model	202220953928.1	2022/4/24	2022/10/21	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.
3	Sulfur reclamation exhaust fumes purification device	Utility model	202220955521.2	2022/4/24	2022/10/21	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.
4	A device for reclaiming methanol in the flash vapor of methanol expansion tank	Utility model	202220953939.X	2022/4/24	2022/10/21	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.
5	Dry desulfurization, denitrification and dust removal integrated device	Utility model	202220953879.1	2022/4/24	2022/10/21	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.

No.	Name	Type of patent	Patent No.	Application date	Announcement Date	Patent holder
6	Coal and water slurry diaphragm pumps with inlet valves	Utility model	202221753228.4	2022/7/8	2022/12/9	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.
7	Fume extraction devices for petrol stations	Utility model	202221752403.8	2022/7/8	2022/11/25	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.
8	Production protection and replacement units with argon gas as a medium	Utility model	202221570068.X	2022/6/22	2022/11/18	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.
9	Coupling of screw compressors and air separation systems for urea production	Utility model	202220988062.8	2022/4/24	2022/11/15	Yankuang Xinjiang Coal and Chemical Co., Ltd., Yankuang Xinjiang Energy & Chemical Co., Ltd.

3. Making reference to the reports issued by other institutions:

I) The data of the financial statements from 2020 to 2022 were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH2023XAAA3B0009.

The pro forma financial statements have been prepared on the following basis:

"1) Basis of preparation

The pro forma financial statements have been prepared for the purpose of the internal asset reorganisation proposed by the Shanneng Group with Xinjiang Energy & Chemical as the subject of the transaction on the following assumptions:

① The scope of the consolidated financial statements is as described in Note II "Scope of Consolidated Financial Statements" herein.

At the 46th meeting of the 1st session of the Board of Shanneng Group held on 30 September 2022, the Board of Directors of Shandong Energy Group considered and approved the resolution in relation to transfer of equity interests in Zhaosu Shengquan Co., Ltd. from Xinjiang Energy & Chemical without compensation. The Board of Shandong Energy Group agreed that Xinjiang Energy & Chemical shall transfer 100% of the equity interest in Zhaosu Shengquan Co., Ltd. ("Zhaosu Shengquan") held by Yili Energy to Xinkuang Group without compensation. The transfer of equity interest has completed on 22 October 2022. Assuming the transfer is completed on 31 December 2018, Zhaosu Shengquan is not included in the Group's consolidated financial statements.

② The Ministry of Finance, the Ministry of Natural Resources and the Administration of Taxation jointly issued the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) on 24 March 2023, which set out new regulations on the methods of levying transfer proceeds of mineral rights and has been implemented since 1 May 2023. Based on the above internal restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group has implemented the document in advance and, during the reporting period, the annual share of the transfer proceeds calculated based on the relevant proceeds rate of the mineral rights that meet the requirements of the document to levy the transfer proceeds of mineral rights in the form of transfer proceeds rate was included in the construction in progress during the reporting period, the unallocated profit at the beginning of the year, and the sales expenses for each period of the reporting period. The accumulated outstanding transfer proceeds payable are presented in other payables. The prepaid transfer proceeds is presented in other current assets.

③ The pro forma financial statements have been prepared on a going concern basis, based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and related regulations, and on the basis of the accounting policies and accounting estimates set out in Note IV "Significant Accounting Policies and Accounting Estimates" herein.

At the same time, based on the above internal reorganisation requirements, the preparation of these pro forma financial statements assumes that the Group will implement Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfers of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, Accounting Standards for Business Enterprises No. 14 – Revenue and Accounting Standards for Business Enterprises No. 21 – Leases since 1 January 2019.

2) Going concern

The Group has a stable cash flow, a recent history of profitable operations and the ability to obtain financial resources to support its production and operations, and therefore has the ability to continue as a going concern in the preparation of these financial statements."

II) The ownership value of each mineral rights included in the scope of valuation was determined based on the appraisal value of each mineral right deducted by the estimated possible transfer proceeds, and the mineral rights and estimated possible transfer proceeds were separately commissioned to Beijing Kuangtong Resources Development Consultation Co., Ltd. by the principal. The valuation results have been confirmed by the principal and have been filed with the corresponding audit of state-owned assets. The Company only made simple summation on the above valuation results.

1) According to the overall scheme of economic conduct, the mining rights included in the scope of valuation were separately commissioned by the principal to Beijing Kuangtong Resources Development Consultation Co., Ltd. and issued the following report:

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation amount (RMB'0,000)
Yankuang Xinjiang Energy & Chemical Co., Ltd	Exploration prospecting rights in Huangcaohu I Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 028, Kuang Tong Ping Bao Zi [2023] No. 029	752,218.55
	Exploration prospecting rights in Huangcaohu II Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu III Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu IV Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu V Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu VI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu VII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu VIII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu IX Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu X Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration prospecting rights in Huangcaohu XI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang			
Yankuang Xinjiang Mining Co., Ltd.	Liuhuanggou Coal Mine Mining Right of Yankuang Xinjiang Mining Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 025	60,154.56
	Jimsar Shuixigou Mining District Hongshanwa Coal Mine of Yankuang Xinjiang Mining Co., Ltd.	Income equity method	Kuang Tong Ping Bao Zi [2023] No. 024	3,731.80
	Jimsar Shuixigou Mining District Baosheng Coal Mine of Yankuang Xinjiang Mining Co., Ltd.	Income equity method	Kuang Tong Ping Bao Zi [2023] No. 023	1,057.33

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation amount (RMB'0,000)
Xinjiang Yankuang Qineng Coal Industry Co., Ltd.	Exploration of the No. 4 open pit field in the Wucaiwan Mining District, Jimsar County, Zhundong Coalfield, Xinjiang	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 022	190,387.99
Xinwen Mining Group (Yili) Energy Development Co. Ltd.	Yili No.1 Coal Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 026	522,835.99
Yili Xinkuang Coal Industry Co., Ltd.	Yili No.4 Mine of Yili Xinkuang Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 027	330,667.50

In the course of this valuation, the valuers communicated with the mineral rights appraisers. The discounted cash flow method and income equity method were adopted for the valuation of the mineral rights. The valuation conclusions have not been confirmed and filed with relevant authorities of mining rights. Having verified that the scope of valuation, valuation purpose and Valuation Reference Date set out in each mining rights valuation report are consistent with this asset valuation report and in line with the requirements of this economic activity and this asset valuation report. In summarizing such parts of the value of the mining rights into this valuation report, we have directly quoted the valuation conclusions issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. For details of the calculation process and conclusion of the mining rights consideration, please read the mining rights valuation reports issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. carefully.

Please refer to pages V-150 and V-172 for the valuation of mining rights based on discounted cash flow. The key inputs to the valuation of mining rights and the determination of their value are as follows:

1. Resources: According to the "Guidelines for the Valuation and Utilization of Mineral Resource Reserves for Mining Rights" (CMVS 30300-2010), the resources in mining rights valuation are mainly determined based on the "Geological Report" or "Annual Report on Reserves in 2022" of each mine.

2. Recoverable reserves: According to the "Guidelines for the Valuation and Utilization of Mineral Resource Reserves for Mining Rights" (CMVS 30300-2010), the recoverable reserves in mining rights valuation are calculated according to the following formula:

   Recoverable reserves for valuation and utilization = (resource reserves for valuation and utilization – design losses) × recovery rate of the mining area.

3. Service life of the mine: According to the "Guidelines for Determining Parameters in Mining Rights Valuation (CMVS30800-2008)", the service life of the mine is calculated by the following formula:

   $$T = \frac{Q}{A \bullet K}$$

   Where:

   T – Service life of the mine;

   A – Production scale of the mine;

   Q – Recoverable reserves of the mine;

   K – Reserve backup coefficient

4. Fixed asset investment: According to the "Income Approach Valuation Method Specification" (CMVS 12100-2008), the fixed asset investment for valuation can be determined based on the balance sheet and fixed asset details of the enterprise as of the valuation date for production mines. For non-production mines (such as exploration rights), it can be estimated based on mining and mineral resource development plans, (pre-)feasibility study reports, or mining design documents. In the mining rights valuation, the fixed asset investment for valuation is mainly determined based on the asset evaluation results provided by Shandong Zhongping Hengxin Asset Valuation Co., Ltd.

5. Mineral product prices: According to the "China Mineral Rights Valuation Criteria" and the "Guidelines for Determining Parameters in Mining Rights Valuation", mineral product prices should be determined based on product type, product quality, and sales conditions, generally using local price standards. Based on the historical price statistics provided by the enterprise, the arithmetic average method is used to predict based on historical monitoring data.

6. Costs and expenses: According to the "China Mineral Rights Valuation Criteria" and the "Guidelines for Determining Parameters in Mining Rights Valuation (CMVS30800-2008)", for the valuation of mining rights for production mines, actual costs and expense accounting data of the mining enterprise can be referred to. Based on a detailed analysis of the enterprise's accounting policies (asset, cost and expense recognition standards, and measurement methods, etc.), it can be determined whether the one-year accounting statement information can generally reflect the future production and operation situation of the enterprise, or whether it can generally reflect the future production and operation situation of the enterprise after appropriate adjustments. The cost and expense for mining rights valuation can be determined based on the accounting statement information of a complete accounting year of the enterprise. For non-production mines (such as exploration rights), the cost and expense are determined based on mining and mineral resource development plans, (pre-)feasibility study reports, mining design documents, and relevant tax policies and regulations.

7. Discount rate: According to the "Guidelines for Determining Parameters in Mining Rights Valuation (CMVS30800-2008)", the discount rate = risk-free rate of return + risk premium.

Assumptions used in mining rights valuation

The appraised value of mining rights in the mining rights valuation report is a fair value opinion based on the valuation purpose, the valuation date, and the following basic assumptions:

(1) The technical and economic parameters for valuation are determined based on the principle of production and sales balance and the average social productivity level.

(2) The relevant policies, laws, and systems followed remain unchanged, and the relevant social, political, economic environment, development technology and conditions, etc., remain unchanged.

(3) The valuation is based on the set reserves, production methods, production scale, product structure, development technology level, and market supply and demand level, and continuous operation, without considering the time and related costs required for the extension registration of mining licenses.

(4) Factors such as product prices, cost and expenses, tax rates, and interest rates during the mining development and revenue period may vary within a normal range.

(5) The impact of other encumbrances or restrictions on property rights, such as mortgages, guarantees, or any other factors that may affect the appraised value, as well as any prices that may be added by special transaction parties, is not considered.

(6) There are no other significant impacts caused by force majeure or unforeseeable factors.

Since the mine resources and reserves have been reviewed and filed by the competent government department, and the mining methods and technical and economic conditions of each mine are basically clear, any key assumptions or inputs are unlikely to have a significant impact on the valuation and therefore no sensitivity analysis has been prepared.

2) In the course of this valuation, the mining rights of the Baosheng Coal Mine and the mining rights of the Hongshanwa Coal Mine of Yankuang Xinjiang Mining Co., Ltd. were disposed of with compensation. Pursuant to the "Methods of Levying Transfer Proceeds of Mineral Rights" ("Circular 10"), if the relevant authorities levy transfer proceeds of mineral rights in respect of the resource reserves utilized by the aforesaid mineral rights prior to the Valuation Reference Date of this transaction and the corresponding resource reserves of this transaction, the transferor will reveal the future or some of the payment of the transfer proceeds, therefore, the estimated possible transfer proceeds have not been considered in the valuation process in respect of the value of the interests in the above two mineral rights.

Except for the above two mineral rights, the estimated possible transfer proceeds of the remaining mineral rights involved in the valuation process are quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of the estimated possible transfer proceeds of the mineral rights involved are as follows:

Name of entity	Name of mining rights	Estimated possible transfer proceeds (RMB0'000)
Yankuang Xinjiang Energy & Chemical Co., Ltd	Exploration prospecting rights in Huangcaohu I Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	77,028.97
	Exploration prospecting rights in Huangcaohu II Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu III Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu IV Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu V Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VIII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu IX Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu X Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu XI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	

Name of entity	Name of mining rights	Estimated possible transfer proceeds (RMB0'000)
Yankuang Xinjiang Mining Co., Ltd.	Liuhuanggou Coal Mine Mining Right of Yankuang Xinjiang Mining Co., Ltd.	3,892.06
Xinjiang Yankuang Qineng Coal Industry Co., Ltd.	Exploration of the No. 4 open pit field in the Wucaiwan Mining District, Jimsar County, Zhundong Coalfield, Xinjiang	35,287.23
Xinwen Mining Group (Yili) Energy Development Co. Ltd.	Yili No.1 Coal Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd.	52,786.15
Yili Xinkuang Coal Industry Co., Ltd.	Yili No.4 Mine of Yili Xinkuang Coal Industry Co., Ltd.	8,681.37

The parties to the transaction have confirmed themselves to the matters described in the description of the estimated possible transfer proceeds issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and we have directly quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when consolidating the estimated possible transfer proceeds into this valuation report. In order to understand the process and results of the calculation of the estimated possible transfer proceeds, please read carefully the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of which are set out in the appendix of the valuation report.

IV. VALUE TYPE

The value types of valuation include market value and value types other than market value. Value types, other than market value, generally include (but are not limited to) investment value, value in use, liquidation value, residual value, etc. The purpose of this valuation is to provide reference for the proposed acquisition of the equity interests in Yankuang Xinjiang Energy & Chemical Co., Ltd. by Yankuang Energy Group Company Limited without special restrictions on market conditions, so the market value is selected as the value type of this valuation. The market value mentioned in this asset valuation report refers to the estimated value of the valuation target in normal and fair transactions on the Valuation Reference Date when the willing buyer and the willing seller act rationally and are not forced to do so.

V. VALUATION REFERENCE DATE

The Valuation Reference Date is 31 December 2022.

The Valuation Reference Date is determined by the principal and is consistent with the Valuation Reference Date agreed in the asset valuation engagement contract.

VI. BASIS OF VALUATION

The bases of economic activity, laws and regulations, valuation standards, asset ownership and valuation pricing in this valuation are as follows:

(I) Basis of economic activity

Minutes of the General Manager's Office Meeting of Yankuang Energy Group Company Limited (No.19).

(II) Basis of laws and regulations

1. The Asset Valuation Law of the People's Republic of China (Order No. 46 of the President of the People's Republic of China);

2. Financial Supervision and Management Measures of Assets Valuation Industry (2 January 2019, Order No. 97 of the Ministry of Finance of the People's Republic of China, considered and approved by the Ministerial Meeting of the Ministry of Finance);

3. The Law on State-owned Assets of Enterprises of the People's Republic of China (Order No. 5 of the President of the People's Republic of China);

4. The Company Law of the People's Republic of China (passed at the 5th session of the 8th Standing Committee of the National People's Congress on 29 December 1993 and amended several times in 1999, 2004, 2005, 2013 and 2018);

5. Securities Law of the PRC (passed at the 6th session of the 9th Standing Committee of the National People's Congress on 29 December 1998 and amended the second time at the 15th session of the 13th Standing Committee of the National People's Congress on 28 December 2019);

6. The Civil Code of the People's Republic of China (passed at the 3rd session of the Standing Committee of the 13th National People's Congress on 28 May 2020 and implemented on 1 January 2021);

7. The Administrative Measures for Valuation of State-owned Assets (Order No. 91 of the State Council in 1991, and amended by Order No. 732 of the State Council of the People's Republic of China on 29 November 2020);

8. Implementation Rules for the Administrative Measures for Valuation of State-owned Assets (Guo Zi Ban Fa [1992] No. 36) issued by the former State-owned Assets Administration Bureau;

9. Notice of the Opinions on Reforming the Administrative Management Approach of Valuation of State-owned Assets and Strengthening the Supervision and Administration of Asset Valuation (Guo Ban Fa [2001] No. 102);

10. Provisions on Certain Issues Concerning the Administration of Valuation of State-owned Assets (Order No. 14 of the Ministry of Finance);

11. The Interim Regulations for the Supervision and Administration of Enterprise State-owned Assets (promulgated by Order No. 378 of the State Council of the People's Republic of China on 27 May 2003; amended for the first time pursuant to the Decision of the State Council on Repealing and Amending Certain Administrative Regulations on 8 January 2011; amended for the second time pursuant to the Decision of the State Council on Amending Certain Administrative Regulations on 2 March 2019);

12. The Supervisory and Administrative Measures for the Transactions of State-owned Assets of Enterprises) (Order No. 32 of SASAC and the Ministry of Finance);

13. Notice on Matters relating to the Transfer of State-owned Assets of Enterprises (Guo Zi Fa Chan Quan Gui [2022] No. 39);

14. Interim Measures for the Administration of Valuation of State-owned Assets of Enterprises (Order No. 12 of SASAC of the State Council in 2005);

15. The Enterprise Income Tax Law of the People's Republic of China (passed at the 5th session of the 10th National People's Congress on 16 March 2007, amended for the first time pursuant to the Decision on Amending the Enterprise Income Tax Law of the People's Republic of China at the 26th session of the Standing Committee of the 12th National People's Congress

on 24 February 2017, and amended for the second time pursuant to the Decision on Amending Four Laws Including the Electric Power Law of the People's Republic of China at the 7th session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

16. Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (passed at the 7th session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

17. Notice on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

18. Guidelines for the Filing of State-owned Asset Valuation Projects of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);

19. Notice on Matters Relating to the Facilitation of the Transfer of State-owned Property Rights of Enterprises (Guo Zi Fa Chan Quan [2014] No. 95);

20. The Interim Regulations on Value-added Tax of the People's Republic of China (Order No. 538 of the State Council of the People's Republic of China) (amended and adopted at the 34th executive meeting of the State Council on 5 November 2008, came into effect on 1 January 2009, and amended for the second time pursuant to the Decision of the State Council on Repealing the Provisional Regulations on Business Tax of the People's Republic of China and Revising the Provisional Regulations on Value-added Tax of the People's Republic of China on 19 November 2017);

21. The Implementation Rules of Provisional Regulations on Value-added Tax of the People's Republic of China (Order No. 65 of the Ministry of Finance and State Taxation Administration of the People's Republic of China);

22. Notice on Fully Implementing the Pilot Scheme of Business Tax Conversion to Value-added Tax (Cai Shui [2016] No. 36);

23. Circular on the Policies in relation to Deepening Value-added Tax Reform (No. 39 of 2019 of the Ministry of Finance, State Taxation Administration and General Administration of Customs);

24. The PRC Land Administration Law (passed at the 16th session of the 6th Standing Committee of the National People's Congress on 25 June 1986 and amended for the first time in accordance to the Decision on Amending the Land Administration Law of the People's Republic of China at the 5th session of the 7th Standing Committee of the National People's Congress on 29 December 1988, amended at the 4th session of the 9th Standing Committee of the National People's Congress on 29 August 1998, amended for the second time in accordance to the Decision on Amending the Land Administration Law of the People's Republic of China at the 11th session of the 10th Standing Committee of the National People's Congress on 28

August 2004, amended for the third time in accordance to the Decision on Amending the Land Administration Law of the People's Republic of China and the Urban Real Estate Management Law of the People's Republic of China at the 12th session of the 13th Standing Committee of the National People's Congress on 26 August 2019);

25. Regulations on the Implementation of the Land Administration Law of the People's Republic of China (issued by Order No. 256 of the State Council of the People's Republic of China on 27 December 1998, amended for the first time in accordance to the Decision of the State Council on Repealing and Amending Part of the Administrative Regulations on 8 January 2011, amended for the second time by the Decision of the State Council on Amending Part of the Administrative Regulations on 29 July 2014, and amended the third time by Order No. 743 of the State Council of the People's Republic of China on 2 July 2021);

26. Law of the People's Republic of China on Urban Real Estate Management (passed at the 8th session of the 8th Standing Committee of the National People's Congress on 5 July 1994, and amended the first time in accordance to the Decision on Amending the Law of the People's Republic of China on Urban Real Estate Management at the 29th session of the 10th Standing Committee of the National People's Congress on 30 August 2007, amended for the second time in accordance to the Decision on Amending part of the Laws at the 10th session of the 11th Standing Committee of the National People's Congress on 27 August 2009, and amended the third time in accordance to the Decision on Amending the Law of the People's Republic of China on Land Administration and the Law of the People's Republic of China on Urban Real Estate Management at the 12th session of the 13th Standing Committee of the National People's Congress on 26 August 2019);

27. Provisional Regulations on the Grant and Transfer of State-owned Land Use Rights in Cities and Towns of the People's Republic of China (issued by Order No. 55 of the State Council of the People's Republic of China on 19 May 1990 and amended in accordance to the Decision of the State Council on Amending and Repealing Part of the Administrative Regulations on 29 November 2020);

28. Notice on Strengthening the Administration of State-owned Land (Guo Fa [2001] No. 15);

29. Circular on Extending the Implementation Period of Certain Preferential Tax Policies (Circular No. 6 of 2021 of the Ministry of Finance, State Taxation Administration on 15 March 2021);

30. Circular on Further Improving the Policy on Pre-tax Deduction of Research and Development Expenses (Circular No. 13 of 2021 of the Ministry of Finance and the State Administration of Taxation on 31 March 2021);

31. Patent Law of the People's Republic of China (Amended for the fourth time by the 22nd Session of the Standing Committee of the 13th National People's Congress on Amending the Patent Law of the People's Republic of China on 17 October 2020);

32. Vehicle Purchase Tax Law of the People's Republic of China (Passed at the 7th Session of the Standing Committee of the 13th National People's Congress held on 29 December 2018);

33. Announcement on Reduction of Purchase Tax on Certain Passenger Vehicles issued by the Ministry of Finance and State Taxation Administration;

34. Notice of the State-owned Assets Supervision and Administration Commission of Shandong Province on the Issuance of the Guidelines for the Management of Assets Appraisal of Provincial Enterprises (Lu Guo Zi Chan Quan [2018] No. 1);

35. Notice of the State-owned Assets Supervision and Administration Commission of the People's Government of Shandong Province on Further Regulating State-owned Assets Transactions of Enterprises (Lu Guo Zi [2020] No. 2);

36. Mineral Resources Law of the People's Republic of China (Adopted at the 15th Session of the Standing Committee of the 6th National People's Congress on 19 March 1986; promulgated by Decree No. 36 of the President of the People's Republic of China on 19 March 1986; amended for the first time by the 21st Session of the Standing Committee of the 8th National People's Congress on Amending the Mineral Resources Law of the People's Republic of China on 29 August 1996; amended for the second time by the 10th Session of the Standing Committee of the 11th National People's Congress on Amending Some Laws on 27 August 2009);

37. Implementation Rules of the Mineral Resources Law of the People's Republic of China (No. 152 Decree of the State Council of the People's Republic of China of 26 March 1994);

38. Regulations on the Administration of Mineral Resources Exploitation and Registration (No. 241 Decree of the State Council of 12 February 1998, amended by No. 653 Decree of the State Council of 29 July 2014);

39. Mining Rights Evaluation Management Measures (Trial) (Issued by the Ministry of Land and Resources, Guo Tu Zi Fa [2008] No. 174);

40. Mineral Resources Assessment and Determination Method (Issued by the Ministry of Land and Resources, Guo Tu Zi Fa [1999] No. 205);

41. Regulations on the Administration of Mineral Resources Registration and Statistics (Promulgated by Order No. 23 of the Ministry of Natural Resources on 9 January 2004 and amended by the Decision on the Third Batch of Revoked and Amended Departmental Rules and Regulations of the Ministry of Natural Resources at the 3rd Ministerial Meeting of the Ministry of Natural Resources on 29 April 2020);

42. Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax Rate on Metal Mining and Non-metal Mining Products (Cai Shui [2008] No. 171);

43. Other relevant laws, regulations and documents.

(III) Basis of valuation criteria

1. Asset Valuation Standards – Basic Standards (Cai Zi [2017] No. 43);

2. Code of Ethics for Assets Assessment (CAS [2017] No. 30);

3. Asset Valuation Practicing Standards – Asset Valuation Procedures (CAS [2018] No. 36);

4. Asset Valuation Practicing Standards – Asset Valuation Report (CAS [2018] No. 35);

5. Asset Valuation Practicing Standards – Contract on Asset Valuation Entrustment (CAS [2017] No. 33);

6. Asset Valuation Practicing Standards – Asset Valuation Files (CAS [2018] No. 37);

7. Asset Valuation Practicing Standards – Engagement of Experts and Relevant Reports (CAS [2017] No. 35);

8. Asset Valuation Practicing Standards – Asset Valuation Methods (CAS [2019] No. 35);

9. Asset Valuation Practicing Standards – Enterprise Value (CAS [2018] No. 38);

10. Asset Valuation Practicing Standards – Intangible Assets (CAS [2017] No. 37);

11. Asset Valuation Practicing Standards – Real Estate (CAS [2017] No. 38);

12. Asset Valuation Practicing Standards – Machinery and Equipment (CAS [2017] No. 39);

13. Guidelines for Valuation Report of State-owned Assets of Enterprises (CAS [2017] No. 42);

14. Guidelines for Business Quality Control of Asset Valuation Institutions (CAS [2017] No. 46);

15. Guiding Opinions on Types of Value in Asset Valuation (CAS [2017] No. 47);

16. Guiding Opinions on Legal Ownership of Asset Valuation Targets (CAS [2017] No. 48);

17. Guiding Opinions on Valuation of Patent Assets (CAS [2017] No. 49);

18. Guiding Opinions on Valuation of Copyright Assets (CAS [2017] No. 50);

19. Guiding Opinions on Valuation of Trademark Assets (CAS [2017] No. 51);

20. Guidelines for Valuation of Intellectual Property Rights (CAS [2017] No. 44);

21. Asset Appraisal Expert Guidance No. 8 – Verification in Asset Appraisal (CAS [2019] No. 39);

22. Asset Valuation Standards Terminology 2020 (CAS [2020] No. 31);

23. Guidelines for Internal Governance of Valuation Institutions (CAS [2010] No. 121);

24. China Code of Assessment for Mineral Titles (China Mineral Rights Appraisers Association Announcement [2008] No. 5; Ministry of Land and Resources Announcement [2008] No. 6);

25. China Code of Assessment for Mineral Titles (II) (China Mineral Rights Appraisers Association Announcement [2010] No. 5).

(IV) Basis of asset ownership

1. Mineral Resources Exploration Permit;

2. Motor vehicle licenses and registration certificates;

3. Purchase contracts, invoices and other information of major equipment;

4. Relevant preliminary consultation contracts (agreements), accounting vouchers and other information provided by the appraised entity;

5. Other title documents.

(V) Basis of valuation pricing

1. Asset Valuation Declaration Form provided by the appraised entity;

2. Notice of the Ministry of Finance on the Issuance of the Regulations on the Management of Construction Costs of Capital Construction Projects (Cai Jian [2016] No. 504);

3. Feasibility Study Report on the 800,000 Tonnes/Year Coal to Olefin Project in Wucaiwan, Zhundong of Xinjiang Shanneng Chemicals Company Limited (July 2022);

4. Feasibility Study Report on Huangcaohu No. 1 Coal Mine and Coal Processing Plant (Prepared by Dadi Engineering Development (Group) Co., Ltd., September 2022);

5. Feasibility Study Report on Huangcaohu No. 2 Mine and Coal Processing Plant (Prepared by Dadi Engineering Development (Group) Co., Ltd., September 2022);

6. Audit Report No. XYZH2023XAAA3B0009 audited and issued by ShineWing Certified Public Accountants LLP;

7. Valuation Report on the Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, VII (Part), VIII (Part), IX (Part), X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang issued by Beijing Kuantong Mineral Resources Reserve Consulting Co., Ltd. (Kuang Tong Ping Bao Zi [2023] No. 028);

8. Valuation Report on the Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang issued by Beijing Kuantong Mineral Resources Reserve Consulting Co., Ltd. (Kuang Tong Ping Bao Zi [2023] No. 029);

9. "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd.";

10. The loan prime rate (LPR) announcement authorised to be published by the National Interbank Funding Centre;

11. Provisions on the Standards for Compulsory Retirement of Motor Vehicles (Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security and Ministry of Environmental Protection Order [2012] No. 12);

12. Price Enquiry System for Electrical and Mechanical Products 2022 by Machinery Industry Press;

13. Equipment purchase contracts and invoices;

14. Price information collected from market enquiries by valuers and enquiries made to equipment manufacturers;

15. About enquiry on pricing through the internet;

16. On-site survey records and other relevant valuation information collected by valuers;

17. Financial statements, financial, accounting and operating information, as well as relevant agreements, contracts, invoices and other financial information provided by the appraised entity;

18. Statistical information, technical standards and price information published by relevant departments of the State, as well as information on price inquiry and pricing parameters collected by our company;

19. Other information related to the asset valuation.

VII. VALUATION APPROACHES

(I) Introduction of the valuation approaches

The basic approaches of enterprise valuation include asset-based approach, income approach and market approach.

The asset-based approach in the enterprise valuation is also known as the cost approach, which refers to the method of determining the value of the target of valuation by appraising the value of each on-balance sheet and identifiable off-balance sheet asset and liability of the enterprise based on the balance sheet of the appraised entity on the Valuation Reference Date.

The income approach in the valuation for enterprise value refers to the valuation method of determining the value of the target of valuation by capitalizing or discounting the expected income. The specific methods commonly used in the income approach include the dividend discount method and the cash flow discount method. Income approach measures the value of enterprises from the perspective of their profitability, and is based on the expected utility theory of economics.

The market approach in the valuation for enterprise value refers to the valuation method of determining the value of the target of valuation by comparing the target of valuation with comparable listed enterprises or comparable transactions. The two specific methods commonly used in the market approach are the comparison of listed companies and the comparison of transactions.

(II) Selection of valuation approach

The asset-based approach is the valuation method whereby the value of the valuation target is determined by reasonable valuation of the on– and off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised enterprise. In light of the conditions of this valuation, the appraised entity can provide and the asset valuers can also collect information from outside to meet the requirements of the asset-based approach, so that a comprehensive inventory and valuation of the assets and liabilities of the appraised entity can be conducted. Therefore, the asset-based approach is applicable to this valuation.

The income approach is built on the theory of expected utility in economics, which means that for investors, the value of a business lies in the income the business is expected to generate in the future. Although the income approach does not use directly reference available in the market to demonstrate the present fair market value of the valuation target, it appraises assets by expected profitability of the assets, which determines the present fair market value of the assets. It can reflect the overall value of the enterprise and its valuation conclusion is more reliable and convincing. From the perspective of the applicable criteria of income approach, as Yankuang Xinjiang Energy & Chemical Co., Ltd. mainly undertakes the development and construction and production and operation of Shandong Energy Group in Xinjiang, its main assets are exploration rights and long-term equity investments, of which there is no clear development plan in the exploration rights, the parent company does not conduct actual business operation itself and is mainly undertaking the supervision, management and investment work on its subsidiaries in Xinjiang, it is difficult to determine its future investment plan and there are also uncertainties on its main management functions, the future profitability of the enterprise cannot be reasonably estimated and the risk to future income cannot be reasonably quantified, therefore the income approach was not adopted in this valuation.

The market approach refers to the valuation method of determining the value of the target of valuation by comparing the target of valuation with comparable listed enterprises or comparable transactions. Since the appraised entity is a non-listed company, its business structure, operating model, enterprise size, asset allocation and usage, business stage, growth, operating risk, financial risk and other factors are quite different from those of listed companies in the same industry. Moreover, there were few trading, acquisition and merger cases of comparable enterprises in the same industry in China around the Valuation Reference Date, so that it was difficult to obtain reliable operational and financial data of comparable transactions and calculate the appropriate value ratio. As a result, the market approach has not been adopted for this valuation.

Therefore, this valuation uses the asset-based approach.

(III) Introduction of the specific valuation methods

The asset-based approach in enterprise valuation refers to the valuation method whereby the value of the valuation target is determined by reasonable valuation of various assets value and liabilities of the enterprise on the basis of the balance sheet of the appraised entity on the Valuation Reference Date. The valuation process of various assets and liabilities is described as follows:

1. Valuation of current assets and liabilities

The current assets of the appraised entity include monetary funds, receivables financing, prepayments, other receivables and other current assets; liabilities include short-term borrowings, accounts payable, employee salary payable, taxes payable, other payables, non-current liabilities due within one year and long-term salaries and wages payable.

(1) Monetary funds are bank deposits, and their appraised value is determined through verifying bank statements and bank confirmation letters.

(2) Receivables financing: receivables financing are the bank acceptance drafts received by the enterprise due to the provision of goods or labor services, etc. For receivables financing, the valuers checked the book records, checked the bill register, and made an inventory check of the bills. If verified, the appraised value is confirmed by the verified book value.

(3) Prepayments: the balance of the ledgers, general ledger, statements and the valuation list are checked for consistency. The aging analysis is carried out based on the account records, including the amounts in the valuation list, time of occurrence and business contents. For prepayments that are stated at a significant amount or unusual amount, a confirmation letter shall be obtained. Alternative procedures are carried out in absence of a confirmation letter (obtaining evidences of amounts recovered subsequently or evidences at the time of business occurrence). Amounts due from associates are checked to verify the authenticity and completeness of receivables, and the verification results of the accounts, statement and bills shall match the amounts, to confirm the appraised value by the verified book value.

(4) Other receivables: the balance of the ledgers, general ledger, statements and the valuation list are checked for consistency. The aging analysis is carried out based on the account records, including the amounts in the valuation list, time of occurrence and business contents. For other receivables that are stated at a significant amount or unusual amount, a confirmation letter shall be obtained. Alternative procedures are carried out in absence of a confirmation letter (obtaining evidences of amounts recovered subsequently or evidences at the time of business

occurrence). Amounts due from associates are checked to verify the authenticity and completeness of receivables, and the verification results of the accounts, statement and bills shall match the amounts.

Based on verification of the above receivables and with the help of historical data and on-site investigation, the valuers carried out specific analysis over the amount of arrears, time and reason of arrears, the status of collection, the debtors' current funding, credibility, operation, management and other conditions, and estimated the risk of loss by means of aging analysis and individual identification.

If there is sufficient reason to believe that all the current accounts of associates can be recovered, the risk of loss is assessed as zero; for the amount that is not expected to be recovered in full but there is no conclusive evidence to prove that it cannot be recovered or cannot be recovered in full, on the basis of analyzing the business content one by one and referring to the method used by the enterprise to calculate bad debt provision, a certain proportion of the risk of loss is determined by aging analysis, and the appraised value is determined by deducting the risk of loss from the book balance. The bad debt provision of the enterprise is assessed as zero.

(5) Other current assets are the VAT input tax to be deducted by the enterprise. Based on verification of the above amounts, the valuers verified the enterprise's tax returns by understanding the applicable tax types, tax rates, tax amounts and payment rates of the enterprise, and confirmed the accuracy and authenticity of the declared amounts by reviewing the tax payment vouchers. As the tax amounts of the enterprise matched the declared amounts upon verification, the appraised value was determined based on the verified book value.

(6) Liabilities: based on the review and verification of various liabilities, the appraised value is determined based on the actual items and amounts of liabilities to be borne by the appraised entity after the valuation purpose is fulfilled.

2. Valuation of non-current assets

(1) Long-term equity investments

There are 7 entities included in the scope of valuation of long-term investments, including 4 wholly-owned subsidiaries and 3 controlled subsidiaries. The name of the investees and the valuation approaches are listed below:

Name of investees	Committed shareholding percentage	Shareholding percentage on paid-in capital	Valuation approach	Pricing method	Basis of valuation approach	Basis of pricing method
Zhongyin Xinjiang Real Estate Development Co., Ltd.	86.67%	86.67%	asset-based approach	asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet.	The asset-based approach was selected as the pricing method as only the asset-based approach was used for valuation.
Xinjiang Shanneng Chemicals Co. Ltd.	100.00%	100.00%	asset-based approach	asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet.	The asset-based approach was selected as the pricing method as only the asset-based approach was used for valuation.
Yankuang Xinjiang Coal and Chemical Co., Ltd.	100.00%	100.00%	asset-based approach, income approach	income approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The income approach takes into account not only the assets measured by the enterprise's accounting, but also the resources actually owned or controlled by the enterprise that cannot be reflected in the balance sheet, such as research and development capabilities, customer resources, sales network, corporate qualifications, human resources, etc. The contribution of these resources to the enterprise is reflected in the net cash flow of the enterprise, so the income approach can better reflect the overall growth and profitability of the enterprise.

Name of investees	Committed shareholding percentage	Shareholding percentage on paid-in capital	Valuation approach	Pricing method	Basis of valuation approach	Basis of pricing method
Yankuang Xinjiang Mining Co., Ltd.	51.00%	51.00%	asset-based approach, income approach	asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights, and the discounted cash flow method has been adopted for the valuation of the mineral rights under the asset-based approach, taking into account the future mining revenue of the mineral rights and therefore the asset-based approach is more reasonable
Xinjiang Yankuang Qineng Coal Industry Co., Ltd.	76.00%	76.00%	asset-based approach	asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet.	The asset-based approach was selected as the pricing method as only the asset-based approach was used for valuation.
Xinwen Mining Group (Xinjiang) Energy Co., Ltd.	100.00%	100.00%	asset-based approach	asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet.	The asset-based approach was selected as the pricing method as only the asset-based approach was used for valuation.
Xinwen Mining Group (Yili) Energy Development Co., Ltd.	100.00%	100.00%	asset-based approach, income approach	asset-based approach	The asset-based approach can be used as it can reasonably assess the value of the various assets and liabilities of the enterprise, both on and off-balance sheet; The income approach can be used as it provides a reasonable forecast of the future earnings that the business will be able to generate and discount.	The main asset is the mineral rights, and the discounted cash flow method has been adopted for the valuation of the mineral rights under the asset-based approach, taking into account the future mining revenue of the mineral rights and therefore the asset-based approach is more reasonable.

The valuation approach mainly refers to the ways and means to assess the estimated asset value. The valuation method for enterprise value valuation generally include the asset-based approach, the income approach and the market approach. For the companies involved in each long term investment, suitable valuation methods were selected for measurement based on the applicability of different valuation methods.

The pricing approach mainly refers to the valuation method corresponding to the valuation conclusions used for value pricing for the valuation conclusion of different valuation methods.

For long-term equity investments in wholly-owned and controlled subsidiaries, the enterprise value valuation method is used to make an overall valuation of the invested enterprises, and the appraised value of the long-term equity investment is calculated according to the shareholding percentage in the appraised entity.

For details of the valuation method, please see the Asset Valuation Statement of each company and below summary.

(1) Zhongyin Xinjiang Real Estate Development Co., Ltd.（中垠新疆房地產開發有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Zhongyin Xinjiang Real Estate Development Co., Ltd. is RMB290,408,700, total assets after valuation using the asset-based approach is RMB385,321,600, representing an appreciation of RMB94,912,800 or 32.68%; the book value of the total liabilities is RMB166,472,600, the appraised value is RMB166,472,600, with no appreciation or depreciation; the book value of the net assets is RMB123,936,100, the appraised value is RMB218,849,000, representing an appreciation of RMB94,912,800 or 76.58%.

The key quantitative input for appreciation is investment properties, and the reason for the appreciation of investment properties is that all investment properties included in the scope of this valuation are properties built by the enterprise itself. Their book value is mainly based on the development cost at the time of construction, and the valuation includes real estate development profits.

(2) Xinjiang Shanneng Chemicals Co., Ltd.（新疆山能化工有限公司）

Under the assumption of going concern as at the Valuation Reference Date, the book value of the total assets of Xinjiang Shanneng Chemicals Co., Ltd. is RMB105,672,400, total assets after valuation using the asset-based approach is RMB106,469,500, representing an appreciation of RMB797,100 or 0.75%; the book value of liabilities is RMB5,672,300, the appraised value is RMB5,672,300, with no appreciation or depreciation; the book value of the net assets is RMB100,000,000, the appraised value is RMB100,797,100, representing an appreciation of RMB797,100 or 0.80%.

The key quantitative inputs for valuation appreciation are construction in progress and land use rights. The reason for the appreciation of construction in progress is that the assessment value considers the cost of capital. The main reason for the appreciation of land use rights is that the book value of the land is amortized using the straight-line method, and the assessment is calculated with a period adjustment, resulting in different calculation methods.

(3) Yankuang Xinjiang Coal and Chemical Co., Ltd.（兗礦新疆煤化工有限公司）

The table below illustrates the valuation model of Yankuang Xinjiang Coal and Chemical Co., Ltd. based on the income approach.

Unit: RMB0'000

Items	**2023**	**2024**	**2025**	**2026**	**2027**	**Perpetual Period**
Operating Income	189,723.10	189,723.10	189,723.10	189,723.10	189,723.10	189,723.10
Operating Costs	139,193.17	139,835.18	140,967.70	142,026.51	142,636.11	142,174.89
Tax and Surcharges	1,445.52	1,705.53	1,103.52	1,717.17	1,703.32	1,284.85
Selling Expenses	752.72	752.75	752.92	753.06	753.07	752.76
Management Expenses	6,205.29	6,375.89	6,559.46	6,741.68	6,928.75	7,102.16
Research and Development Expenses	6,791.26	6,806.66	6,829.30	6,851.07	6,866.57	6,866.88
Finance Costs	1,398.54	1,398.54	1,398.54	1,398.54	1,398.54	1,398.54
Operating Profits	33,936.59	32,848.54	32,111.66	30,235.07	29,436.73	30,143.01
Non-operating Income	–	–	–	–	–	–
Non-operating Expenses	–	–	–	–	–	–
Total Profits	33,936.59	32,848.54	32,111.66	30,235.07	29,436.73	30,143.01
Income Tax Expenses	3,984.07	4,807.80	4,693.87	4,409.12	4,287.04	4,392.94
Net Profits	29,952.52	28,040.74	27,417.78	25,825.95	25,149.68	25,750.07
Add: Interest Expenses after Tax	1,589.50	1,589.50	1,589.50	1,589.50	1,589.50	1,589.50
Add: Change in Working Capital	6,129.85	460.54	-404.32	492.47	8.44	–
Add: Changes in Long-term Operating Assets	23,747.86	23,391.09	-14,572.32	25,293.09	24,462.11	-3,434.90
Business Free Cash Flows	61,419.73	53,481.87	14,030.64	53,201.01	51,209.74	23,904.67
Discount Rate	1.00	2.00	3.00	4.00	5.00	6.00
Discount Period	0.11	0.11	0.11	0.11	0.11	0.11
Discount Factor	0.90	0.82	0.74	0.67	0.60	0.54
Discount Value	55,506.39	43,679.41	10,355.78	35,486.26	30,869.39	135,259.70
Aggregate Present Value	311,156.92					
Add: Surplus Assets, Non-operating Assets	72,265.32					
Long-term Equity Investments	0.00					
Less: Interest-bearing Debts	55,000.00					
Total Shareholder's Equity	328,422.25					

I. Calculation of Enterprise' Overall Value

$V = P + C_1 + C_2 + E'$

$= \text{RMB}3,834,222,500$

II. Determination of the Value of Interest-bearing Debt

The interest-bearing debt of Yankuang Xinjiang Coal and Chemical Co., Ltd.. is a short-term loan with a book value of RMB 550 million, with an appraised value of RMB550 million.

III. Calculation of Total Shareholders' Equity

Based on the above valuation work, the value of all shareholders' equity of Yankuang Xinjiang Coal and Chemical Co., Ltd. is:

$E = V - D$

$= \text{RMB}3,284,222,500$

Where:

E – Total Shareholders' Equity;

V – Enterprise' Value;

D – Apprised Value of Interest-bearing Debts;

P – Appraised Value of Operating Assets;

C_1 – Appraised Value of Surplus Assets;

C_2 – Appraised Value of Non-operating Assets;

E' – Appraised Value of Long-term Equity Investments

The key inputs for income approach mainly include operating income, operating costs, taxes and surcharges, selling expenses, management expenses, research and development expenses, financial expenses, income tax expenses, discount rate, and non-operating assets. Among these, the operating income is mainly determined by the product sales volume multiplied by the product unit price; operating costs are mainly calculated based on historical unit costs multiplied by the sales volume or historical average levels. Taxes and surcharges and income tax expenses are mainly calculated based on the tax policies implemented by the enterprise. Selling expenses, management expenses, and research and development expenses are mainly calculated based on historical unit costs multiplied by the sales volume or historical average levels. Financial expenses are calculated based on the loan amount and interest rate. Non-operating assets and liabilities are evaluated separately. The discount rate is selected by calculating the weighted average cost of capital (WACC).

Since the assumptions or inputs involved in the valuation process have little impact on the valuation, and no key assumptions or inputs that have a significant impact on the valuation have been found and therefore no sensitivity analysis has been prepared.

(4) Yankuang Xinjiang Mining Co., Ltd.(兗礦新疆礦業有限公司)

Under the assumption of going concern as at the Valuation Reference Date, the book value of total assets of Yankuang Xinjiang Mining Co., Ltd. is RMB857,414,900, the appraised value is RMB1,644,113,400, representing an appreciation of RMB786,698,500 or 91.75%; the book value of liabilities is RMB1,647,575,000, the appraised value is RMB1,636,498,500, representing a valuation depreciation of RMB11,076,500 or 0.67%; the book value of the net assets is RMB-790,160,100, the appraised value is RMB7,614,800, representing an appreciation of RMB797,774,900 or 100.96%.

The key quantitative inputs for appreciation are fixed assets and intangible assets, among which the appreciation of fixed assets is mainly due to (1) a certain degree of increase in labor, machinery, and material costs in recent years; (2) the economic service life adopted in the valuation is longer than the enterprise' accounting depreciation period. The appreciation of intangible assets is mainly due to appreciation in land use rights and mining rights. The main reason for the appreciation of land use rights is twofold: firstly the land was acquired at an earlier time, and the land prices have continued to rise during that time; secondly, some land use rights are allocated in nature and has no book value. The main reasons for the appreciation of mining rights are (1) the mining rights were acquired in the primary or secondary market, and the time interval between the acquisition date and the valuation date is relatively long. Due to the historical policy changes of the country and the market conditions of coal at that time, the prices of mining rights in the primary and secondary markets at the time of acquisition were lower than the current level; (2) the current mines are high-quality assets under Shandong Energy, with abundant resource reserves, high-quality product quality, and strong profitability. The valuation includes the value of the coal resources corresponding to the mining rights.

(5) Xinjiang Yankuang Qineng Coal Industry Co., Ltd. (新疆兗礦其能煤業有限公司)

Under the assumption of going concern as at the Valuation Reference Date, the book value of total assets of Xinjiang Yankuang Qineng Coal Industry Co., Ltd. is RMB84,356,000, the appraised value is RMB1,612,835,000, representing an appreciation of RMB1,528,479,000 or 1,811.94%; the book value of liabilities is RMB5,307,000, the appraised value is RMB5,307,000, with no appreciation or depreciation; the book value of the net assets is RMB79,049,000, the appraised value is RMB1,607,528,000, representing an appreciation of RMB1,528,479,000 or 1,933.58%.

The key quantitative inputs for appreciation are intangible assets – mining rights, and the main reason for the appreciation of mining rights is as follows: (1) the exploration rights were obtained through integration, and the exploration fees and usage fees were accounted for in the construction in progress, with no book value in the intangible assets; (2) the current mines are high-quality assets under Shenhua Group, with abundant resource reserves, high-quality product quality, and strong profitability. The valuation includes the value of the coal resources corresponding to the mining rights.

(6) Xinwen Mining Group (Xinjiang) Energy Co., Ltd. (新汶礦業集團(新疆)能源有限公司)

Under the assumption of going concern as at the Valuation Reference Date, the book value of total assets of Xinwen Mining Group (Xinjiang) Energy Co., Ltd. is RMB177,268,400, the appraised value is RMB177,726,900, representing an appreciation of RMB458,400 or 0.26%; the book value of liabilities is RMB96,670,600, the appraised value is RMB96,670,600, representing an appreciation value of 0.00%; the book value of the net assets is RMB80,597,800, the appraised value is RMB81,056,200, representing an appreciation of RMB458,400 or 0.57%.

The key quantitative inputs for appreciation are fixed assets, and the main reason for the appreciation of fixed assets is twofold: on the one hand, the second-hand market for vehicles is relatively active, and the second-hand value of vehicles is relatively well-preserved; on the other hand, the accounting depreciation period of the enterprise is shorter than the economic service life.

(7) Xinwen Mining Group (Yili) Energy Development Co., Ltd. (新汶礦業集團(伊犁)能源開發有限責任公司)

Under the assumption of going concern as at the Valuation Reference Date, the book value of total assets of Xinwen Mining Group (Yili) Energy Development Co., Ltd. is RMB9,582,187,700, the appraised value is RMB15,342,752,000, representing an appreciation of RMB5,760,564,300 or 60.12%; the book value of liabilities is RMB9,707,151,600, the appraised value is RMB9,707,151,600, with no appreciation or depreciation; the book value of the net assets is RMB-124,963,900, the appraised value is RMB5,635,600,400, representing an appreciation of RMB5,760,564,300 or 4,609.78%.

The key quantitative inputs for appreciation are long-term equity investments, land use rights, and mining rights. The reason for the appreciation of long-term equity investments is that the book value is the historical cost of their investment, while the valuation is based on the enterprise value assessment method to evaluate the subsidiaries according to their actual situations, and then calculated based on the equity proportion of the assessed unit. The appraised value is higher than the historical investment cost on the books. The main reason for the appreciation of land use rights is that the land was acquired at an earlier time, and the overall land prices have risen in recent years. The reasons for the valuation increment of mining rights are (1) since the mining rights have not yet signed the transfer contract, the prepaid transfer income of the assessed unit is accounted for in other current assets, with no book value in the intangible assets; (2) the current mines are high-quality assets under Shandong Energy, with abundant resource reserves, high-quality product quality, and strong profitability. The valuation includes the value of the coal resources corresponding to the mining rights.

(7-1) Yili Xinkuang Coal Industry Co., Ltd. (伊犁新礦煤業有限責任公司)

After the asset-based approach valuation, for Yili Xinkuang Coal Industry Co., Ltd., the book value of total assets is RMB5,181,269,500, the appraised value is RMB7,046,128,100, representing an appreciation of RMB1,864,858,600 or 35.99%; the book value of total liabilities is RMB4,168,406,900, the appraised value is 4,167,277,400, representing a valuation depreciation of RMB1,129,500 or 0.03%; the book value of the net assets is RMB1,012,862,600, the appraised value is RMB2,878,850,700, representing an appreciation of RMB1,865,988,100 or 184.23%.

The key quantitative input for appreciation is the mining rights, and the reason for appreciation is because the book value of mining rights only represents the acquisition cost of the mining rights, while the appraised value includes the economic benefits brought about by the mining of the mining rights, and its evaluation value is higher than the value of mining rights recorded on the book.

(7-2) Yili Xintien Coal Chemicals Co., Ltd.（伊犁新天煤化工有限責任公司）

The table below illustrates the valuation model of Yili Xintien Coal Chemicals Co., Ltd. (based on the income approach).

Unit: RMB0'000

Items	**2023**	**2024**	**2025**	**2026**	**2027**	**Perpetual Period**
Operating Income	744,184.46	654,040.54	622,612.23	622,612.23	622,612.23	622,612.23
Operating Costs	481,857.98	487,447.71	489,780.96	488,622.71	488,540.77	470,879.33
Tax and Surcharges	3,817.68	4,889.51	4,436.50	4,578.72	2,797.99	3,649.26
Selling Expenses	70.00	70.00	70.00	70.00	70.00	70.00
Management Expenses	5,174.58	5,350.22	5,505.21	5,496.01	5,495.36	5,337.29
Research and Development Expenses	24,339.56	25,069.72	25,592.68	25,513.92	25,508.34	24,176.95
Finance Costs	30,793.20	21,765.53	14,387.63	6,562.16	3,784.35	2,966.65
Operating Profits	198,131.46	109,447.86	82,839.23	91,768.71	96,415.41	115,532.75
Non-operating Income	–	–	–	–	–	–
Non-operating Expenses	–	–	–	–	–	–
Total Profits	198,131.46	109,447.86	82,839.23	91,768.71	96,415.41	115,532.75
Income Tax Expenses	–	2,771.56	8,597.90	9,949.13	10,646.98	13,714.29
Net Profits	198,131.46	106,676.30	74,241.34	81,819.58	85,768.44	101,818.47
Add: Interest Expenses after Tax	26,309.29	18,632.33	12,362.43	5,711.37	3,349.97	2,654.65
Add: Change in Working Capital	-62,169.91	23,610.63	19,160.17	14,927.02	-1,002.40	–
Add: Changes in Long-term Operating Assets	87,345.17	95,597.56	91,082.12	98,952.37	-15,285.14	20,132.29
Business Free Cash Flows	249,516.54	244,516.83	196,846.06	201,410.34	72,830.88	124,605.41
Discount Rate	0.00	0.00	0.00	0.00	0.00	0.00
Discount Period	0.00	0.00	0.00	0.00	0.00	0.00
Discount Factor	0.00	0.00	0.00	0.00	0.00	0.00
Discount Value	227,579.32	203,086.37	148,589.59	137,718.01	45,031.69	69,626.53
Aggregate Present Value	1,485,190.73	–	–	–	–	–
Add: Surplus Assets, Non-operating Assets	174,722.73					
Long-term Equity Investments	–					
Less: Interest-bearing Debts	1,200,445.17					
Total Shareholder's Equity	459,468.30					

I. Calculation of Enterprise' Total Value

$V = P + C_1 + C_2$

$= 16{,}599{,}134{,}600$

II. Determination of Value of Interest-bearing Debts

The book value of interest-bearing debt of Yili Xintien Coal Chemicals Co., Ltd. is RMB12,004,451,700, with an appraised value of RMB12,004,451,700.

III. Calculation of Total Shareholders' Equity

Based on the above valuation work, the value of all shareholders' equity of Yili Xintien Coal Chemicals Co., Ltd. is:

$E = V - D$

$= 45{,}894{,}683{,}000$

Where:

E – Total Shareholders' Equity;

V – Enterprise' Value;

D – Apprised Value of Interest-bearing Debts;

P – Appraised Value of Operating Assets;

C_1 – Appraised Value of Surplus Assets;

C_2 – Appraised Value of Non-operating Assets;

The key inputs for income approach mainly include operating income, operating costs, taxes and surcharges, selling expenses, management expenses, research and development expenses, financial expenses, income tax expenses, discount rate, and non-operating assets. Among these, the operating income is mainly determined by the product sales volume multiplied by the product unit price; operating costs are mainly calculated based on product-specific consumption (usage) rate. Taxes and surcharges and income tax expenses are mainly calculated based on the tax policies implemented by the enterprise. Selling expenses, management expenses, and research and development expenses are mainly calculated based on historical unit costs multiplied by the sales volume or historical average levels. Financial expenses are calculated based on the loan amount and interest rate. Non-operating assets and liabilities are evaluated separately. The discount rate is selected by calculating the weighted average cost of capital (WACC).

Since the assumptions or inputs involved in the valuation process have little impact on the valuation, and no key assumptions or inputs that have a significant impact on the valuation have been found and therefore no sensitivity analysis has been prepared.

(2) *Equipment assets*

1) Assessment of vehicles

Based on the characteristics of the vehicles under appraisal and in accordance with the principle of continuity of use, the market value of the vehicles under appraisal was determined using the replacement cost method for the vehicles of this valuation. The replacement cost method is a method of determining the appraised value of a vehicle by estimating the replacement cost of a brand new vehicle and then deducting physical depreciation, functional depreciation and economic depreciation, or on the basis of determining a comprehensive newness rate.

① Vehicle replacement cost

The replacement cost of vehicles consists of three parts, namely purchase price excluding value-added tax, vehicle purchase tax and other reasonable expenses (such as inspection fee, license fee, handling fee, etc.). The purchase price is mainly determined with reference to the market price of the latest transactions of similar vehicle models. The calculation formula is as follows:

Vehicle replacement cost = vehicle purchase price + vehicle purchase tax + other related expenses – deductible value-added tax input tax.

where: vehicle purchase tax is 10% of the vehicle market price (excluding value-added tax).

② Determination of comprehensive newness rate

The newness rate of transportation vehicles is determined as comprehensive newness rate. The calculation formula is as follows:

Comprehensive newness rate = theoretical newness rate × 40% + surveyed newness rate × 60%

Life-based newness rate = (economic life – used life)/ economic life × 100%

Mileage-based newness rate = (economic travelling mileage – mileage traveled)/ economic travelling mileage × 100%

Theoretical newness rate is taken as the lower of life-based newness rate and mileage-based newness rate.

Surveyed newness rate is rated in an on-site survey.

③ Determination of appraised value of vehicles

Appraised value = replacement cost × comprehensive newness rate

2) Valuation of electronic and office equipment

① Determination of replacement cost of electronic equipment

Electronic equipment are computers, printers and other office equipment of the enterprise, the delivery, installation and commissioning of which are responsible by distributors. For equipment that is still in circulation in the market, its replacement cost is determined directly based on the prevailing market price. For equipment that is out of production and circulation and has no market price, the purchase price is determined by comparing similar equipment with the equipment to be appraised, and comprehensively considering the differences in performance, technical parameters, use functions and other aspects between the two. Various expenses and capital cost for such equipment will not be considered. The calculation formula is shown below:

Replacement cost = purchase price ÷ (1 + appropriate VAT rate)

② Determination of newness rate

The newness rate of electronic and office equipment is mainly determined based on their economic life (remaining useful life).

Newness rate = (economic life – used life)/ economic life×100%

For equipment with used life exceeding its economic life, the following formula is used:

Newness rate = remaining useful life/(used life + remaining useful life) × 100%

③ Determination of appraised value

a. Appraised value = replacement cost × newness rate

b. For electronic equipment that has exceeded its economic life and ceased production with no comparable prices, the valuation is mainly conducted through market approach by inquiring about second-hand transaction prices.

(3) Construction in progress

Construction in progress was appraised using the replacement cost method. In order to avoid duplicate valuation of assets and omission of asset values, the characteristics of the construction in progress are combined with the types and specificities of each item of construction in progress, the following appraisal methods were adopted:

For upfront and other costs such as technical consultation fees, feasibility studies fees, survey fees, various evaluation fees, etc., where payments are verified to be necessary for the construction project or to be of real value to the future owner, the book value after verification is used as the appraised value, provided that there is no duplication of calculation between it and the associated asset item. If the book value does not include the construction unit management fee and the cost of capital, the construction unit management fee and the cost of capital should be added.

Construction unit management fee = reported book value (including tax) × construction unit management fee rate

Of which: the construction unit management fee rate is determined in accordance with the notice issued by the Ministry of Finance named the "Regulations on the Management of Construction Costs of Basic Construction Projects" (Caijian [2016] No. 504);

Cost of capital = (reported book value (including tax) + construction unit management fee) × annual loan interest rate × interest-bearing period / 2

Of which: the annual loan interest rate is determined based on the announcement of the loan prime rate (LPR) authorized by the National Interbank Funding Center on 20 December 2022.

For Huangcaohu Exploration Area, the exploration costs incurred have been assessed in the mineral rights and assessed at zero in the construction in progress.

(4) Intangible assets – interest in mineral rights

The intangible assets included in the scope of valuation are 11 exploration rights acquired by the Company from Urumqi Geological Survey Technology Development Company and Xinjiang Tianhe Mining Co., Ltd. on 29 September 2007, the purchase price of the mineral rights and subsequent exploration expenditure are accounted under construction in progress.

The mineral value of the mineral rights included in the scope of valuation were determined based on the appraisal value of each mining rights deducted by the estimated possible transfer proceeds, and the mining rights and the estimated possible transfer proceeds were separately valued by Beijing Kuangtong Resources Development Consultation Co., Ltd. engaged by the principal. The valuation results have been confirmed by the principal and filed with the corresponding sate-owned assets audit. The Company only summarizes the above valuation results by simple subtraction.

1) Beijing Kuangtong Resources Development Consultation Co., Ltd. was commissioned to conduct valuation of the value of the mineral rights by adopting the discounted cash flow method and issued Valuation Report on the Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, VII (Part), VIII (Part), IX (Part), X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (Kuang Tong Ping Bao Zi [2023] No. 028) with a valuation amount of RMB3,681,941,100, Valuation Report on the Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (Kuang Tong Ping Bao Zi [2023] No. 029) with a valuation amount of RMB3,840,244,400.

In the course of this valuation, the valuers communicated with the mineral rights appraisers. The discounted cash flow method was adopted for the valuation of the mineral rights. The valuation conclusions have not been confirmed and filed with relevant authorities of mining rights. It has been verified that the scope of valuation, the purpose of valuation and the Valuation Reference Date set out in the mining rights valuation report are consistent with this asset valuation report and in compliance with the requirements of this economic activity and this asset valuation report. We have summarized this section into this valuation report. For details of the calculation process and conclusion of the mining rights consideration, please read the aforesaid mining rights valuation reports issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. carefully. Our valuers have reviewed the said reports as necessary but do not assume responsibility for their valuation conclusions and remind the users of the report to pay attention.

2) The estimated possible transfer proceeds involved in the valuation process of the value of the mineral rights is quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd and the possible transfer proceeds for the exploration and mining rights of Huangcaohu Exploration Area 1 to 11, Qitai County, Zhundong Coalfield, Xinjiang is estimated to be RMB3,068,716,100. The parties to the transaction have confirmed and committed themselves to the matters described in the report of the transfer proceeds issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and we have directly quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. while consolidating the estimated possible transfer proceeds into this valuation report. In order to understand the process and results of the calculation of the estimated possible transfer proceeds, please read carefully the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd.

3) Overview of the quoted valuation reports are as follows:

① The main content of the Valuation Report on the Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, VII (Part), VIII (Part), IX (Part), X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (Kuang Tong Ping Bao Zi [2023] No. 028) is as follows:

Target of valuation: the Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, VII (Part), VIII (Part), IX (Part), X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang.

Principal of the valuation: Yankuang Energy Group Company Limited.

Valuation institution: Beijing Kuangtong Resources Development Consultation Co., Ltd.

Valuation objective: Yankuang Energy Group Company Limited proposes to acquire the equity interest of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd., which involve the Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, VII (Part), VIII (Part), IX (Part), X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang held by Yankuang Xinjiang Energy & Chemical Co., Ltd. In accordance with the current relevant laws and regulations in the PRC, a valuation of the aforesaid prospecting rights is required. This valuation is to provide the principal with a fair and reasonable reference opinion on the value of the Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, VII (Part), VIII (Part), IX (Part), X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang under various conditions and at the time of the Valuation Reference Date as stated in this valuation report for achieving the aforesaid purpose.

Valuation Reference Date: 31 December 2022.

Valuation approach: discounted cash flow method.

The formula for the discounted cash flow method:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where:

P – Appraisal value of mineral rights;

CI – Annual cash inflow;

CO – Annual cash outflow;

$(CI\text{-}CO)_t$ – Annual net cash flow;

i – Discount rate;

t – Sequence number of years (t = 1, 2, …, n);

n – Valuation number of years.

Valuation parameters: As of the Valuation Reference Date, the retained resources amounted to 7,961,080,000 tonnes (including potential resources of 35,060,000 tonnes), the valuated utilized resources amounted to 6,619,072,000 tonnes; recoverable reserves amounted to 4,392,194,800 tonnes; production scale was 15,000,000 tonnes per year; the term of service of the mine was 209.15 years; the valuation number of years was 213.15 years (including 4 years of infrastructure period); annual sales revenue amounted to RMB2,320,079,900; fixed assets investment amounted to RMB3,403,404,200; working capital amounted to RMB522,018,000; total unit cost of RMB75.09/tonne during normal production period, and unit operating cost of RMB58.56/tonne; discount rate of 8.70%.

Date of valuation report: 16 April 2023.

Valuation conclusions: After on-site inspection and market analysis by the valuers, with reference to the relevant procedures for the valuation of prospecting rights and selection of appropriate valuation approaches and valuation parameters, the appraisal value of the Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, VII (Part), VIII (Part), IX (Part), X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang was determined to be

RMB3,681,941,100, in words RMB three billion six hundred eighty one million nine hundred forty one thousand and one hundred only.

② The main content of the Valuation Report on the Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (Kuang Tong Ping Bao Zi [2023] No. 029) is as follows:

Target of valuation: the Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang.

Principal of the valuation: Yankuang Energy Group Company Limited.

Valuation institution: Beijing Kuangtong Resources Development Consultation Co., Ltd.

Valuation objective: Yankuang Energy Group Company Limited proposes to acquire the equity interest of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd., which involve the Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang held by Yankuang Xinjiang Energy & Chemical Co., Ltd. In accordance with the current relevant laws and regulations in the PRC, a valuation of the aforesaid prospecting rights is required. This valuation is to provide the principal with a fair and reasonable reference opinion on the value of the Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang under various conditions and at the time of the Valuation Reference Date as stated in this valuation report for achieving the aforesaid purpose.

Valuation Reference Date: 31 December 2022.

Valuation approach: discounted cash flow method.

The formula for the discounted cash flow method:

$$P = \sum_{t=1}^{n} (CI - CO)_t \bullet \frac{1}{(1+i)^t}$$

Where:

P – Appraisal value of mineral rights;

CI – Annual cash inflow;

CO – Annual cash outflow;

$(CI\text{-}CO)_t$ – Annual net cash flow;

i – Discount rate;

t – Sequence number of years (t = 1, 2, …, n);

n – Valuation number of years.

Valuation parameters: As of the Valuation Reference Date, the retained resources amounted to 8,092,710,000 tonnes (including potential resources of 385,350,000 tonnes), the valuated utilized resources amounted to 6,993,216,000 tonnes; recoverable reserves amounted to 4,891,771,700 tonnes; production scale was 15,000,000 tonnes per year; the term of service of the mine was 232.94 years; the valuation number of years was 236.94 years (including 4 years of infrastructure period); annual sales revenue amounted to RMB2,357,934,200; fixed assets investment amounted to RMB3,586,342,100; working capital amounted to RMB530,535,200; total unit cost of RMB74.03/tonne during normal production period, and unit operating cost of RMB57.76/tonne; discount rate of 8.70%.

Date of valuation report: 16 April 2023.

Valuation conclusions: After on-site inspection and market analysis by the valuers, with reference to the relevant procedures for the valuation of prospecting rights and selection of appropriate valuation approaches and valuation parameters, the appraisal value of the Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang was determined to be

RMB3,840,244,400, in words RMB three billion eight hundred forty million two hundred forty four thousand and four hundred only.

(5) Intangible assets – others

Other intangible assets included in the scope of valuation are 9 utility model patents, as it is understood that the aforesaid patents are jointly researched and developed by Yankuang Xinjiang Energy & Chemical Co., Ltd. and Yankuang Xinjiang Coal and Chemical Co., Ltd., its subsidiary, the research and development costs had been expensed and had no book value, and are currently mainly used in Yankuang Xinjiang Coal and Chemical Co., Ltd.

The patents included in the scope of valuation are in common ownership and the appraised entity is a management platform with no actual business operation. The aforesaid patents are mainly used in Yankuang Xinjiang Coal and Chemical Co., Ltd. and the revenue sharing approach is adopted for the valuation of the patents of Yankuang Xinjiang Coal and Chemical Co., Ltd., taking into account the patents are shared by both parties and the distribution method of the revenue has not been agreed upon, therefore, the projection is based on the proportion of 50% for each party.

VIII. IMPLEMENTATION OF VALUATION PROCEDURES

According to the provisions of relevant state departments on asset appraisal and the general principles of accounting, the relevant legal provisions and standardization requirements of relevant state departments, and as agreed in the asset valuation engagement contract with the principal, Shandong Zhongping Hengxin Asset Valuation Co., Ltd. has verified and reviewed the legal documents and accounting records and relevant information provided by the principal, and conducted necessary property rights inspection, field inspection and check of relevant assets, necessary market investigation, transaction price comparison and other necessary asset appraisal procedures such as financial analysis and forecast in accordance with the asset list submitted by the appraised entity. The detailed process of the asset appraisal is as follows:

1. Acceptance of engagement and preparation

(1) Shandong Zhongping Hengxin Asset Valuation Co., Ltd. accepted the engagement of the principal to engage in the asset appraisal project in February 2023. After accepting the engagement, Shandong Zhongping Hengxin Asset Valuation Co., Ltd. carefully discussed with the principal on the valuation purpose, the valuation object and the scope of valuation, the Valuation Reference Date, the characteristics of the entrusted appraisal assets and other issues affecting the asset valuation plan.

(2) According to the characteristics of the entrusted appraisal assets, the valuers arranged the detailed asset appraisal form accordingly, designed the main asset questionnaire, the main business profit questionnaire, etc., conducted business training for the cooperative personnel of the principal to participate in the asset appraisal, and filled in the asset appraisal inventory form and various questionnaires.

(3) Design of the valuation plan

According to the understanding of the characteristics of the assets, efforts were made to formulate the valuation implementation plan, determined the valuers, and formed the asset valuation on-site working group.

(4) Preparation of valuation information

The valuers collected and sorted out the market transaction price information of the valuation object, the price information for the main raw material markets and the property ownership documents of the valuation object.

2. On-site verification stage

(1) Verification of the authenticity and legality of the valuation object

According to the declaration details of the assets and liabilities provided by the principal and the appraised entity, the valuers adopted different verification methods to verify the physical assets and monetary claims and debts, so as to confirm the authenticity and accuracy of the assets and liabilities.

For monetary funds, we investigated by reviewing bank statements and the reconciliation statements of the balance of bank deposits;

For claims and debts, the valuers determined the authenticity of the assets and liabilities by checking the general ledger, subsidiary ledger and spot checking the contractual proofs and confirmation letter;

For the input tax to be deducted from other current assets, the valuers verified the enterprise's tax returns by understanding the applicable tax types, tax rates, tax amounts and payment rates of the enterprise, and confirmed the accuracy and authenticity of the declared amounts by examining the tax payment vouchers;

For long-term equity investments, the valuers checked the written information such as the articles of association and agreement of the investee, the scope and operation of business, the date of investment, the original investment amount and the shareholding percentage, and carried on-site valuation on each company.

The investigation of fixed assets adopts the principle of combining key and general assets, focusing on the investigation of vehicles and important equipment. The valuers checked the vehicle driving permit, equipment purchase contract and invoice, etc., so as to determine the authenticity of the assets.

For construction in progress, the valuers examined whether the preliminary approval procedures were complete and the content of relevant contracts, and understood the progress of project implementation and payment status by talking with engineering technicians and financial personnel, analyzed the composition of the book value and its reasonableness, and inspected the original vouchers related to the payments of each project. The valuers verified the exploration permits for the mineral rights and reviewed the original acquisition contracts and certificates to ascertain their authenticity.

For intangible assets, authenticity is mainly ascertained by verifying the title certificates and the original information obtained, such as the contract for the transfer of mineral rights, mineral rights certificates and the patent certificates.

(2) Investigation of the actual status of the assets

The investigation of equipment operation status adopts the principle of combining key and general assets, focusing on the investigation of vehicles and important equipment. It was mainly carried out by consulting the operation records of the equipment and observing the operation status of the equipment on site under the cooperation of the equipment management personnel of the appraised entity. The important equipment questionnaire has been improved on the basis of the survey.

(3) Investigation of the value composition of physical assets

According to the characteristics of the assets of the appraised entity, the valuers investigated the rationality and compliance of the value composition of the assets, focusing on checking the authenticity, accuracy, integrity and compliance of the book amount of fixed assets and construction in progress. Relevant accounting vouchers, accounting books, equipment purchase contracts and other materials were checked.

3. Selection of valuation approaches, collection of market information and estimation

According to the work plan formulated on the basis of the characteristics of this project and the pricing principle and valuation model determined in combination with the actual situation, after defining the valuation parameters and price standards and referring to the historical data provided by the enterprise and the future operating forecast information, the valuers started the valuation and estimation work on site.

4. Summary stage of valuation

(1) Determination of the valuation results

According to the field survey and the necessary market survey and calculation conducted by the valuers of Shandong Zhongping Hengxin Asset Valuation Co., Ltd., the results of the asset-based approach of the appraised assets are determined.

(2) Analysis of valuation results and writing of valuation report

The valuation report of relevant assets is prepared in accordance with the standardized requirements of Shandong Zhongping Hengxin Asset Valuation Co., Ltd. The valuation results and relevant asset valuation report shall be reviewed in three levels according to the procedures stipulated by Shandong Zhongping Hengxin Asset Valuation Co., Ltd. After the final review by the signing asset valuer, the project team shall complete and submit the report.

(3) Sorting out and filing of working papers

IX. VALUATION ASSUMPTIONS

(I) General assumptions

1. Transaction assumption: The transaction assumption is that all assets to be appraised are in the process of transaction, and the asset valuers will conduct valuation in a market according to the transaction conditions of assets to be appraised.

2. Open market assumption: The open market assumption is an assumption about the conditions of the market for proposed asset to enter and what kind of influence the asset will receive under such market conditions. The open market refers to the fully developed and perfect market conditions, which is a competitive market with willing buyers and sellers. In this market, buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information. Both buyers and sellers conduct their transactions under willing, rational, non-compulsory or unrestricted conditions.

3. Continuous use assumption: The continuous use assumption is an assumption about the conditions of the market for proposed asset to enter and the asset status under such market conditions. First, the appraised assets are in use status. Second, it is assumed that the assets in use will continue to be used. Under the assumption of continuous use, the scope of use of the valuation results is limited without considering the conversion of the use of assets or the best use conditions.

4. Going concern assumption: It is an assumption to take the assets in their entirety as the subject of appraisal. As a business entity, the enterprise will continue to operate in accordance with its business objectives as a going concern in the external environment in which it operates. The management is responsible and has the ability to take responsibilities; the enterprise operates according to the law, makes reasonable profits, and its operation is sustainable.

5. Information authenticity assumption: As for the information and materials provided by the principal and relevant parties on the basis of the valuation conclusion, the asset valuer assumes that these are credible and has conducted necessary verification according to the appraisal procedure, but the asset valuer does not make any guarantee for the authenticity, legality and integrity of these information and materials.

(II) Special assumptions

1. The relevant policies, laws and systems followed remain as they are without significant change, and the relevant social, political and economic environment as well as the development techniques and conditions followed remain as they are without significant change;

2. It is assumed that the operation continues based on the set resource reserves, production method, production scale, product structure, development technology level and market supply and demand level, and assumed that the mining license and registration will be renewed upon expiration, without taking into account the time taken to renew the mining license and registration upon expiration and the associated costs;

3. It is assumed that product prices, costs and expenses, tax rates and interest rates will vary within the normal range during the development and revenue period of the mines;

4. Without taking into account the effect on its valuation of other rights such as mortgages, guarantees or any other restrictions on property rights that may be assumed in the future and the additional price that may be paid by the particular counterparty;

5. It is assumed that the operator of the enterprise will take up responsibility and the enterprise's management is capable of shouldering its duties;

6. It is assumed that the business scope and mode of the company are consistent with the current direction based on the existing management mode and management level;

7 It is assumed that the business content of the enterprise's operations for the forecast year remains substantially the same as the current model and that there are no significant changes;

8. There are no material changes in interest rates, exchange rates, tax bases and tax rates, and policy-based levies;

9. It is assumed that the accounting policies to be adopted by the enterprise in the future and the accounting policies adopted in the preparation of this report are substantially the same in material respects;

10. It is assumed that the amount of taxable income for future income periods of the appraised entity is substantially the same as total profit and that there are no material permanent differences or adjustments for timing differences;

11. Some of the appraised entities included in the scope of the valuation are currently high-tech enterprises, and it is assumed that the renewal of the high-tech enterprise certification can be processed smoothly upon expiry;

12. There are no other force majeure and unforeseen factors that would cause significant impact on the enterprise;

13. As Xinwen Mining Group (Yili) Energy Development Co., Ltd. had prepaid the transfer proceeds of RMB336,000,000 before the Valuation Reference Date, according to the communication with the enterprise, the enterprise will change the payment method of transfer proceeds in accordance with the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) to the new policy, therefore, we assume that Xinwen Mining Group (Yili) Energy Development Co., Ltd. will pay the transfer proceeds in accordance with the new policy in this valuation.

According to Article 7 of the "Regulations on the Administration of Mineral Resources Exploitation and Registration ", "when the mining license expires and it is necessary to continue on mining, the mining rights holder shall apply for renewal of registration at the registration authority 30 days prior to the expiration of the mining license."

According to Article 18 of the "Notice in relation to Further Improving the Management of Mineral Resources Exploration and Exploitation Registration of the Ministry of Natural Resources", the application for renewal of mining rights to the Ministry of Natural Resources shall submit the application for registration of mining rights or the application form, the file of mineral resources reserves assessment (for renewal, the annual report of mine reserves for the current year or the previous year for non-oil and gas projects), the original and copy of the mining license, the announcement of the result of the geological and environmental protection of the mine and land reclamation project, the development and utilization project of mineral resources, the proof material for the payment of transfer proceeds of mineral rights (price) or compensation for disposal, the opinion from the head of the provincial natural resources department. (Local natural resources departments may refer to the implementation)

According to the catalogue of registration materials for the renewal of mining rights published on the Shandong Provincial Government Service Website, the information for applying to the Shandong Provincial Department of Natural Resources for the renewal of mining license includes: municipal natural resources and planning department's preliminary opinion; application for registration; a copy of the applicant's business license; mining rights transfer contract, payment for the transfer proceeds of mining rights (price) or voucher (copy) of compensation for disposal and payment table; reserve verification report and evaluation letter, geological data remittance certificate; original and copy of the original mining license; valuation opinion and announcement results of mine geological environment protection and land reclamation project; mine area map, upper ground or underground work comparison map or floor plan for development work; mine geological environment management and restoration fund card; application for registration of the report documents.

According to the catalogue of materials for the registration of mining rights renewal published on the Xinjiang Administrative Service Website, the information required for applying to the Department of Natural Resources of Xinjiang Autonomous Region for the renewal of mining license includes: opinions issued by the natural resources department of the prefecture, state or city; copies of the applicant's business license; documents proving the payment of transfer proceeds (price) for mineral rights or compensation disposal; the development and utilization of mineral resources and ecological protection and restoration plan; the original and copy of the mining license; the file of mineral resources reserve assessment; the application for registration of mining rights or the application letter.

In summary, the mining rights are renewed by submitting renewal information in accordance with the requirements of the Department of Natural Resources or the local natural resources authority for the preparation of application materials 30 days prior to the expiry of the mining license. Xinjiang Energy and its subsidiaries have successfully completed the application or renewal of mining licenses several times and the mineral rights holder has already obtained some of the application documents (such as business licenses and mining licenses, mining rights transfer contracts, reclamation plan announcement results and development and utilization plans, etc.) in the process of acquiring mining rights, and the remaining documents should be prepared in accordance with the relevant regulations in the year of application for renewal.

Therefore, up to now, on the premise that the mineral rights holder will prepare the documents required for the renewal of the mining license in accordance with the above provisions (or the relevant regulations to be announced at that time or the requirements of the competent authorities), and submit the renewal registration procedures in compliance with the relevant provisions within the statutory time limit and have them accepted and approved by the relevant competent authorities, both valuation reports assume that there are no reasonably foreseeable material legal obstacles to the renewal registration procedures of the mining license.

The assumption of going concern of the enterprise is the basic assumption of enterprise value valuation, and the core assets of the mining enterprises involved are mineral rights, and the legal compliance of their assets is the basic premise for the generation of legal income from the assets. No legal impediment to the renewal of the relevant licenses was identified during this valuation, therefore, it is reasonable to assume that the relevant licenses can be renewed upon expiration.

According to the requirements of using the asset-based approach for the appraised entity, and using the asset-based approach and the income approach for the subsidiaries, the valuers deduced the corresponding valuation conclusion based on these assumptions. If the economic environment changes significantly in the future or other assumptions are not valid, the valuation results will change significantly. The undersigning asset valuer and this valuation agency shall not be liable for deriving a different valuation conclusion as a result of the change in the assumptions.

X. VALUATION CONCLUSION

Under the assumption of going concern on the Valuation Reference Date, after the asset-based approach valuation, for Yankuang Xinjiang Energy & Chemical Co., Ltd., the book value of total assets is RMB5,287,173,000, the appraised value is RMB18,675,997,200, representing an appreciation of RMB13,388,824,200 or 253.23%; the book value of total liabilities is RMB2,770,404,500, the appraised value is RMB2,770,404,500, with no appreciation or depreciation; the book value of the net assets is RMB2,516,768,500, the appraised value is RMB15,905,592,700, representing an appreciation of RMB13,388,824,200 or 531.98%.

The following table shows the summary sheet of asset valuation results:

Summary sheet of asset valuation results

Unit: RMB0'000

Item	Book value	Appraised value	Appreciation or depreciation	Appreciation rate %
Current assets	139,398.64	139,398.64	–	–
Non-current assets	389,318.66	1,728,201.08	1,338,882.42	343.90
Including: Long-term equity investments	369,040.15	1,051,695.75	682,655.60	184.98
Investment properties	–	–	–	
Fixed assets	796.65	921.29	124.64	15.65
Construction in progress	19,481.86	340.29	-19,141.57	-98.25
Intangible assets	–	675,243.76	675,243.76	
Land use rights	–	–	–	
Others	–	–	–	
Total assets	**528,717.30**	**1,867,599.72**	**1,338,882.42**	**253.23**
Current liabilities	275,419.45	275,419.45	–	–
Non-current liabilities	1,621.00	1,621.00	–	–
Total liabilities	**277,040.45**	**277,040.45**	**–**	**–**
Net assets	**251,676.85**	**1,590,559.27**	**1,338,882.42**	**531.98**

Note: For details of the valuation conclusion, please refer to the Asset Valuation List.

XI. SPECIAL NOTES

The following matters cannot be assessed and estimated by the valuers of the company based on their professional level and ability, but they may indeed affect the valuation conclusion, so the users of this valuation report should pay special attention to them:

(I) The "appraisal value" in this report refers to the fair valuation opinion we put forward for the purpose listed in this report under the condition that the current use of the appraised assets remains unchanged and continues to be valid, as well as under the conditions and the external economic environment on the Valuation Reference Date, and we are not responsible for other purposes.

(II) The valuation conclusion in the report reflects the market value of the valuation object in accordance with the principles of open market and for the purpose of the valuation, which does not consider the relevant expenses and taxes to be borne in the process of property right registration or ownership change of such assets, make any tax adjustment provision for the appraisal appreciation of the assets. The valuation conclusion should not be considered as a guarantee of any realizable price of the valuation object.

(III) During the effective use period of the asset valuation conclusion, if the quantity of assets and the pricing standard change, appropriate adjustments should be made, and the valuation conclusion cannot be directly used.

(IV) In this asset valuation report, for all data appearing in tables or textual representations in the amount of RMB'0,000, where there is a rounding difference between the total and the sum of the sub-values, it is due to rounding and not a measurement error. Users of the report should pay attention to this matter.

(V) Making reference to the conclusion and data in the reports issued by other institutions:

I) The data of the financial statements from 2020 to 2022 were audited by ShineWing Certified Public Accountants LLP which has issued the unqualified audit report of No. XYZH2023XAAA3B0009.

The pro forma financial statements have been prepared on the following basis:

"1. Basis of preparation

The pro forma financial statements have been prepared for the purpose of the internal asset reorganisation proposed by the Shanneng Group with Xinjiang Energy & Chemical as the subject of the transaction on the following assumptions:

(1) The scope of the consolidated financial statements is as described in Note II "Scope of Consolidated Financial Statements" herein

The resolution in relation to transfer of equity interests in Zhaosu Shengquan Co., Ltd. from Xinjiang Energy & Chemical without compensation was considered and approved at the 46th meeting of the 1st session of the Board of Shanneng Group held on 30 September 2022. The Board of Shandong Energy Group agreed that Xinjiang Energy & Chemical shall transfer 100% of the equity interest in Zhaosu Shengquan Co., Ltd. ("Zhaosu Shengquan") held by Yili Energy to Xinkuang Group without compensation. The transfer of equity interest was completed on 22 October 2022. Assuming that the transfer was completed on 31 December 2018, Zhaosu Shengquan was not included in the Group's consolidated financial statements.

(2) The Ministry of Finance, the Ministry of Natural Resources and the Administration of Taxation jointly issued the "Methods of Levying Transfer Proceeds of Mineral Rights" (Cai Zong [2023] No. 10) on 24 March 2023, which set out new regulations on the methods of levying transfer proceeds of mineral rights and has been implemented since 1 May 2023. Based on the above internal

restructuring requirements, it is assumed in the preparation of these pro forma financial statements that the Group has implemented the document in advance and, during the reporting period, the annual share of the transfer proceeds calculated based on the relevant proceeds rate of the mineral rights that meet the requirements of the document to levy the transfer proceeds of mineral rights in the form of transfer proceeds rate was included in the construction in progress during the reporting period, the unallocated profit at the beginning of the year, and the sales expenses for each period of the reporting period. The accumulated outstanding transfer proceeds payable are presented in other payables. The prepaid transfer proceeds is presented in other current assets.

(3) The pro forma financial statements have been prepared on a going concern basis, based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and related regulations, and on the basis of the accounting policies and accounting estimates set out in Note IV "Significant Accounting Policies and Accounting Estimates" herein.

At the same time, based on the above internal reorganisation requirements, the preparation of these pro forma financial statements assumes that the Group will implement Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfers of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, Accounting Standards for Business Enterprises No. 14 – Revenue and Accounting Standards for Business Enterprises No. 21 – Leases since 1 January 2019.

2. Going concern

The Group has a stable cash flow, a recent history of profitable operations and the ability to obtain financial resources to support its production and operations, and therefore has the ability to continue as a going concern."

II) The ownership value of each mineral rights included in the scope of valuation was determined based on the appraisal value of each mineral right deducted by the estimated possible transfer proceeds, and the mineral rights and estimated possible transfer proceeds were separately commissioned to Beijing Kuangtong Resources Development Consultation Co., Ltd. by the principal. The valuation results have been confirmed by the principal and have been filed with the corresponding audit of state-owned assets. The Company only made simple summation on the above valuation results.

1. The mining rights involved in this valuation, according to the overall plan of the economic activity, the mining rights included in the scope of valuation were valued separately by Beijing Kuangtong Resources Development Consultation Co., Ltd. engaged by the principal and issued the following reports:

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation amount of mining rights (RMB'0,000)
Yankuang Xinjiang Energy & Chemical Co., Ltd.	Exploration and mining rights of Huangcaohu Exploration Area 1, Qitai County, Zhundong Coalfield, Xinjiang	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 028, Kuang Tong Ping Bao Zi [2023] No. 029	752,218.55
	Exploration and mining rights of Huangcaohu Exploration Area 2, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 3, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 4, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 5, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 6, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 7, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 8, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 9, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 10, Qitai County, Zhundong Coalfield, Xinjiang			
	Exploration and mining rights of Huangcaohu Exploration Area 11, Qitai County, Zhundong Coalfield, Xinjiang			

Name of entity	Name of mining rights	Valuation method	Reference number of the report	Valuation amount of mining rights (RMB'0,000)
Yankuang Xinjiang Mining Co., Ltd.	Mining right of Yankuang Xinjiang Mining Co., Ltd. Liuhuanggou Coal Mine	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 025	60,154.56
	Hongshanwa Coal Mine, Jimsar Shuixigou Mining Area of Yankuang Xinjiang Mining Co., Ltd.	Income equity method	Kuang Tong Ping Bao Zi [2023] No. 024	3,731.80
	Baosheng Coal Mine, Jimsar Shuixigou Mining Area of Yankuang Xinjiang Mining Co., Ltd.	Income equity method	Kuang Tong Ping Bao Zi [2023] No. 023	1,057.33
Xinjiang Yankuang Qineng Coal Industry Co., Ltd.	Open pit exploration right of Wucaiwan Mining Area No. 4, Jimsar County, Zhundong Coalfield, Xinjiang	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 022	190,387.99
Xinwen Mining Group (Yili) Energy Development Co., Ltd.	Yili Coal Mine No. 1 of Xinwen Mining Group (Yili) Energy Development Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 026	522,835.99
Yili Xinkuang Coal Industry Co., Ltd.	Yili Coal Mine No. 4 of Yili Xinkuang Coal Industry Co., Ltd.	Discounted cash flow method	Kuang Tong Ping Bao Zi [2023] No. 027	330,667.50

In the course of this valuation, the valuers communicated with the mineral rights appraisers. The discounted cash flow method and income equity method were adopted for the valuation of the mineral rights. The valuation conclusions have not been confirmed and filed with relevant authorities of mining rights. It has been verified that the scope of valuation, the purpose of valuation and the Valuation Reference Date set out in each mining rights valuation report are consistent with this asset valuation report and in compliance with the requirements of this economic activity and this asset valuation report. We have directly quoted the valuation conclusion issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when summarizing this section of mining rights value into this valuation report . For details of the calculation process and conclusion of the mining rights consideration, please read the mining rights valuation reports issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. carefully.

2. In the course of this valuation, the mining rights of the Baosheng Coal Mine and the mining rights of the Hongshanwa Coal Mine of Yankuang Xinjiang Mining Co., Ltd. were disposed of with compensation. Pursuant to the "Methods of Levying Transfer Proceeds of Mineral Rights" ("Circular 10"), if the relevant authorities levy transfer proceeds of mineral rights in respect of the resource reserves utilized by the aforesaid mineral rights prior to the Valuation Reference Date of this transaction and the corresponding resource reserves of this transaction, the transferor will reveal the future or some of the payment of the transfer proceeds, therefore, the estimated possible transfer proceeds have not been considered in the valuation process in respect of the value of the interests in the above two mineral rights.

   Except for the above two mineral rights, the estimated possible transfer proceeds of the remaining mineral rights involved in the valuation process are quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of the estimated possible transfer proceeds of the mineral rights involved are as follows: Details are as follows:

Name of entity	Name of mining rights	Estimated possible transfer proceeds (RMB0'000)
Yankuang Xinjiang Energy & Chemical Co., Ltd	Exploration prospecting rights in Huangcaohu I Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	77,028.97
	Exploration prospecting rights in Huangcaohu II Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu III Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu IV Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu V Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu VIII Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu IX Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu X Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
	Exploration prospecting rights in Huangcaohu XI Exploration Area, Qitai County, Zhundong Coalfield, Xinjiang	
Yankuang Xinjiang Mining Co., Ltd.	Liuhuanggou Coal Mine Mining Right of Yankuang Xinjiang Mining Co., Ltd.	3,892.06
Xinjiang Yankuang Qineng Coal Industry Co., Ltd.	Exploration of the No. 4 open pit field in the Wucaiwan Mining District, Jimsar County, Zhundong Coalfield, Xinjiang	35,287.23
Xinwen Mining Group (Yili) Energy Development Co., Ltd.	Yili No.1 Coal Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd.	52,786.15
Yili Xinkuang Coal Industry Co., Ltd.	Yili No.4 Mine of Yili Xinkuang Coal Industry Co., Ltd.	8,681.37

The parties to the transaction have confirmed themselves to the matters described in the description of the estimated possible transfer proceeds issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., and we have directly quoted from the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. when consolidating the estimated possible transfer proceeds into this valuation report. In order to understand the process and results of the calculation of the estimated possible transfer proceeds, please read carefully the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd., details of which are set out in the appendix of the valuation report.

(VI) Limitation of asset valuation procedures, handling methods and impact on the valuation conclusion

I) Due to the large number of physical assets in this valuation and their relatively scattered spatial distribution, the valuers conducted on-site investigation and verification of equipment and inventory with relatively large value, while the rest of the equipment was randomly checked using a combination of point and surface. The impact of survey limitations on the valuation conclusion has not been considered in this valuation.

II) In this valuation, the asset valuers did not conduct technical testing on the technical parameters and performance of various equipment on the Valuation Reference Date. The asset valuers made a judgment through on-site investigation on the premise that the relevant technical data and operation records provided by the appraised entity are true and valid.

III) In this valuation, the valuers did not make technical inspection of the concealed works and internal structure of various buildings (structures) (parts that are not observable by the naked eye). The valuation conclusion of the buildings (structures) is a judgment made through field survey under the assumption that the relevant engineering information provided by the appraised entity is true and valid, and without the aid of any testing equipment.

For concealed works such as underground pipelines and trenches included in the scope of valuation, taking into account the specificity and complexity of the works, the valuers mainly carried out on-site verification by checking drawings, construction contracts, budget and final accounts, inspection reports, maintenance records and operation records.

IV) As there are many uncertainties which may exist in the shaft, the professional valuers did not make a complete on-site survey of the appraised shaft works. The professional valuers tried their best to understand the external appearance of the mine shaft works and the current status and maintenance of the underground roadway works, and implemented alternative procedures of reviewing relevant information, drawings, some of the settlement information, etc.

With respect to the above matters, this valuation was conducted based on the details of the assets reported by the appraised entity, in combination with their current status, and the users of the report are reminded of its impact on the valuation conclusion.

V) Due to the survey limitations of the mining enterprise, the valuers were unable to verify each and every equipment underground and mainly relied on the information provided by the enterprise such as inventory sheets, equipment purchase invoices, contracts and equipment management ledgers for confirmation, and the impact of the survey limitations on the valuation conclusion has not been considered in this valuation.

(VII) Significant subsequent events from the Valuation Reference Date to the valuation report date

1. On 13 March 2023, Yankuang Xinjiang Energy & Chemical Co., Ltd. transferred 100% equity interest in Xinwen Mining Group (Xinjiang) Energy Co., Ltd., its wholly-owned subsidiary, to Xinwen Mining Group (Yili) Energy Development Co., Ltd., its wholly-owned subsidiary, which did not have any impact on the valuation conclusions, but users of the report are still reminded to take note.

2. On 24 February 2023, Yankuang Xinjiang Energy & Chemical Co., Ltd. and Zhongyin Estate Co., Ltd. entered into an agreement whereby Zhongyin Estate Co., Ltd. transferred its 13.33% equity interest in Zhongyin Xinjiang Real Estate Development Co., Ltd. to Yankuang Xinjiang Energy & Chemical Co., Ltd., after which Yankuang Xinjiang Energy & Chemical Co., Ltd. held 100% equity interest in Zhongyin Xinjiang Real Estate Development Co., Ltd. Users of the report are reminded to take note.

(VIII) Other special matters

1. The validity of the mining rights certificates included in the scope of valuation expired on 8 March 2023 and 29 March 2023, respectively, and the appraised entities are currently in the process of renewing their certificates. Users of the report are reminded to take note.

2. As at the Valuation Reference Date, the patent holders of 9 utility model patents included in the scope of valuation were Yankuang Xinjiang Energy & Chemical Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd. As

there are no agreement and other provisions on the collaborative development and profit sharing of the above joint ownership patents, this valuation gives a 50% weighting to such patents when considering the value of the patents attributable to Yankuang Xinjiang Energy & Chemical Co., Ltd. Users of the report are reminded to take note.

3. The land use right of the 800,000 Tonnes/Year Coal to Olefin Project in Wucaiwan, Zhundong is under construction and the land use right certificate is still being processed, the contract number for the grant of the right to use state-owned construction land: 652327022062, grantee: Xinjiang Shanneng Chemicals Co., Ltd., land location: Wucaiwan Industrial Park, Jimsar County; date of acquisition: 15 August 2022; land use: industrial; type of land use right: grant; Land registered area: 2,701,833 sq.m. Users of the report are reminded to take note.

(IX) Special notes on external investment

I) Zhongyin Xinjiang Real Estate Development Co., Ltd.

1. The inventory included in the scope of valuation – 3 basement storage rooms with a total gross floor area of 161.38 square meters; and 73 parking spaces on the basement floor of Shenglong Jiayuan which is under development, have no real estate title certificates. According to the explanation of the appraised entity, no real estate title certificate will be issued for storage room and parking space according to the real estate sales policy of the Urumqi City. the appraised entity has issued a statement of ownership, certifying that the ownership of the above assets belong to it and there is no dispute on the ownership. For such assets, the gross floor area and interior area measurements are mainly provided by the appraised entity. The valuers conducted verification based on the Technical Report on Real Estate Area Measurement provided by the enterprise, in combination with on-site inspection. The valuation is conducted on the premise that the property ownership is clear and there is no dispute.

2. Among the investment properties of buildings with a total area of 29,892.11 square meters, and 381 parking spaces included in the scope of valuation, buildings of 28,878.31 square meters have obtained real estate title certificates, and the remaining storage room (including warehouse) of 1,013.80 square meters and 381 parking spaces have no title certificate. In this regard, Zhongyin Xinjiang Real Estate Development Co., Ltd. has issued a statement of ownership, undertaking that the ownership of the real estates without certificates belong to it and there is no dispute on the ownership. The gross floor area measurements of such real estates are mainly provided by the appraised entity on the basis of facts. The valuers conducted verification based on relevant drawings, survey and mapping report and other information provided by the appraised entity, in combination with

on-site inspection. The valuation is conducted on the premise that the property ownership is clear and there is no dispute. For details of the assets without certificates, please see the valuation list.

II) Yankuang Xinjiang Mining Co., Ltd.

1. Thirteen buildings included in the scope of valuation, with a total gross floor area of 2,871.98 square meters, have no real estate title certificate as at the Valuation Reference Date. In this regards, Yankuang Xinjiang Mining Co., Ltd. has issued a letter of undertaking on the property ownership, which proves that the ownership of the buildings belong to it and there is no dispute on the ownership.

   For buildings which have not yet applied for real estate title certificates, measurements of their gross floor areas are mainly provided by Yankuang Xinjiang Mining Co., Ltd. on the basis of facts, and the valuers conducted verification based on relevant drawings, construction contracts and other information provided by the enterprise, in combination with on-site inspection. The valuation is conducted on the premise that the property ownership is clear and there is no dispute.

2. 39 buildings and 87 buildings included in the scope of valuation were demolished and pending to be scrapped respectively, and the enterprise has make full provision for impairment.

3. The Audi A6 sedan with the asset no. of 2030000017 was handed over to Yankuang Group in 2017. As no vehicle disposal plan has been issued by the Group Company, the appraised entity has not made any accounting treatment for the time being. It is valued at its audited book value in this valuation.

4. 34 pieces of equipment among the machinery and equipment included in the scope of valuation are assets under finance lease. On 23 February 2017, Yankuang Xinjiang Mining Co., Ltd. Liuhuanggou Coal Mine (the "lessee") signed two finance lease contracts numbered LHG-CG-2017-040/ LHG-CG-2017-041 with BOC Financial Leasing Corporation Ltd. (the "lessor"). The total principal amount of the leases is RMB2,291,000.00 and the total estimated rent is RMB2,965,699.80. The lease term is 28 periods of 3 months each with a starting date of 23 May 2017. The lessor has complete and independent ownership of the leased object during the contractual lease period. After the expiration of the contractual lease period and the lessee has paid all the payments agreed in the contract, the lessor will issue the Certificate of Transfer of Ownership to the lessee and the ownership of the leased object will be transferred to the lessee, who will have complete and independent ownership of the leased object.

5. Some of the equipment among the appraised assets were retired or pending to be scrapped, which included 1,469 units/sets of machineries and equipment, 16 vehicles and 228 units/sets of electronic and office equipment. For details of the equipment, please refer to the asset valuation list. For the above retired or pending to be scrapped equipment, they were valued at their recoverable value in this valuation. They were valued as zero if they have no recoverable value.

6. Some of the equipment included in the scope of valuation are sealed underground at the Jixin Coal Mine, including 24 machineries and equipment and 2 electronic equipment. As the wellhead of the mine is closed, the valuers cannot conduct surveys on the above equipment. The appraised entity has issued a letter of undertaking, undertaking that the above equipment really exist, but they are now not recoverable. They were valued as zero in the valuation.

7. Among the vehicles to be appraised, 11 vehicles have not been used for a long time due to retirement and other reasons, and the driving license of the vehicles have been lost. The appraised entity is unable to provide the driving license of the vehicles. The appraised entity has issued a letter of undertaking, undertaking that the ownership of the above vehicles belong to the appraised entity and there is no dispute on the ownership. The valuation is conducted on the premise that the ownership is clear and there is no dispute.

						Book value		
Asset no.	License plate number	Name, specification and model no.	Unit	Quantity	Date of purchase	Original cost	Net value	Remark
2100000193	Xin B34686	SUV	car	1	2005/12	89,400.00	–	Retired
2100000194	Xin A38690	Van	car	1	2005/12	120,000.00	–	Retired
2100000195	Xin B27406	Yutong bus	car	1	2007/12	404,880.00	–	Retired
2100000197	Xin BA1857	Dump truck	car	1	2010/12	347,625.00	–	Retired
2100000198	Xin BA3833	Dump truck	car	1	2010/12	184,178.00	–	Retired
2100000199	Xin B32283/ Xin B31749	Zhongtong bus	car	2	2010/12	1,222,706.00	–	Retired
2200000275	Xin BA0126	Dump truck	car	1	2005/12	149,383.44	–	Retired
2200000276	Xin B02068	Great Wall bus	car	1	2005/12	67,000.00	–	Retired
2200000277	Xin B29899	Large bus	car	1	2005/12	417,106.17	–	Retired
2010000061	Xin AE7507	Santana	car	1	2005/12	102,824.30	–	Retired
Total				**11**		**3,105,102.91**	**–**	

8. The title owner of the five land use rights included in the scope of valuation with land use right certificate number of: Ji Guo Yong 2009 No. 299, Ji Guo Yong 2009 No. 300, Ji Guo Yong 2009 No. 301, Ji Guo Yong 2009 No. 302 and Ji Guo Yong 2009 No. 303 respectively, is Yankuang Xinjiang Mining Co., Ltd. Lituo Branch. The nature of all such land is allocated, and the land use right granting procedures have not been completed. This valuation is based on the provision of Article 4 of the Opinions on Special Preferential Policies for State-Owned Enterprises to Revitalize Land Assets issued by the People's Government of Xinjiang Autonomous Region: Where a state-owned enterprise is merged by a non-state-owned enterprise, the merged enterprise's land use rights originally allocated shall be disposed of in the form of transfer. 40% of the grant price of the land use right confirmed by the valuation shall be handed over to the government, which is specially used to supplement the capital of state-owned enterprises or support state-owned enterprises to carry out technological transformation, and the remaining 60% shall be returned to the merged enterprise. In accordance with the above principle, the allocated land to be appraised is first valued assuming that it is granted land, and the appraised value of the allocated land is determined after a 40% deduction of the value. Users of the report are reminded to take note.

9. Through the asset inventory, 28 patents declared by the enterprise were off-balance sheet assets, and the off- balance sheet patents were originally obtained by the enterprise, and the research and development costs had been expensed and had no carrying value. The valuer examined the Patent Certificate, the reporting information of the intangible assets, the invoices for annual fee payment and the technical descriptions of the off-balance sheet patents and verified them on the website of the National Intellectual Property Office, and included them in the scope of the valuation after the verification by the valuer. 13 patents are joint patents, and there are no agreements and other provisions on joint development and revenue sharing for the jointly owned patents. The valuation adopted the replacement cost method to appraise the patent rights, and the acquisition cost only takes into account the research and development costs invested by Xinjiang Mining itself, therefore, the portion of value enjoyed by other co-owners are not considered. Users of the report are reminded to take note.

10. Included in the scope of valuation, the Hongshanwa Coal Mine in Jimsar Shuixigou Mining Site of Yankuang Xinjiang Mining Co., Ltd. has a right certificate numbered C6500002009111120046732 and valid from 24 November 2009 to 24 November 2019, which was expired and not extended as at the Valuation Reference Date; and the Baosheng Coal Mine in Jimsar Shuixigou Mining Site of Yankuang Xinjiang Mining Co., Ltd. has a right certificate numbered C6500002010101120105936 and valid from 20 March 2009 to 20

December 2019, which was expired and not extended as at the Valuation Reference Date. Users of the report are reminded to take note.

III) Xinjiang Yankuang Qineng Coal Co., Ltd.

The registered owner of the vehicles Senna with license plate no. Xin AYX502 and Prado with license plate no. Xin AYX501 is Yankuang Xinjiang Energy & Chemical Co., Ltd. The above ownership actually belongs to Xinjiang Yankuang Qineng Coal Co., Ltd. Both parties have issued an ownership statement, undertaking that the actual ownership of the above vehicles belongs to Xinjiang Yankuang Qineng Coal Co., Ltd. and there is no dispute on the ownership. The valuation is conducted on the premise that the vehicle ownership is clear and there is no dispute.

IV) Xinjiang Shanneng Chemicals Co., Ltd.

1. Xinjiang Shanneng Chemicals Co., Ltd. has a registered capital of RMB5,000,000,000 and a paid-in capital of RMB100,000,000, which has not yet been paid up. Users of the report are reminded to take note.

2. The land use right with an area of 2,701,833.00 square meters included in the scope of valuation is located in the Wucaiwan Industrial Zone in Zhundong and a state-owned land grant agreement has been entered into for a term from 15 August 2022 to 14 August 2072, with land use: industrial, and type of land use right: granted. The application for title certificate is currently in process. The impact of the lack of title certificate on the valuation conclusion has not been considered in the valuation. Users of the report are reminded to take note.

V) Yankuang Xinjiang Coal Chemical Co., Ltd.

1. Incomplete or defective ownership information

(1) 178 machineries and equipment among the appraised equipment were retired. They were valued at their recoverable value in this valuation. For details of the assets, please refer to the valuation list.

(2) 54 machineries and equipment among the appraised equipment have been idle for a long time and will not be used in situ in the future. The appraised entity intends to transfer them to other units of the Group or dispose and liquidate them. For the above equipment, this valuation is based on their value of use in relocated places. For details of the assets, please refer to the valuation list.

(3) The small special operation vehicle with license plate number Xin AYK120 have not been examined for more than three annual inspection cycles, and have now been retired; the medium-sized ordinary bus with license plate number Xin A93538 is pending for retire. They are valued at their recoverable value.

(4) As at the Valuation Reference Date, four invention patents and 40 utility model patents included in the scope of valuation are off-balance sheet assets. They were expensed during their acquisition period and not yet capitalized and have no book value. For the above patent rights, the valuers conducted investigation and verification by reviewing the Patent Certificates and reported information on intangible assets, annual fee payment invoice, technical manual, etc., and made enquiry and verification on the website of China National Intellectual Property Administration. They were included in the scope of valuation after verification by the valuers. Among them, 11 are joint ownership patents which have no agreement and other provisions on the collaborative development and profit sharing. This valuation gives a 50% weighting to such patents when considering the value of the patents attributable to Yankuang Xinjiang Coal Chemical Co., Ltd. Users of the report are reminded to take note.

2. Outstanding litigations

(1) Yankuang Xinjiang Coal Chemical Co., Ltd. entrusted Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch to provide catering services and signed a restaurant entrustment and management contract. Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch ordered food such as chicken legs and chicken wings from Haicheng Aquatic Products Store in Midong District of Urumqi City, and paid RMB20,000 through WeChat and Alipay, and the remaining RMB40,961 was in arrears. Haicheng Aquatic Products Store in Midong District of Urumqi City filed a lawsuit with the court in April 2021.

The first instance verdict ruled that Yankuang Xinjiang Coal Chemical Co., Ltd. shall bear the supplementary settlement liability for the payment of RMB40,961 and interest of RMB359.21 by the defendant, Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch, to the plaintiff, Haicheng Aquatic Products Store in Midong District of Urumqi City, as well as bearing the postal delivery fee of RMB40 for the verdict. Yankuang Xinjiang Coal Chemical Co., Ltd. is not satisfied with the first instance verdict and has submitted an appeal petition. The ruling second instance decision has not yet been made.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

(2) Yankuang Xinjiang Coal Chemical Co., Ltd. entrusted Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch to provide catering services and signed a restaurant entrustment and management contract. Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch ordered food such as pork from Yabing Fangxin Meat Stall in Midong District of Urumqi City, and a total of RMB43,113 was in arrears. Yabing Fangxin Meat Stall in Midong District of Urumqi City filed a lawsuit with the court in April 2021.

The first instance verdict ruled that Yankuang Xinjiang Coal Chemical Co., Ltd. shall bear the supplementary settlement liability for the payment of RMB43,113 and interest of RMB359.21 by the defendant, Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch, to the plaintiff, Yabing Fangxin Meat Stall in Midong District of Urumqi City, as well as bearing the postal delivery fee of RMB40 for the verdict. Yankuang Xinjiang Coal Chemical Co., Ltd. is not satisfied with the first instance verdict and has submitted an appeal petition. The second instance decision has not yet been made.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

(3) Yankuang Xinjiang Coal Chemical Co., Ltd. entrusted Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch to provide catering services and signed a restaurant entrustment and management contract. Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch ordered food such as vegetables from Wubin Vegetable Wholesale Stall in Midong District of Urumqi City, and paid RMB80,000 through WeChat and Alipay, and the remaining RMB79,040 was in arrears. Wubin Vegetable Wholesale Stall in Midong District of Urumqi City filed a lawsuit with the court in April 2021.

The first instance verdict ruled that Yankuang Xinjiang Coal Chemical Co., Ltd. shall bear the supplementary settlement liability for the payment of RMB79,040 and interest of RMB693.13 by the defendant, Guizhou Guineng Heping Integrated Property Co., Ltd. Xinjiang First Branch, to the plaintiff, Wubin Vegetable Wholesale Stall in Midong District of Urumqi City, as well as bearing the postal delivery fee of RMB40 for the verdict.

Yankuang Xinjiang Coal Chemical Co., Ltd. is not satisfied with the first instance verdict and has submitted an appeal petition. The second instance decision has not yet been made.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

(4) Yankuang Xinjiang Coal Chemical Co., Ltd. signed a construction contract with Xinjiang Lude Garden Engineering Co., Ltd., and Yankuang Xinjiang Coal Chemical Co., Ltd. only paid RMB521,000 for the work and the remaining contractual amount of RMB1,599,164.53 for the work has not been paid. Xinjiang Lude Garden Engineering Co., Ltd. filed a lawsuit with the court in December 2021.

The first instance verdict ruled that Yankuang Xinjiang Coal Chemical Co., Ltd. shall pay RMB1,599,164.53 for the work and interest RMB317,731.94 to the plaintiff, Xinjiang Lude Garden Engineering Co., Ltd, as well as bearing case acceptance fee of RMB12,405.05. Yankuang Xinjiang Coal Chemical Co., Ltd. is not satisfied with the first instance verdict and has submitted an appeal petition. The second instance decision has not yet been made.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

VI) Xinwen Mining Group (Xinjiang) Energy Co., Ltd.

No matters affecting the valuation conclusion were identified.

VII) Xinwen Mining Group (Yili) Energy Development Co., Ltd.

1. Incomplete or defective ownership information

(1) 75 buildings are included in the scope of valuation, with total gross floor area of 161,207.65 square meters. Among them, 26 buildings, with gross floor area of 58,375.59 square meters, have building ownership certificates and their real estate title certificate numbers are: Xin (2022) Chabuchar Xibo Autonomous County Real Estate Title No. 00008887 and Xin (2022) Chabuchar Xibo Autonomous County Real Estate Title No. 00008888. The remaining buildings have not applied for real estate title certificates for the time being due to the final account information of the overall project has not been completed or historical reasons.

No security or other rights have been created over any buildings included in the scope of valuation. Please refer to the valuation list for details.

In this valuation, for buildings with certificates, valuers verified the building ownership certificates to confirm their legal ownership and gross floor areas, and for buildings without certificates, valuers confirmed their legal ownership and gross floor areas based on the information provided by Xinwen Mining Group (Yili) Energy Development Co., Ltd.

(2) The old boiler house, the eastern pipeline works of the living part of the office, the outdoor fire-fighting pipeline and part of the heating steam and pipeline trench works in the southern part of the plant area of Yili No, I Mine, which are included in the scope of the valuation, have been demolished and the newly laid pipeline network has covered such part of the pipeline network. The newly laid pipeline network has covered the original pipeline network, which corresponds to machine and equipment serial numbers 20.11 and 20.106. The newly built boiler house corresponds to housings and buildings serial number 55, and the temporary facilities of the Yuepu Lake project have been demolished without physical objects, while other structures are in good working condition, and the valuation of the demolished structures in such part is zero.

(3) The assets in the Yuepu Lake Area Project included in the scope of valuation include buildings and structures. the appraised entity signed the Yuepu Lake New Mining Industrial Park Cooperation Agreement for Supporting Xinjiang with the Yuepu Lake People's Government to lease the aforesaid assets in Yuepu Lake to Yuepu Lake People's Government on 30 October 2020. Yuepu Lake People's Government proposed to lease and create a processing industry park for red dates and other special agricultural by-products. The leased property is "The land within the fence (about 3 mu, subject to the actual data measured by the land department), and the completed conveyor belt workshop, roller workshop, 1# shift building, 2# shift building, open field and on-site public facilities (see the general planning plan for details)". The lease term is from 1 May 2020 to 30 April 2030. The agreement provides for a contractual rent of RMB250,800 per year and a total contract price of RMB2,508,000. The subsequent continued construction, alteration and payments of the Yuepu Lake Area will be carried out by the Yuepu Lake People's Government, and the appraised entity will not participate in the subsequent development.

Taking into account of the special characteristics of the above-mentioned project, the current actual execution of rental income cannot fully reflect the true value of the assets and it is not appropriate to use the income approach of valuation. As there is no comparable cases in the market, the market approach of valuation is also not appropriate. Therefore, only the replacement cost method is used in its valuation.

(4) The Yili Energy Building in Yining City included in the scope of valuation is a commercial office building. However, on the one hand, as the project settlement and financial final accounts have not yet been completed, the amount to be paid for the work that may occur later in the project cannot be determined at this time; on the other hand, the interior decoration of the Yili Energy Building has only been completed on the 9th, 10th and 11th floors and the foyer part, and the rest of the building has not been renovated and is in rough condition; and furthermore, as application for real estate title certificate has not been made for the building, the ownership is defective. For the reasons stated above, market approach and income approach valuation are not appropriate. Therefore, only the replacement cost method is used in its valuation.

(5) As at the Valuation Reference Date, as verified with the enterprise, some of the items of the Yili No. 1 Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd. are project installation fees, not including the main equipment, and such work has been dismantled as at the Valuation Reference Date; and there are also equipment relocation fee, equipment removal fee and equipment retrieval fee, and a total of 41 items of installation fee, relocation fee, equipment removal fee and equipment retrieval fee are related to the dismantled part (see the valuation list for details). The installation fee, relocation fee, equipment removal fee and equipment retrieval fee related to the dismantled part are valued as zero.

(6) As at the Valuation Reference Date, the land of the Yuepu Lake project (Yue Guo Yong (2015) No. E086), a Xinjiang supporting project, has a site area of 397,118.8 square meters with original book value of RMB2,910,123.60 and net book value of RMB2,308,698.07. As land acquisition for Xinjiang supporting projects may enjoy preference policy, the land acquisition cost is RMB4.2/square meter. As verified with the enterprise, if the land is subsequently transferred to another party, the corresponding land premium should be paid at the market price. Therefore, the land is valued at its book value. Users of the report are reminded to take note.

(7) As at the Valuation Reference Date, there is a leased land in the Yili No. 1 Mine, with a site area of 72,000.36 square meters. According to description in the land agreement, the first phase of the No. 1 Mine covers an area of 352.4 mu and is located in Qiongbola Township. Of which 244 mu of general arable land has been submitted to the autonomous region for approval to obtain the right to use. Land grant premium of 244 mu of land and other related taxes and fees have been paid, and the land use right certificate (Guo Yong (2010) No. 6992) obtained; for 108 mu (72,000.36 square meters) of basic farmland, the original nature and use of the land shall not be changed without obtaining approval of the autonomous region by Yili No. 1 Mine, but it has obtained the right to use the land for 50 years. As the land parcel of 72,000.36 square meters is basic farmland and cannot apply for land use right certificate, it is leased out on a 50-year leasehold basis. The land parcel is valued in the form of rental fee on the basis of amortization of book value. Users of the report are reminded to take note.

(8) Proceeds from the transfer of mining rights at the Yili No. 1 Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd. are in the process of handling. According to the Notice of Valuation and Payment of Transfer Proceeds of the Mining Rights issued by the Department of Natural Resources of the Xinjiang Uygur Autonomous Region, the transfer proceeds of the first phase of mining right of Yili No. 1 Coal Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd. was RMB336,000,000. The mine paid RMB200 million and RMB136 million of transfer proceeds of the mining rights on 25 October 2021 and 24 November 2021, respectively, for a total of RMB336 million in mining rights transfer proceeds for the first phase. As the mining rights of Yili No.1 Coal Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd. has not yet signed a mining rights transfer contract, the amount of transfer proceeds from mining rights for the years after the Valuation Reference Date has been considered by reference to the "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd." issued by Beijing Kuangtong Resources Development Consultation Co., Ltd. in accordance with the "Methods of Levying Transfer Proceeds of Mineral Rights " (Cai Zong [2023] No. 10).

2. Outstanding litigations

The sales and purchase contract dispute case of Yili Wangyue Longan Mining Parts Sales Co., Ltd. (the "Plaintiff") v. the Material Supply Branch of Xinwen Mining Group (Yili) Energy Development Co., Ltd. (the "First Defendant") and Xinwen Mining Group (Yili) Energy Development Co., Ltd. (the "Second Defendant"), was filed by the People's Court of Yining City in May 2022, with the case number of (2022) Xin 4002 Min Chu No. 4261. The case details: On 1 January 2016, the Plaintiff and the First Defendant signed the Agreement on Entrusted Storage and Sales, agreeing that the Plaintiff would supply goods to the Second Defendant. The First Defendant is the only material purchasing company authorised by the Second Defendant. The agreement operates through purchasing orders. On 9 March 2016, the First Defendant issued two purchase orders to the Plaintiff. The Plaintiff made shipments in accordance with the purchase orders, and as confirmed with the Plaintiff, the Plaintiff supplied goods for a total amount of RMB218,140.00. In July 2022, the first instance verdict of the People's Court of Yining City ruled that (1) the defendants, Xinwen Mining Group (Yili) Energy Development Co., Ltd. and the Material Supply Branch of Xinwen Mining Group (Yili) Energy Development Co., Ltd., shall pay the amount of RMB218,140.00 to the Plaintiff, Yili Wangyue Longan Mining Parts Sales Co., Ltd. within ten days from the effective date of this judgment; (2) the defendants, Xinwen Mining Group (Yili) Energy Development Co., Ltd. and the Material Supply Branch of Xinwen Mining Group (Yili) Energy Development Co., Ltd., shall bear and pay the interest to the Plaintiff, Yili Wangyue Longan Mining Parts Sales Co., Ltd., on the base amount of RMB218,140.00 at the interest rate of 4.35% p.a. accruing from 20 March 2016 until actual payment. If the obligation to pay money is not fulfilled within the period specified in this judgment, the interest on the debt for the period of delayed performance shall be doubled in accordance with Article 260 of the Civil Procedure Law of the People's Republic of China; and (3) Half of the case acceptance fee of RMB4,572, i.e. RMB2,286, shall be borne by the defendants, Xinwen Mining Group (Yili) Energy Development Co., Ltd. and the Material Supply Branch of Xinwen Mining Group (Yili) Energy Development Co., Ltd.

As at the date of the report, the case is in the second instance stage and final judgment has not been made. The impact of the litigation on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

VIII) Yili Xinkuang Coal Industry Co., Ltd.

1. Incomplete or defective ownership information

(1) 61 buildings, with a total gross floor area of 102,247.26 square meters, are included in the scope of valuation. Among which 38 buildings (of which the concentration workshop is combined as 1 item), with gross floor area of 80,254.05 square meters, have real estate title certificates, and the real estate title certificate numbers are: Xin 2022 Huocheng County Real Estate Title No. 0001556, Xin 2022 Huocheng County Real Estate Title No. 0001548, and Xin 2022 Huocheng County Real Estate Title No. 0001549. The remaining buildings have not applied for building ownership certificates for the time being due to historical reasons and the reason for the recent new construction on the Valuation Reference Date. No security or other rights have been created over any buildings included in the scope of valuation. Please refer to the valuation list for details.

In this valuation, for buildings with certificates, valuers verified the building ownership certificates to confirm their legal ownership and gross floor areas, and for buildings without certificates, valuers confirmed their legal ownership and gross floor areas based on the information provided by Yili Xinkuang Coal Industry Co., Ltd.

(2) 12 vehicles among the appraised vehicles have been retired. The total original book value and total net book value of the 12 vehicles are RMB881,769.91 and RMB0.00 respectively. They are valued at their recoverable value. Please refer to the valuation list for details of the assets.

(3) 3 pieces of equipment among the appraised machinery and equipment have been retired. The total original book value and total net book value of the 3 pieces of equipment are RMB1,383,185.85 and RMB0.00 respectively. They are valued at their recoverable value. Please refer to the valuation list for details of the assets.

(4) The 8 lands to be appraised within the scope of the valuation are lands for surface production and ancillary facilities for enterprises with a total surface area of 129,978.00 sq.m, the nature of which is granted land for industrial use and was acquired by the appraised entity after the Valuation Reference Date on 3 January 2023, and only the land premium was fully paid as at the Valuation Reference Date. As at the date of this valuation report, the appraised entity obtained the real estate certificate on 13 April 2023.

(5) Two invention patents and 17 utility model patents included in the scope of valuation are off-balance sheet assets with no book value. For said patents, based on the patent asset list provided by the enterprise, the valuers checked each patent and patent certificate on the list one by one, and made enquiry and verification on the website of China National Intellectual Property Administration. They were included in the scope of valuation after verification by the valuers. Among which, the holders of the patent "Method for calculating dynamic ground movement and deformation under transmission line towers and maintenance method" are CCTEG Coal Mining Research Institute Co., Ltd. and Yili Xinkuang Coal Industry Co., Ltd.; the holders of the patent "A type of wellbore freeze protection system incorporating geothermal wells" are Beijing Zhongkuang Celebrate Energy Saving Technology Co., Ltd., Tianjin Boyle Technology Co., Ltd. and Yili Xinkuang Coal Industry Co., Ltd. In this valuation, the value of the above patent rights attributable to Yili Xinkuang Coal Industry Co., Ltd. is based on an even sharing of the above joint ownership patents among each patent holder. The patent "A type of wellbore freeze protection system incorporating geothermal wells" has not yet obtained the patent certificate, and the appraised entity has issued a declaration of property rights, and there is no dispute over the property rights.

2. Outstanding litigations

(1) Dispute over construction contract between Yili Xinkuang Coal Industry Co., Ltd. and Qinhuangdao Dingyu Machinery Equipment Co., Ltd.（秦皇島鼎煜機械設備有限責任公司）

On 9 May 2020, Yili Xinkuang Coal Industry Co., Ltd. and Shandong Yuxing Construction Co., Ltd. entered into the "High Salt Mine Water Desalination and Comprehensive Utilization Project Pretreatment PC Engineering and Contracting Contract", and Shandong Yuxing Construction Co., Ltd. also entered into a contract with Xinjiang Songlin Qijia Trade Co., Ltd.（新疆松琳琪嘉商貿有限公司）and Xinjiang Songlin Qijia Trade Co., Ltd. entered into an equipment purchase contract with Qinhuangdao Dingyu Environmental Protection Company（秦皇島鼎煜環保公司）for a price of RMB5.2 million, of which RMB1.85 million has been paid.

On 23 June 2022, the plaintiff Qinhuangdao Dingyu Environmental Protection Machinery and Equipment Co., Ltd.（秦皇島鼎煜環保機械設備有限公司）applied to the Huocheng County Court for pre-litigation property preservation request to seize part of the equipment of the mine water pre-treatment workshop of the defendant Yili Xinkuang Coal Industry Co., Ltd. with a preservation amount of RMB2,240,000.

The plaintiff, Qinhuangdao Dingyu Environmental Protection Machinery Equipment Co., Ltd. repeatedly requested Xinjiang Songlin Qijia Trade Co., Ltd. to repay but in vain. Qinhuangdao Dingyu Environmental Protection Machinery Equipment Co., Ltd. filed a lawsuit to the Court to request Shandong Yuxing Construction Co., Ltd. and Yili Xinkuang Coal Industry Co., Ltd. to jointly bear the liabilities.

The case was heard in the first instance on 13 January 2023 and was not adjudicated.

The impact of the above matters on the valuation has not been considered in this valuation.

(2) The dispute on the purchase contract between Yili Xinkuang Coal Industry Co., Ltd. and Coal Science and Technology Research Institute Co., Ltd. ("Coal Science and Technology Research Institute") may have an impact on the accounts receivable, details of the case are as follows:

On 12 June 2017, Coal Science and Technology Research Institute and Yili Xinkuang Coal Industry Co., Ltd. entered into the ″ Yili Xinkuang Mining Long Flame Coal End Coal Forming Technology Research Contract", the contract performance period is from 25 May 2017 to 25 April 2018, and it is agreed that 60% of the contract amount, i.e. RMB360,000, will be paid within 10 working days after the contract took effect. Yili Xinkuang Coal Industry Co., Ltd. paid the amount. The screening test report, forming technology research report and patent acceptance notice were submitted. The remaining amount of RMB240,000 shall be paid within 10 working days after the acceptance, however the remaining amount has not been paid, and Coal Science and Technology Research Institute filed a lawsuit.

On 1 December 2022, the Huocheng County People's Court ruled that Yili Xinkuang Coal Industry Co., Ltd. shall pay Coal Science and Technology Research Institute the final payment of RMB240,000. The case acceptance fee of RMB4,900, reduced by half to RMB2,450, shall be borne by the defendant, Yili Xinkuang Coal Industry Co., Ltd. Yili Xinkuang Coal Industry Co., Ltd. has appealed and no summons has been issued.

The assets corresponding to the above matters are the 26th accounts payable, amounting to RMB240,000.00 for research and development technical service fees payable to Coal Science and Technology Research Institute Co., Ltd. The impact of the above matters on the valuation has not been considered in this valuation.

IX) Yili Xintian Coal Chemical Co., Ltd.

1. Incomplete or defective ownership information

(1) As at the Valuation Reference Date, RMB1 million in the account (No. 3006022019200379329) of Yili Xintian Coal Chemical Co., Ltd with Industrial and Commercial Bank of China Limited, Yili Prefecture Branch was frozen by the court in connection with litigation, and the freeze is due to construction contract dispute. The case is still under trial. Therefore, the impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

(2) 129 buildings included in the scope of valuation, with a total gross floor area of 262,264.22 square meters, are in the process of building area surveying and mapping and submission of materials for the application of building ownership certificates. Therefore, no building ownership certificates have been obtained for the buildings. No security or other rights have been created over any buildings included in the scope of valuation. The No. 7 building of start-up boiler room in the valuation list is the start-up boiler room when the plant was originally built, and it was demolished as at the Valuation Reference Date. The newly built start-up boiler room is the No. 101 building in the valuation list. The demolished building is valued as zero in this valuation. For details, please refer to the asset valuation list – building list.

Since all buildings included in the scope of valuation have no building ownership certificates, the valuers confirmed their legal ownership and gross floor areas and other parameter information based on the information provided by the appraised entity.

(3) Among the transportation vehicles included in the scope of valuation, seven items have no vehicle driving licenses as at the Valuation Reference Date (see the valuation list for details). In this regards, Yili Xintian Coal Chemical Co., Ltd. has issued a statement, which proves that the ownership of the transportation vehicles belong to it and undertakes that it will accept corresponding liability in case of disputes over the ownership of the transportation vehicles.

(4) For the land under the Xin (2016) Yining City Real Estate Title No. 0011560 included in the scope of valuation, according to the information and explanation provided by Xintian Coal Chemical, in order to release the property frozen by plaintiff's application for property preservation in connection with the case of contractual disputes between Xintian Coal Chemical and Xinjiang CNNC Tianshan Uranium Industry Co., Ltd. and Xinjiang Liyuan

Investment Co., Ltd. over the carriage of goods by rail, Xintian Coal Chemical has provided a counter-guarantee with the land, with an area of 2 million square meters, under the Xin (2016) Yining City Real Estate Title No. 0011560. The land has been seized by the Urumqi Railway Transport Court for a period of three years from 28 February 2022 to 28 February 2025. The impact of such factor on the appraised value has not been considered in the valuation. Users of the report are reminded to take note.

(5) 11 land use rights included in the scope of the valuation had no title certificates, involving a land area of 1,006,458.4 sq.m., with a book value of RMB126,579,900 for the 11 parcels of land. The enterprise has paid all land grant premium and related taxes and signed the land grant contract for the 11 parcels of land. The valuers determined the ownership, area and relevant parameters of such part of the land based on the land grant contract and the construction land planning permit. The land deed tax is included in the appraisal value. Users of the report are reminded to take note.

(6) The land parcel included in the scope of this valuation, serial number 15 Alamutua Village (Pingyang), was transferred from Yili Pingyang Tourism Investment and Development Company Limited (伊犁平洋旅遊投資開發有限公司), and Yili Pingyang Tourism Investment and Development Company Limited and Xintian Coal Chemicals had entered into a land transfer contract and a mediation agreement and paid the land-related fees. As Yining City Forestry and Grassland Administration suggested that the land involved forest rights issues when Xintian Coal Chemicals and Yili Pingyang Tourism Investment and Development Company Limited were handling the splitting of the land certificate of the 264,961.32 sq.m. land and the change of land rights holder, the land use certificate could not be splitted and the change of land rights holder could not be processed for the time being, and it is uncertain whether the land use will be categorised as industrial land or tourism and ecological land when the land certificate is splitted in the future as the current land use in the certificate is tourism and ecological land and the entities are coordinating with relevant departments of the local government. Therefore, this valuation presents the land parcel at its carrying value. Users of the report are reminded to take note.

(7) Xintian Coal Chemical Company obtained loans from Industrial and Commercial Bank of China, Agricultural Bank of China and China Import and Export Bank. The loans are guaranteed and secured, with the guarantor as Zhejiang Energy Group Co., Ltd. and the pledges are the gas supply tariff rights (revenue rights)

under the 2 billion m^3/year coal-to-natural gas project of Yili Xintian Coal Chemical Co., Ltd. and the accounts receivable arising from the project during its operating period.

(8) As at the Valuation Reference Date, the off-balance sheet assets included in the scope of the valuation were 4 invention patents, 44 utility model patents and 7 software copyrights. For the above off-balance sheet assets, the valuers reviewed the Patent Certificate and the reporting information, annual fee payment invoices and technical descriptions of the intangible assets provided by the appraised entity, and checked and verified them on the website of the National Intellectual Property Office, and included them in the scope of the valuation after verification by the valuers. Among them, holders of the patents "a type of system for accurate sampling equipment loading at low cost in a stable control system", "a type of method for precise frequency control after grid boiler failure in an enterprise", "double– and triple-layer ultrasonic-assisted cavitation ozone heterogeneous catalytic oxidation wastewater treatment device", "gas-water miscible activation device through secondary hydraulic cavitation and ultrasonic cavitation" and "a type of ozone catalyst screening device" are Zhejiang Zheneng Technology Research Institute Co., Ltd. and Yili Xintian Coal Chemical Co., Ltd.; the holders of the patent "new pressurized fixed-bed gasifier coal lock charging and releasing pressure energy-saving buffer device" are Yili Xintian Coal Chemical Co., Ltd. and Zhejiang Tiandi Environmental Protection Technology Co., Ltd.; the holders of the patent "Ruch gasifier crude gas outlet sample pre-treatment system" are Yili Xintian Coal Chemical Co., Ltd. and Zhejiang Heneng Environmental Technology Co., Ltd. This valuation gives a 50% weighting to such patents when considering the value of the patents attributable to Yili Xintian Coal Chemical Co., Ltd. For the 8 patents and 4 software copyrights authorized after the Valuation Reference Date for which certificates have not yet been obtained, the appraised entity has issued a statement of property rights, undertaking that the property rights are owned by it and there is no dispute over property rights.

2. Outstanding litigations

(1) In 2021, Xintian Coal Chemical Company entered into a contract with Jiangsu Dongjian Investment and Construction Co., Ltd. for plant drainage works with a contract amount of approximately RMB8.37 million. The outstanding amount has not yet been settled. Later, Yao Anxi (the construction party) filed a lawsuit against Jiangsu Dongjian Investment and Construction Co., Ltd. for payment of the project amount, together with interest of RMB1.4 million owed by Jiangsu Dongjian Investment and

Construction Co., Ltd. to Yao Anxi. Xintian Coal Chemical Company was named as a co-defendant and the Company's account (No.3006022019200379329) with Industrial and Commercial Bank of China Limited, Yili Prefecture Branch was frozen with funds of RMB1,000,000. The first instance trial ruled that Xintian Coal Chemical Company was not liable. The Plaintiff appealed and the second instance trial has not yet been concluded.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

(2) In 2018, due to a dispute over a construction contract, Jiang Jungang filed a lawsuit with the court against Zhejiang Hengyue Construction Engineering Co., Ltd., Zhejiang Pyroelectric Power Construction Co., Ltd. and Xintian Coal Chemical Company, demanding payment of the project amount and interest of RMB143,300, with Xintian Company as the third defendant. The first trial ruled that Xintian Coal Chemical Company was not liable, and after the first instance defendant in the original trial appealed, the second instance trial court ruled to remand the case for a new trial, which has not yet been concluded.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

(3) In 2022, Xinjiang CNNC Tianshan Uranium Industrial Co., Ltd.（新疆中核天山鈾業有限公司）and Xinjiang Liyuan Investment Co., Ltd.（新疆力源投資有限責任公司）sued Yili Xintien Coal Chemicals Co., Ltd. at Urumqi Railway Transport Court, requesting to cancel the Railway Dangerous Goods Transportation Agreement and compensate Xinjiang CNNC Tianshan Uranium Industrial Co., Ltd. for a loss of RMB26,746,200 and Xinjiang Liyuan Investment Co., Ltd. for a loss of RMB18,418,400, and applied for property preservation to Urumqi Railway Transport Court. Xintian Coal Chemicals provided counter-guarantee with the construction land use right of the Xin (2016) Yining Real Estate certificate No. 0011560. The Urumqi Railway Transport Court issued two Civil Rulings, the third ruling of (2022) Xin 7101 Min Chu 182 and the fourth ruling of (2022) Xin 7101 Min Chu 182, agreeing to release the aforesaid preservation and to seize such land use right. After two jurisdictional objections, the case was finally determined to be under the jurisdiction of the Yining City People's Court. As of 31 December 2022, the first trial of the case has not yet held.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

(4) In 2019, due to a dispute over a construction contract, Yu Xingxing filed a lawsuit with the court against Jiangsu Dongjian Investment and Construction Co., Ltd. and Yili Xintian Coal Chemical Co., Ltd., demanding for payment of the project amount and interest of RMB1,837,900. The court ordered Jiangsu Dongjian to pay the project amount of RMB1,830,612.26, and Xintian Coal Chemical Company assumed joint and several liability to the extent of the outstanding project amount owed to Jiangsu Dongjian, which has not yet been enforced.

The impact of the matter on the appraised value has not been considered in this valuation. Users of the report are reminded to take note.

XII. LIMITATIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) This valuation report may only be used according to the objectives and purposes as stated herein;

(II) The asset valuation institution and its valuers shall not bear responsibilities if the principal or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report;

(III) Except for the principal, other users of this asset valuation report entrusted in the asset valuation entrustment contract and asset valuation users of this report stipulated by laws and administrative regulations, any other firms or individuals shall not become users of this asset valuation report;

(IV) The users of the asset valuation report shall correctly understand the valuation conclusion, which is not equivalent to the realizable price of the valuation target, and the valuation conclusion shall not be deemed as a guarantee for the realizable price of the valuation target;

(V) This valuation report shall be submitted to the state-owned assets supervision and administration department or the relevant authorities for enterprises for examination, and it can be officially used after filing;

(VI) If all or part of the contents of the asset valuation report are extracted, quoted or disclosed in the public media, the valuation institution shall review the relevant contents, unless otherwise provided by laws, regulations and relevant parties;

(VII) The valuation conclusion revealed in this valuation report is only valid for the economic activity corresponding to the project, and the validity period of the asset valuation conclusion shall be one year from the Valuation Reference Date, that is, from 31 December 2022 to 30 December 2023. When the purpose of the valuation is realized within the validity period, the valuation conclusion should be used as the reference basis for the value. The asset valuation should be renewed after more than a year.

XIII. DATE OF ASSET VALUATION REPORT

The asset valuation report is dated 18 April 2023, which is the date on which the valuation conclusion was formed.

(This page is a signing page)

Asset Valuation Institution: Shandong Zhongping Hengxin Asset Valuation Co., Ltd.

Legal Representative:

Asset Valuer: Dang Jinshuai

Asset Valuer: Li Pengpeng

18 April 2023

ANNEXES OF THE ASSET VALUATION REPORT

I. Economic activity documents corresponding to the purpose of valuation (photocopy)

II. Audit report of the appraised entity (photocopy)

III. Copy of the business licenses of the principal and the appraised entity (photocopy)

IV. Letter of undertaking of the principal and the appraised entity

V. Letter of undertaking of the signing asset valuers

VI. Filing document or qualification document of the asset valuation institution (photocopy)

VII. Business license of asset valuation institution (photocopy)

VIII. Qualification certificates of the signing asset valuers (photocopy)

IX. Major ownership proof materials of the valuation target involved (photocopy)

X. "Estimation Report of the Transfer Proceeds of Part of the Mineral Rights of Shandong Energy Group Luxi Mining Co., Ltd. and Yankuang Xinjiang Energy & Chemical Co., Ltd."

XI. Explanation on significant difference between the asset book value and the valuation conclusion

Valuation of Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (1)

Principal of the valuation: Yankuang Energy Group Company Limited | Valuation Reference Date: 31 December 2022 | *Unit: RMB0'000*

				Construction Period				Production Period									
			Valuation	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2035...
No	**Name of Item**	**Total**	**Reference Date**	**1.00**	**2.00**	**3.00**	**4.00**	**5.00**	**6.00**	**7.00**	**8.00**	**9.00**	**10.00**	**11.00**	**12.00**	**13.00**	**14.00**
I	Cash inflow	**49,292,221.66**						**257,769.83**	**240,213.89**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**
1	Sales revenue	48,524,965.95						232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99
2	Recovery of salvage (residual) value of various assets	299,177.12															
3	Recovery of working capital	52,201.80															
4	Recovery of input tax on offsetting equipment	415,876.79						25,761.84	8,205.90								
II	Cash outflow	30,964,870.64	153,609.75	85,085.11	85,085.11	85,085.11	85,085.11	169,083.07	118,373.53	119,071.03	119,071.03	129,440.66	129,440.66	129,440.66	129,440.66	129,440.66	129,440.66
1	Intangible assets investment (land use right)	3,609.75	3,609.75														
	Other Intangible assets (capacity replacement)	150,000.00	150,000.00														
2	Fixed assets investment	340,340.42		85,085.11	85,085.11	85,085.11	85,085.11										
3	Renewal and renovation funds (including land)	3,431,988.76															
4	Working capital	52,201.80						52,201.80									
5	Operating cost	18,371,923.40						87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00
6	Sales tax and surcharges	3,219,802.57						13,100.40	14,855.99	15,676.58	15,676.58	15,676.58	15,676.58	15,676.58	15,676.58	15,676.58	15,676.58
7	Enterprise income tax	5,395,003.96						15,940.87	15,677.53	15,554.44	15,554.44	25,924.07	25,924.07	25,924.07	25,924.07	25,924.07	25,924.07
III	Net cash flow	18,327,351.02	-153,609.75	-85,085.11	-85,085.11	-85,085.11	-85,085.11	88,686.76	121,840.37	112,936.96	112,936.96	102,567.33	102,567.33	102,567.33	102,567.33	102,567.33	102,567.33
IV	Discount factor (discount rate of 8.70%)	1.0000	0.9200	0.8463	0.7786	0.7163	0.6589	0.6062	0.5577	0.5131	0.4720	0.4342	0.3995	0.3675	0.3381	0.3110	
V	Present value of net cash flow	368,194.11	-153,609.75	-78,278.30	-72,007.52	-66,247.26	-60,946.46	58,435.71	73,859.63	62,984.94	57,947.96	48,411.78	44,534.74	40,975.65	37,693.50	34,678.02	31,898.44
VI	Appraised value of mining rights		368,194.11														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Exploration and Prospecting Rights of Huangcaohu I (Part), II, III, IV, X and XI Exploration Areas (Planned as Huangcaohu No. 1 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	...2218	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	Jan-Feb 2236
		197.00	198.00	199.00	200.00	201.00	202.00	203.00	204.00	205.00	206.00	207.00	208.00	209.00	210.00	211.00	212.00	213.00	213.15
I	Cash inflow	**252,789.14**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**235,189.05**	**237,733.90**	**232,007.99**	**232,007.99**	**240,000.74**	**252,789.14**	**232,007.99**	**232,007.99**	**232,007.99**	**232,007.99**	**234,893.03**
1	Sales revenue	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	232,007.99	35,296.15
2	Recovery of salvage (residual) value of various assets								3,181.06				7,992.75						147,395.08
3	Recovery of working capital																		52,201.80
4	Recovery of input tax on offsetting equipment	20,781.15								5,725.91				20,781.15					
II	Cash outflow	308,518.20	129,440.66	129,440.66	129,440.66	129,440.66	129,440.66	129,440.66	129,440.66	201,968.07	129,440.66	129,440.66	129,440.66	306,305.19	126,830.57	126,830.57	126,830.57	126,830.57	19,295.16
1	Intangible assets investment (land use right)																		
	Other Intangible assets (capacity replacement)																		
2	Fixed assets investment																		
3	Renewal and renovation funds (including land)	180,636.13								72,956.86				180,636.13					
4	Working capital																		
5	Operating cost	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	87,840.00	13,363.40
6	Sales tax and surcharges	13,598.47	15,676.58	15,676.58	15,676.58	15,676.58	15,676.58	15,676.58	15,676.58	15,103.99	15,676.58	15,676.58	15,676.58	10,647.79	12,196.46	12,196.46	12,196.46	12,196.46	1,855.49
7	Enterprise income tax	26,443.60	25,924.07	25,924.07	25,924.07	25,924.07	25,924.07	25,924.07	25,924.07	26,067.22	25,924.07	25,924.07	25,924.07	27,181.27	26,794.10	26,794.10	26,794.10	26,794.10	4,076.28
III	Net cash flow	-55,729.06	102,567.33	102,567.33	102,567.33	102,567.33	102,567.33	102,567.33	105,748.39	35,765.83	102,567.33	102,567.33	110,560.08	-53,516.06	105,177.42	105,177.42	105,177.42	105,177.42	215,597.87
IV	Discount factor (discount rate of 8.70%)																		
V	Present value of net cash flow																		
VI	Appraised value of mining rights																		

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (1)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

				Construction Period				Production Period											
			Valuation Reference Date	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038...
No	Name of Item	Total		1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00
I	Cash inflow	**55,701,059.14**						**262,203.36**	**244,719.95**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**243,593.02**
1	Sales revenue	54,926,073.46						235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42
2	Recovery of salvage (residual) value of various assets	273,502.13																	7,799.60
3	Recovery of working capital	53,053.52																	
4	Recovery of input tax on offsetting equipment	448,430.03						26,409.94	8,926.53										
II	Cash outflow	34,407,704.76	154,278.00	89,658.55	89,658.55	89,658.55	89,658.55	169,701.07	118,133.64	118,892.39	118,892.39	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54
1	Intangible assets investment (land use right)	4,278.00	4,278.00																
	Other Intangible assets (capacity indicators)	150,000.00	150,000.00																
2	Fixed assets investment	358,634.21		89,658.55	89,658.55	89,658.55	89,658.55												
3	Renewal and renovation funds (including land)	3,702,867.48																	
4	Working capital	53,053.52						53,053.52											
5	Operating cost	20,182,052.17						86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00
6	Sales tax and surcharges	3,648,385.64						13,289.67	15,038.01	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67
7	Enterprise income tax	6,308,433.73						16,717.88	16,455.63	16,321.73	16,321.73	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88
III	Net cash flow	21,293,354.38	-154,278.00	-89,658.55	-89,658.55	-89,658.55	-89,658.55	92,502.29	126,586.31	116,901.02	116,901.02	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	113,819.47
IV	Discount factor (discount rate of 8.70%)		1.0000	0.9200	0.8463	0.7786	0.7163	0.6589	0.6062	0.5577	0.5131	0.4720	0.4342	0.3995	0.3675	0.3381	0.3110	0.2861	0.2632
V	Present value of net cash flow	384,024.44	-154,278.00	-82,485.87	-75,878.03	-69,808.15	-64,222.42	60,949.76	76,736.62	65,195.70	59,981.91	50,041.38	46,033.83	42,354.94	38,962.30	35,845.32	32,972.18	30,332.28	29,957.29
VI	Appraised value of mining rights		384,024.44																

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Exploration and Prospecting Rights of Huangcaohu I (Part), V, VI, VII (Part), VIII (Part) and IX (Part) Exploration Areas (Planned as Huangcaohu No. 2 Coal Mine) in Qitai County, Zhundong Coalfield, Xinjiang (2-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	2242...	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	Jan-Dec 2259
		220.00	**221.00**	**222.00**	**223.00**	**224.00**	**225.00**	**226.00**	**227.00**	**228.00**	**229.00**	**230.00**	**231.00**	**232.00**	**233.00**	**234.00**	**235.00**	**236.00**	**236.94**
I	Cash inflow	**243,593.02**	**256,072.38**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**235,793.42**	**243,593.02**	**256,072.38**	**235,793.42**	**235,793.42**	**235,793.42**	**384,923.73**
1	Sales revenue	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	235,793.42	222,001.18
2	Recovery of salvage (residual) value of various assets	7,799.60												7,799.60					109,869.03
3	Recovery of working capital																		53,053.52
4	Recovery of input tax on offsetting equipment		20,278.97												20,278.97				
II	Cash outflow	129,773.54	304,523.66	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,773.54	129,618.38	301,870.99	127,120.87	127,120.87	127,120.87	119,685.20
1	Intangible assets investment (land use right)																		
	Other Intangible assets (capacity indicators)																		
2	Fixed assets investment																		
3	Renewal and renovation funds (including land)		176,271.04												176,271.04				
4	Working capital	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	86,640.00	81,572.17
5	Operating cost	15,930.67	13,902.77	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,930.67	15,723.78	10,365.87	12,393.76	12,393.76	12,393.76	11,668.82
6	Sales tax and surcharges	27,202.88	27,709.85	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,202.88	27,254.60	28,594.08	28,087.11	28,087.11	28,087.11	26,444.21
7	Enterprise income tax	113,819.47	-48,451.28	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	106,019.87	113,974.64	-45,798.60	108,672.55	108,672.55	108,672.55	265,238.53
III	Net cash flow																		
IV	Discount factor (discount rate of 8.70%)																		
V	Present value of net cash flow																		
VI	Appraised value of mining rights																		

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Right of Yankuang Xinjiang Mining Co., Ltd. Liuhuanggou Coal Mine (4-1)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

				Production Period													
			Valuation Reference	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
No	Name of Item	Total	Date	0.67	1.67	2.67	3.67	4.67	5.67	6.67	7.67	8.67	9.67	10.67	11.67	12.67	13.67
I	Cash inflow	3,087,992.11		29,926.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	51,256.18	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00
1	Sales revenue	3,034,855.51		29,926.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00
2	Recovery of salvage (residual) value of various assets	22,806.73									1,768.66						
3	Recovery of working capital																
4	Recovery of input tax on offsetting equipment	20,229.84									4,598.52						
II	Cash outflow	2,466,622.28	66,312.98	21,240.56	31,933.34	31,933.34	31,933.34	31,933.34	31,933.34	31,933.34	71,514.20	32,991.13	32,991.13	32,999.45	32,999.45	32,999.45	32,999.45
1	Intangible assets investment (land use right)	2,863.64	2,863.64														
2	Long-term deferred expenses	332.87	332.87														
3	Land reclamation costs	7,707.64	7,707.64														
4	Fixed assets investment	45,308.80	45,308.80														
5	Renewal and renovation funds (including land)	182,120.12									39,971.74						
6	Working capital	10,100.03	10,100.03														
7	Operating cost	1,810,527.32		17,853.19	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78
8	Sales tax and surcharges	235,187.27		2,487.63	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,107.01	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87
9	Enterprise income tax	172,474.59		899.74	1,586.69	1,586.69	1,586.69	1,586.69	1,586.69	1,586.69	1,655.67	2,644.49	2,644.49	2,652.81	2,652.81	2,652.81	2,652.81
III	Net cash flow	621,369.83	-66,312.98	8,685.44	12,955.66	12,955.66	12,955.66	12,955.66	12,955.66	12,955.66	-20,258.02	11,897.87	11,897.87	11,889.55	11,889.55	11,889.55	11,889.55
IV	Discount factor (i= 8.02%)		1.0000	0.9499	0.8793	0.8141	0.7536	0.6977	0.6459	0.5979	0.5535	0.5124	0.4744	0.4392	0.4066	0.3764	0.3484
V	Present value of net cash flow	60,154.56	-66,312.98	8,250.30	11,391.91	10,547.21	9,763.39	9,039.17	8,368.06	7,746.19	-11,212.81	6,096.47	5,644.35	5,221.89	4,834.29	4,475.23	4,142.32
VI	Appraised value of mining rights		60,154.56														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Right of Yankuang Xinjiang Mining Co., Ltd. Liuhuanggou Coal Mine(4-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

			Production Period																
			2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
No	Name of Item	Total	14.67	15.67	16.67	17.67	18.67	19.67	20.67	21.67	22.67	23.67	24.67	25.67	26.67	27.67	28.67	29.67	30.67
I	Cash inflow	3,087,992.11	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	51,256.18	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00
1	Sales revenue	3,034,855.51	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00
2	Recovery of salvage (residual) value of various assets	22,806.73									1,768.66								
3	Recovery of working capital	10,100.03																	
4	Recovery of input tax on offsetting equipment	20,229.84									4,598.52								
II	Cash outflow	2,466,622.28	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	72,626.30	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45
1	Intangible assets investment (land use right)	2,863.64																	
2	Long-term deferred expenses	332.87																	
3	Land reclamation costs	7,707.64																	
4	Fixed assets investment	45,308.80																	
5	Renewal and renovation funds (including land)	182,120.12									39,971.74								
6	Working capital	10,100.03																	
7	Operating cost	1,810,527.32	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78
8	Sales tax and surcharges	235,187.27	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,107.01	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87
9	Enterprise income tax	172,474.59	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,767.77	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81
III	Net cash flow	621,369.83	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	-21,370.12	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55
IV	Discount factor (i= 8.02%)		0.3226	0.2986	0.2764	0.2559	0.2369	0.2193	0.2030	0.1880	0.1740	0.1611	0.1491	0.1381	0.1278	0.1183	0.1095	0.1014	0.0939
V	Present value of net cash flow	60,154.56	3,835.57	3,550.22	3,286.27	3,042.54	2,816.63	2,607.38	2,413.58	2,235.23	-3,718.40	1,915.41	1,772.73	1,641.95	1,519.48	1,406.53	1,301.91	1,205.60	1,116.43
VI	Appraised value of mining rights																		

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Right of Yankuang Xinjiang Mining Co., Ltd. Liuhuanggou Coal Mine (4-3)

Principal of the valuation: Yankuang Energy Group Company Limited

Valuation Reference Date: 31 December 2022

Unit: RMB0'000

No	Name of Item	Total	Production Period																		
			2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072
			31.67	32.67	33.67	34.67	35.67	36.67	37.67	38.67	39.67	40.67	41.67	42.67	43.67	44.67	45.67	46.67	47.67	48.67	49.67
I	Cash inflow	3,087,992.11	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	51,256.18	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	47,744.64	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00
1	Sales revenue	3,034,855.51	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00
2	Recovery of salvage (residual) value of various assets	22,806.73							1,768.66						1,019.87						
3	Recovery of working capital	10,100.03																			
4	Recovery of input tax on offsetting equipment	20,229.84							4,598.52						1,835.77						
II	Cash outflow	2,466,622.28	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	72,626.30	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	55,094.95	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45
1	Intangible assets investment (land use right)	2,863.64																			
2	Long-term deferred expenses	332.87																			
3	Land reclamation costs	7,707.64																			
4	Fixed assets investment	45,308.80																			
5	Renewal and renovation funds (including land)	182,120.12							39,971.74						22,233.18						
6	Working capital	10,100.03																			
7	Operating cost	1,810,527.32	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78
8	Sales tax and surcharges	235,187.27	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,107.01	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,383.29	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87
9	Enterprise income tax	172,474.59	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,767.77	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,698.70	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81
III	Net cash flow	621,369.83	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	-21,370.12	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	-7,350.31	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55
IV	Discount factor (i= 8.02%)		0.0869	0.0805	0.0745	0.0689	0.0638	0.0591	0.0547	0.0506	0.0469	0.0434	0.0402	0.0372	0.0344	0.0319	0.0295	0.0273	0.0253	0.0234	0.0217
V	Present value of net cash flow	60,154.56	1,033.20	957.11	885.77	819.19	758.55	702.67	-1,168.95	601.61	557.62	516.01	477.96	442.29	-252.85	379.28	350.74	324.58	300.81	278.22	258.00
VI	Appraised value of mining rights																				

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Right of Yankuang Xinjiang Mining Co., Ltd. Liuhuanggou Coal Mine(4-4)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

			Production Period																	
			2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	Jan-Nov 2090
No	**Name of Item**	**Total**	**50.67**	**51.67**	**52.67**	**53.67**	**54.67**	**55.67**	**56.67**	**57.67**	**58.67**	**59.67**	**60.67**	**61.67**	**62.67**	**63.67**	**64.67**	**65.67**	**66.67**	**67.61**
I	Cash inflow	3,087,992.11	44,889.00	44,889.00	51,256.18	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	67,067.76
1	Sales revenue	3,034,855.51	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	44,889.00	42,255.51
2	Recovery of salvage (residual) value of various assets	22,806.73			1,768.66															14,712.22
3	Recovery of working capital	10,100.03																		10,100.03
4	Recovery of input tax on offsetting equipment	20,229.84			4,598.52															
II	Cash outflow	2,466,622.28	32,999.45	32,999.45	72,626.30	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,999.45	32,963.90	32,393.45	32,393.45	32,393.45	32,393.45	30,486.96
1	Intangible assets investment (land use right)	2,863.64																		
2	Long-term deferred expenses	332.87																		
3	Land reclamation costs	7,707.64																		
4	Fixed assets investment	45,308.80																		
5	Renewal and renovation funds (including land)	182,120.12			39,971.74															
6	Working capital	10,100.03																		
7	Operating cost	1,810,527.32	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	26,779.78	25,208.71
8	Sales tax and surcharges	235,187.27	3,566.87	3,566.87	3,107.01	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,566.87	3,519.46	2,758.86	2,758.86	2,758.86	2,758.86	2,588.89
9	Enterprise income tax	172,474.59	2,652.81	2,652.81	2,767.77	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,652.81	2,664.66	2,854.81	2,854.81	2,854.81	2,854.81	2,689.35
III	Net cash flow	621,369.83	11,889.55	11,889.55	-21,370.12	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,889.55	11,925.10	12,495.55	12,495.55	12,495.55	12,495.55	36,580.80
IV	Discount factor (i= 8.02%)		0.0201	0.0186	0.0172	0.0159	0.0147	0.0136	0.0126	0.0117	0.0108	0.0100	0.0093	0.0086	0.0080	0.0074	0.0068	0.0063	0.0058	0.0054
V	Present value of net cash flow	60,154.56	238.98	221.15	-367.57	189.04	174.78	161.70	149.81	139.11	128.41	118.90	110.57	102.25	95.40	92.47	84.97	78.72	72.47	197.54
VI	Appraised value of mining rights																			

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Appraisal Value Calculation Table of Mining Right of Hongshanwa Coal Mine, Jimsar Shuixigou Mining Area of Yankuang Xinjiang Mining Co., Ltd.(3-1)

Principal of the valuation: Yankuang Energy Group Company Limited

Valuation Reference Date: 31 December 2022

Unit: RMB0'000

					Construction Period			Production Period									
				Valuation Reference	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
No	**Name of Item**	**Unit**	**Total**	**Date**	**1.00**	**2.00**	**3.00**	**4.00**	**5.00**	**6.00**	**7.00**	**8.00**	**9.00**	**10.00**	**11.00**	**12.00**	**13.00**
1	Production volume	Ten kiloton	1,176.61		30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
2	Product sales volume	Ten kiloton	1,176.61		30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
3	Product sales prices (excluding tax)	RMB/Ton			248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89
4	Sales revenue	RMB0'000	292,846.48		7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70
5	Discount factor (i=8.37%)			1.0000	0.9228	0.8515	0.7857	0.7250	0.6690	0.6174	0.5697	0.5257	0.4851	0.4476	0.4130	0.3811	0.3517
6	Present value of sales revenue	RMB0'000	85,395.96		6,890.27	6,357.90	5,866.59	5,413.36	4,995.22	4,609.94	4,253.78	3,925.24	3,622.10	3,342.09	3,083.75	2,845.56	2,626.04
7	Accumulated present value of sales revenue	RMB0'000			6,890.27	13,248.17	19,114.75	24,528.11	29,523.33	34,133.27	38,387.05	42,312.30	45,934.39	49,276.49	52,360.23	55,205.79	57,831.83
8	Equity factor of mining rights (4.20%* adjustment factor)		4.37%		4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37	4.37	4.37	4.37
9	Appraised value of mining rights	RMB0'000		3,731.80	301.10	578.94	835.31	1,071.88	1,290.17	1,491.62	1,677.51	1,849.05	2,007.33	2,153.38	2,288.14	2,412.49	2,527.25

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Appraisal Value Calculation Table of Mining Right of Hongshanwa Coal Mine, Jimsar Shuixigou Mining Area of Yankuang Xinjiang Mining Co., Ltd.(3-2)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

				Production Period												
				2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
No	Name of Item	Unit	Total	14.00	15.00	16.00	17.00	18.00	19.00	20.00	21.00	22.00	23.00	24.00	25.00	26.00
1	Production volume	Ten kiloton	1,176.61	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
2	Product sales volume	Ten kiloton	1,176.61	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
3	Product sales prices (excluding tax)	RMB/Ton		248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89
4	Sales revenue	RMB0'000	292,846.48	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70
5	Discount factor (i=8.37%)			0.3245	0.2995	0.2763	0.2550	0.2353	0.2171	0.2004	0.1849	0.1706	0.1574	0.1453	0.1341	0.1237
6	Present value of sales revenue	RMB0'000	85,395.96	2,422.94	2,236.28	2,063.05	1,904.01	1,756.91	1,621.02	1,496.33	1,380.59	1,273.82	1,175.26	1,084.91	1,001.28	923.63
7	Accumulated present value of sales revenue	RMB0'000		60,254.78	62,491.05	64,554.10	66,458.11	68,215.02	69,836.05	71,332.37	72,712.96	73,986.78	75,162.04	76,246.95	77,248.24	78,171.87
8	Equity factor of mining rights (4.20%* adjustment factor)		4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37	4.37
9	Appraised value of mining rights	RMB0'000		2,633.13	2,730.86	2,821.01	2,904.22	2,981.00	3,051.84	3,117.22	3,177.56	3,233.22	3,284.58	3,331.99	3,375.75	3,416.11

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Appraisal Value Calculation Table of Mining Right of Hongshanwa Coal Mine, Jimsar Shuixigou Mining Area of Yankuang Xinjiang Mining Co., Ltd.(3-3)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

				Production Period													
				2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	Jan-Mar 2062
No	Name of Item	Unit	Total	27.00	28.00	29.00	30.00	31.00	32.00	33.00	34.00	35.00	36.00	37.00	38.00	39.00	39.22
1	Production volume	Ten kiloton	1,176.61	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	6.61
2	Product sales volume	Ten kiloton	1,176.61	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	6.61
3	Product sales prices (excluding tax)	RMB/Ton		248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89
4	Sales revenue	RMB0'000	292,846.48	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	7,466.70	1,645.18
5	Discount factor (i=8.37%)			0.1141	0.1053	0.0972	0.0897	0.0828	0.0764	0.0705	0.0650	0.0600	0.0554	0.0511	0.0471	0.0435	0.0427
6	Present value of sales revenue	RMB0'000	85,395.96	851.95	786.24	725.76	669.76	618.24	570.46	526.40	485.34	448.00	413.66	381.55	351.68	324.80	70.25
7	Accumulated present value of sales revenue	RMB0'000		79,023.82	79,810.06	80,535.83	81,205.59	81,823.83	82,394.29	82,920.69	83,406.03	83,854.03	84,267.68	84,649.23	85,000.91	85,325.71	85,395.96
8	Equity factor of mining rights (4.20%* adjustment factor)		4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37%	4.37	4.37
9	Appraised value of mining rights	RMB0'000		3,453.34	3,487.70	3,519.42	3,548.68	3,575.70	3,600.63	3,623.63	3,644.84	3,664.42	3,682.50	3,699.17	3,714.54	3,728.73	3,731.80

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Appraisal Value Calculation Table of Mining Right of Baosheng Coal Mine, Jimsar Shuixigou Mining Area of Yankuang Xinjiang Mining Co., Ltd.

Principal of the valuation: Yankuang Energy Group Company Limited

Valuation Reference Date: 31 December 2022

Unit: RMB0'000

					Production Period												
				Valuation Reference	2023	2024	2025	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
No	Name of Item	Unit	Total	Date	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00
1	Production volume	Ten kiloton	267.38		9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
2	Product sales volume	Ten kiloton	267.38		9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
3	Product sales prices (excluding tax)	RMB/Ton			248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89
4	Sales revenue	RMB0'000	66,546.96		2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01
5	Discount factor (i=8.37%)			1.0000	0.9228	0.8515	0.7857	0.7250	0.6690	0.6174	0.5697	0.5257	0.4851	0.4476	0.4130	0.3811	0.3517
6	Present value of sales revenue	RMB0'000	24,306.40		2,067.08	1,907.37	1,759.98	1,624.01	1,498.57	1,382.98	1,276.13	1,177.57	1,086.63	1,002.63	925.12	853.67	787.81
7	Accumulated present value of sales revenue	RMB0'000			2,067.08	3,974.45	5,734.43	7,358.43	8,857.00	10,239.98	11,516.12	12,693.69	13,780.32	14,782.95	15,708.07	16,561.74	17,349.55
8	Equity factor of mining rights (4.20%* adjustment factor)		4.35%		4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
9	Appraised value of mining rights	RMB0'000		1,057.33	89.92	172.89	249.45	320.09	385.28	445.44	500.95	552.18	599.44	643.06	683.30	720.44	754.71

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Appraisal Value Calculation Table of Mining Right of Baosheng Coal Mine, Jimsar Shuixigou Mining Area of Yankuang Xinjiang Mining Co., Ltd. (continued)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

		Production Period																
		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	Jan-Sep 2051
No	**Name of Item**	**14.00**	**15.00**	**16.00**	**17.00**	**18.00**	**19.00**	**20.00**	**21.00**	**22.00**	**23.00**	**24.00**	**25.00**	**26.00**	**27.00**	**28.00**	**29.00**	**29.71**
1	Production volume	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	6.38
2	Product sales volume	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	6.38
3	Product sales prices (excluding tax)	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89	248.89
4	Sales revenue	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	2,240.01	1,586.67
5	Discount factor (i=8.37%)	0.3245	0.2995	0.2763	0.2550	0.2353	0.2171	0.2004	0.1849	0.1706	0.1574	0.1453	0.1341	0.1237	0.1141	0.1053	0.0972	0.0918
6	Present value of sales revenue	726.88	670.88	618.91	571.20	527.07	486.31	448.90	414.18	382.15	352.58	325.47	300.39	277.09	255.59	235.87	217.73	145.66
7	Accumulated present value of sales revenue	18,076.43	18,747.32	19,366.23	19,937.43	20,464.51	20,950.81	21,399.71	21,813.89	22,196.04	22,548.61	22,874.09	23,174.47	23,451.56	23,707.15	23,943.02	24,160.75	24,306.40
8	Equity factor of mining rights (4.20%* adjustment factor)	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
9	Appraised value of mining rights	786.32	815.51	842.43	867.28	890.21	911.36	930.89	948.90	965.53	980.86	995.02	1,008.09	1,020.14	1,031.26	1,041.52	1,050.99	1,057.33

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Exploration and Prospecting Rights of the No. 4 Open Pit Field in Wucaiwan Mining Area, Jimusar County, Zhundong Coalfield, Xinjiang

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

				Construction Period			Production Period							
			Valuation Reference	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033···
No	**Name of Item**	**Total**	**Date**	**1.00**	**2.00**	**3.00**	**4.00**	**5.00**	**6.00**	**7.00**	**8.00**	**9.00**	**10.00**	**11.00**
I	Cash inflow	49,022,191.00				122,025.93	203,376.56	191,203.86	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76
1	Sales revenue	48,286,249.62				111,192.45	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76
2	Recovery of net salvage (residual) value of fixed and intangible assets	258,563.11												
3	Recovery of working capital	41,697.17												
4	Recovery of input VAT on offsetting equipment	435,681.11				10,833.48	18,055.80	5,883.10						
II	Cash outflow	34,837,327.07	105,780.01	176,272.27	176,272.27	90,411.61	126,889.93	111,245.75	111,745.81	111,745.81	111,745.81	111,745.81	118,108.61	118,108.61
1	Fixed assets investment	352,544.55		176,272.27	176,272.27									
2	Renewal and renovation funds (including land)	3,649,773.82												
3	Intangible assets (Land)	5,780.01	5,780.01											
4	Intangible assets (capacity replacement)	100,000.00	100,000.00											
5	Working capital	41,697.17			25,018.30	16,678.87								
6	Operating cost	23,483,821.36			54,078.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	
7	Sales tax and surcharges	3,087,746.61			6,159.62	10,266.04	11,483.31	12,071.62	12,071.62	12,071.62	12,071.62	12,071.62	12,071.62	
8	Enterprise income tax	4,115,963.55			5,155.69	9,815.03	9,632.44	9,544.19	9,544.19	9,544.19	9,544.19	15,906.99	15,906.99	
III	Net cash flow	14,184,863.94	-105,780.01	-176,272.27	-176,272.27	31,614.32	76,486.63	79,958.11	73,574.95	73,574.95	73,574.95	73,574.95	67,212.15	67,212.15
IV	Discount factor (i=8.62%)		1.00000	0.92064	0.84758	0.78032	0.71839	0.66138	0.60889	0.56057	0.51609	0.47513	0.43742	0.40271
V	Present value of net cash flow	190,387.99	-105,780.01	-162,283.31	-149,404.85	24,669.29	54,947.23	52,882.70	44,799.05	41,243.91	37,971.30	34,957.67	29,399.94	27,067.01
VI	Appraised value of prospecting rights	190,387.99												

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Exploration and Prospecting Rights of the No. 4 Open Pit Field in Wucaiwan Mining Area, Jimusar County, Zhundong Coalfield, Xinjiang (continued)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

			Production Period										
			···2274	2275	2277	2278	2279	2280	2281	2282	2283	2284	Jan-Nov 2285
No	Name of Item	Total	253.00	254.00	255.00	256.00	257.00	258.00	259.00	260.00	261.00	262.00	262.95
I	Cash inflow	49,022,191.00	185,320.76	185,320.76	211,092.66	187,326.83	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	316,242.35
1	Sales revenue	48,286,249.62	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	185,320.76	176,980.33
2	Recovery of net salvage (residual) value of fixed and intangible assets	258,563.11			7,716.10								97,564.85
3	Recovery of working capital	41,697.17											41,697.17
4	Recovery of input VAT on offsetting equipment	435,681.11			18,055.80	2,006.07							
II	Cash outflow	34,837,327.07	118,108.61	118,108.61	291,138.34	117,958.15	118,108.61	117,934.86	116,023.74	116,023.74	116,023.74	116,023.74	110,802.26
1	Fixed assets investment	352,544.55											
2	Renewal and renovation funds (including land)	3,649,773.82			174,383.92								
3	Intangible assets (land)	5,780.01											
4	Intangible assets (capacity replacement)	100,000.00											
5	Working capital	41,697.17											
6	Operating cost	23,483,821.36	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	90,130.00	86,073.94
7	Sales tax and surcharges	3,087,746.61	12,071.62	12,071.62	10,266.04	11,871.01	12,071.62	11,839.97	9,291.81	9,291.81	9,291.81	9,291.81	8,873.63
8	Enterprise income tax	4,115,963.55	15,906.99	15,906.99	16,358.39	15,957.14	15,906.99	15,964.90	16,601.94	16,601.94	16,601.94	16,601.94	15,854.69
III	Net cash flow	14,184,863.94	67,212.15	67,212.15	-80,045.68	69,368.68	67,212.15	67,385.90	69,297.02	69,297.02	69,297.02	69,297.02	205,440.09
IV	Discount factor (i=8.62%)												
V	Present value of net cash flow	190,387.99											
VI	Appraised value of prospecting rights	190,387.99											

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 1 Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd. (1)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

No	Name of Item	Total	Valuation Reference Date	Production Period 2023 1.00	2024 2.00	2025 3.00	2026 4.00	2027 5.00	2028 6.00	2029 7.00	2030 8.00	2031 9.00	2032 10.00	2033... 11.00
I	Cash inflow	25,565,293.06		178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	205,338.98	178,596.16
1	Sales revenue	25,147,038.46		178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16
2	Recovery of salvage (residual) value of various assets	143,757.35											7,428.56	
3	Recovery of working capital	40,184.14												
4	Recovery of input tax on offsetting equipment	234,313.12											19,314.26	
II	Cash outflow	16,784,224.55	349,017.95	94,842.63	94,842.63	94,842.63	94,842.63	94,842.63	94,842.63	94,842.63	94,842.63	102,281.81	268,718.70	102,281.89
1	Intangible assets investment (land use right)	5,607.51	5,607.51											
	Other intangible assets	3.20	3.20											
2	Fixed assets investment	303,223.11	303,223.11											
3	Renewal and renovation funds (including land)	2,122,659.11											167,885.46	
4	Working capital	40,184.14	40,184.14											
5	Operating cost	9,752,817.42		69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24
6	Sales tax and surcharges	1,990,692.70		14,418.62	14,418.62	14,418.62	14,418.62	14,418.62	14,418.62	14,418.62	14,418.62	14,418.62	12,487.19	14,418.62
7	Enterprise income tax	2,569,037.37		11,158.77	11,158.77	11,158.77	11,158.77	11,158.77	11,158.77	11,158.77	11,158.77	18,597.95	19,080.81	18,598.03
III	Net cash flow	8,781,068.51	-349,017.95	83,753.53	83,753.53	83,753.53	83,753.53	83,753.53	83,753.53	83,753.53	83,753.53	76,314.35	-63,379.72	76,314.27
IV	Discount factor (discount rate of 8.12%)		1.0000	0.9249	0.8554	0.7912	0.7318	0.6768	0.6260	0.5790	0.5355	0.4953	0.4581	0.4237
V	Present value of net cash flow	522,835.99	-349,017.95	77,463.64	71,646.12	66,264.96	61,288.32	56,685.23	52,428.03	48,490.78	44,849.18	37,796.21	-29,032.98	32,332.83
VI	Appraised value of mining rights		522,835.99											

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 1 Mine of Xinwen Mining Group (Yili) Energy Development Co., Ltd. (2)

Principal of the valuation: Yankuang Energy Group Company Limited　Valuation Reference Date: 31 December 2022　*Unit: RMB0'000*

		Production Period												
		...2151	**2152**	**2153**	**2,154**	**2155**	**2156**	**2157**	**2158**	**2159**	**2160**	**2161**	**2162**	**Jan-Oct 2163**
No	**Name of Item**	**129.00**	**130.00**	**131.00**	**132.00**	**133.00**	**134.00**	**135.00**	**136.00**	**137.00**	**138.00**	**139.00**	**140.00**	**140.80**
I	Cash inflow	178,596.16	205,338.98	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	233,660.94
1	Sales revenue	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	178,596.16	143,576.00
2	Recovery of salvage (residual) value of various assets		7,428.56											49,900.80
3	Recovery of working capital													40,184.14
4	Recovery of input tax on offsetting equipment		19,314.26											
II	Cash outflow	102,281.89	268,718.78	102,281.89	102,281.89	102,281.89	102,281.89	102,281.89	101,809.12	99,870.84	99,870.84	99,870.84	99,870.84	80,287.59
1	Intangible assets investment (land use right)													
	Other intangible assets													
2	Fixed assets investment													
3	Renewal and renovation funds (including land)		167,885.46											
4	Working capital													
5	Operating cost	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	69,265.24	55,683.32
6	Sales tax and surcharges	14,418.62	12,487.19	14,418.62	14,418.62	14,418.62	14,418.62	14,418.62	13,788.25	11,203.89	11,203.89	11,203.89	11,203.89	9,006.96
7	Enterprise income tax	18,598.03	19,080.89	18,598.03	18,598.03	18,598.03	18,598.03	18,598.03	18,755.62	19,401.71	19,401.71	19,401.71	19,401.71	15,597.31
III	Net cash flow	76,314.27	-63,379.80	76,314.27	76,314.27	76,314.27	76,314.27	76,314.27	76,787.04	78,725.32	78,725.32	78,725.32	78,725.32	153,373.34
IV	Discount factor (discount rate of 8.12%)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
V	Present value of net cash flow	3.05	-2.54	3.05	2.29	2.29	2.29	2.29	1.54	1.57	1.57	1.57	1.57	3.07
VI	Appraised value of mining rights													

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 4 Mine of Yili Xinkuang Coal Industry Co., Ltd.

Principal of the valuation: Yankuang Energy Group Company Limited   Valuation Reference Date: 31 December 2022   *Unit: RMB0'000*

				Production Period												
			Valuation Reference	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
No	Name of Item	Total	Date	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00
I	Cash inflow	12,290,492.05		152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	179,891.49	156,762.14	152,805.47	152,805.47	152,805.47
1	Sales revenue	11,917,475.16		152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
2	Recovery of net salvage (residual) value of fixed assets	181,591.25										8,622.97				
3	Recovery of net salvage (residual) value of intangible assets	2,767.32														
4	Recovery of working capital	34,381.23														
5	Recovery of input VAT on offsetting equipment	154,277.09										18,463.05	3,956.68			
II	Cash outflow	8,578,869.06	352,169.73	82,471.36	82,471.36	82,471.36	82,471.36	82,471.36	82,471.36	82,471.36	82,471.36	282,154.60	87,928.23	88,119.90	88,119.90	88,119.90
1	Fixed assets investment	310,956.42	310,956.42													
2	Renewal and renovation funds	1,408,575.17										194,879.16				
3	Intangible assets	6,832.08	6,832.08													
4	Renewal of intangible assets	6,286.83														
5	Working capital	34,381.23	34,381.23													
6	Operating cost	4,984,336.49		63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00
7	Sales tax and surcharges	767,794.47		10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	9,002.18	9,872.56	10,109.96	10,109.96	10,109.96
8	Enterprise income tax	1,059,706.37		8,452.39	8,452.39	8,452.39	8,452.39	8,452.39	8,452.39	8,452.39	8,452.39	14,364.25	14,146.66	14,100.94	14,100.94	14,100.94
III	Net cash flow	3,711,622.99	-352,169.73	70,334.11	70,334.11	70,334.11	70,334.11	70,334.11	70,334.11	70,334.11	70,334.11	-102,263.11	68,833.92	64,685.57	64,685.57	64,685.57
IV	Discount factor (i= 8.12%)		1.00000	0.92490	0.85544	0.79119	0.73177	0.67681	0.62598	0.57897	0.53549	0.49527	0.45808	0.42368	0.39186	0.36243
V	Present value of net cash flows	330,667.50	-352,169.73	65,052.02	60,166.61	55,647.65	51,468.39	47,602.83	44,027.75	40,721.34	37,663.21	-50,647.85	31,531.44	27,405.98	25,347.69	23,443.99
VI	Appraised value of mining rights	330,667.50														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 4 Mine of Yili Xinkuang Coal Industry Co., Ltd. (continued)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

		Production Period													
		2036	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**	**2047**	**2048**	**2049**
No	**Name of Item**	**14.00**	**15.00**	**16.00**	**17.00**	**18.00**	**19.00**	**20.00**	**21.00**	**22.00**	**23.00**	**24.00**	**25.00**	**26.00**	**27.00**
I	Cash inflow	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	179,891.49	156,762.14	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
1	Sales revenue	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
2	Recovery of net salvage (residual) value of fixed assets								8,622.97						
3	Recovery of net salvage (residual) value of intangible assets														
4	Recovery of working capital														
5	Recovery of input VAT on offsetting equipment								18,463.05	3,956.68					
II	Cash outflow	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90	282,168.23	87,941.85	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90
1	Fixed assets investment														
2	Renewal and renovation funds								194,879.16						
3	Intangible assets														
4	Renewal of intangible assets														
5	Working capital														
6	Operating cost	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00
7	Sales tax and surcharges	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	9,002.18	9,872.56	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96
8	Enterprise income tax	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,377.89	14,160.29	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94
III	Net cash flow	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57	-102,276.74	68,820.29	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57
IV	Discount factor (i= 8.12%)	0.33521	0.31003	0.28675	0.26521	0.24530	0.22687	0.20984	0.19408	0.17950	0.16602	0.15355	0.14202	0.13135	0.12149
V	Present value of net cash flows	21,683.25	20,054.47	18,548.59	17,155.26	15,867.37	14,675.21	13,573.62	-19,849.87	12,353.24	10,739.10	9,932.47	9,186.64	8,496.45	7,858.65
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 4 Mine of Yili Xinkuang Coal Industry Co., Ltd. (continued)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

		Production Period												
		2050	**2051**	**2052**	**2053**	**2054**	**2055**	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**
No	**Name of Item**	**28.00**	**29.00**	**30.00**	**31.00**	**32.00**	**33.00**	**34.00**	**35.00**	**36.00**	**37.00**	**38.00**	**39.00**	**40.00**
I	Cash inflow	168,173.37	152,805.47	152,805.47	152,805.47	152,805.47	179,891.49	156,762.14	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
1	Sales revenue	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
2	Recovery of net salvage (residual) value of fixed assets	5,488.54					8,622.97							
3	Recovery of net salvage (residual) value of intangible assets													
4	Recovery of working capital													
5	Recovery of input VAT on offsetting equipment	9,879.37					18,463.05	3,956.68						
II	Cash outflow	207,325.43	88,119.90	88,119.90	88,119.90	88,119.90	282,168.23	87,941.85	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90
1	Fixed assets investment													
2	Renewal and renovation funds	119,650.10					194,879.16							
3	Intangible assets													
4	Renewal of intangible assets													
5	Working capital													
6	Operating cost	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00
7	Sales tax and surcharges	9,517.20	10,109.96	10,109.96	10,109.96	10,109.96	9,002.18	9,872.56	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96
8	Enterprise income tax	14,249.13	14,100.94	14,100.94	14,100.94	14,100.94	14,377.89	14,160.29	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94
III	Net cash flow	-39,152.06	64,685.57	64,685.57	64,685.57	64,685.57	-102,276.74	68,820.29	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57
IV	Discount factor (i= 8.12%)	0.11236	0.10393	0.09612	0.08890	0.08223	0.07605	0.07034	0.06506	0.06017	0.05565	0.05147	0.04761	0.04403
V	Present value of net cash flows	-4,399.13	6,722.77	6,217.58	5,750.55	5,319.09	-7,778.15	4,840.82	4,208.44	3,892.13	3,599.75	3,329.37	3,079.68	2,848.11
VI	Appraised value of mining rights													

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 4 Mine of Yili Xinkuang Coal Industry Co., Ltd. (continued)

Principal of the valuation: Yankuang Energy Group Company Limited Valuation Reference Date: 31 December 2022 *Unit: RMB0'000*

		Production Period													
		2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076
No	Name of Item	41.00	42.00	43.00	44.00	45.00	46.00	47.00	48.00	49.00	50.00	51.00	52.00	53.00	54.00
I	Cash inflow	152,805.47	152,805.47	152,805.47	152,805.47	179,891.49	156,762.14	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
1	Sales revenue	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
2	Recovery of net salvage (residual) value of fixed assets					8,622.97									
3	Recovery of net salvage (residual) value of intangible assets														
4	Recovery of working capital														
5	Recovery of input VAT on offsetting equipment					18,463.05	3,956.68								
II	Cash outflow	88,119.90	88,119.90	88,119.90	88,119.90	282,168.23	87,941.85	88,119.90	88,119.90	88,119.90	88,119.90	94,406.73	88,119.90	88,119.90	88,119.90
1	Fixed assets investment														
2	Renewal and renovation funds					194,879.16									
3	Intangible assets														
4	Renewal of intangible assets											6,286.83			
5	Working capital														
6	Operating cost	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00
7	Sales tax and surcharges	10,109.96	10,109.96	10,109.96	10,109.96	9,002.18	9,872.56	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96
8	Enterprise income tax	14,100.94	14,100.94	14,100.94	14,100.94	14,377.89	14,160.29	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94
III	Net cash flow	64,685.57	64,685.57	64,685.57	64,685.57	-102,276.74	68,820.29	64,685.57	64,685.57	64,685.57	64,685.57	58,398.74	64,685.57	64,685.57	64,685.57
IV	Discount factor (i= 8.12%)	0.04072	0.03767	0.03484	0.03222	0.02980	0.02756	0.02549	0.02358	0.02181	0.02017	0.01865	0.01725	0.01596	0.01476
V	Present value of net cash flows	2,634.00	2,436.71	2,253.65	2,084.17	-3,047.85	1,896.69	1,648.84	1,525.29	1,410.79	1,304.71	1,089.14	1,115.83	1,032.38	954.76
VI	Appraised value of mining rights														

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 4 Mine of Yili Xinkuang Coal Industry Co., Ltd. (continued)

Principal of the valuation: Yankuang Energy Group Company Limited

Valuation Reference Date: 31 December 2022

Unit: RMB0'000

		Production Period											
		2077	**2078**	**2079**	**2080**	**2081**	**2082**	**2083**	**2084**	**2085**	**2086**	**2087**	**2088**
No	**Name of Item**	**55.00**	**56.00**	**57.00**	**58.00**	**59.00**	**60.00**	**61.00**	**62.00**	**63.00**	**64.00**	**65.00**	**66.00**
I	Cash inflow	152,805.47	152,805.47	179,891.49	156,762.14	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
1	Sales revenue	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47
2	Recovery of net salvage (residual) value of fixed assets			8,622.97									
3	Recovery of net salvage (residual) value of intangible assets												
4	Recovery of working capital												
5	Recovery of input VAT on offsetting equipment			18,463.05	3,956.68								
II	Cash outflow	88,119.90	88,119.90	282,168.23	87,941.85	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90	88,119.90
1	Fixed assets investment												
2	Renewal and renovation funds			194,879.16									
3	Intangible assets												
4	Renewal of intangible assets												
5	Working capital												
6	Operating cost	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00
7	Sales tax and surcharges	10,109.96	10,109.96	9,002.18	9,872.56	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96	10,109.96
8	Enterprise income tax	14,100.94	14,100.94	14,377.89	14,160.29	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94	14,100.94
III	Net cash flow	64,685.57	64,685.57	-102,276.74	68,820.29	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57	64,685.57
IV	Discount factor (i= 8.12%)	0.01365	0.01263	0.01168	0.01080	0.00999	0.00924	0.00855	0.00790	0.00731	0.00676	0.00625	0.00578
V	Present value of net cash flows	882.96	816.98	-1,194.59	743.26	646.21	597.69	553.06	511.02	472.85	437.27	404.28	373.88
VI	Appraised value of mining rights												

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

Valuation of Mining Rights of Yili No. 4 Mine of Yili Xinkuang Coal Industry Co., Ltd. (continued)

Principal of the valuation: Yankuang Energy Group Company Limited

Valuation Reference Date: 31 December 2022

Unit: RMB0'000

		Production Period											
		2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
No	**Name of Item**	**67.00**	**68.00**	**69.00**	**70.00**	**71.00**	**72.00**	**73.00**	**74.00**	**75.00**	**76.00**	**77.00**	**77.99**
I	Cash inflow	152,805.47	168,173.37	179,891.49	156,762.14	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	307,479.04
1	Sales revenue	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	152,805.47	151,454.15
2	Recovery of net salvage (residual) value of fixed assets		5,488.54	8,622.97									118,876.34
3	Recovery of net salvage (residual) value of intangible assets												2,767.32
4	Recovery of working capital												34,381.23
5	Recovery of input VAT on offsetting equipment		9,879.37	18,463.05	3,956.68								
II	Cash outflow	88,119.90	207,325.43	282,168.23	87,941.85	88,119.90	88,119.90	88,119.90	86,400.84	86,400.84	86,400.84	86,400.84	85,639.27
1	Fixed assets investment												
2	Renewal and renovation funds		119,650.10	194,879.16									
3	Intangible assets												
4	Renewal of intangible assets												
5	Working capital												
6	Operating cost	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,909.00	63,343.45
7	Sales tax and surcharges	10,109.96	9,517.20	9,002.18	9,872.56	10,109.96	10,109.96	10,109.96	7,817.88	7,817.88	7,817.88	7,817.88	7,752.42
8	Enterprise income tax	14,100.94	14,249.13	14,377.89	14,160.29	14,100.94	14,100.94	14,100.94	14,673.96	14,673.96	14,673.96	14,673.96	14,543.40
III	Net cash flow	64,685.57	-39,152.06	-102,276.74	68,820.29	64,685.57	64,685.57	64,685.57	66,404.63	66,404.63	66,404.63	66,404.63	221,839.77
IV	Discount factor (i= 8.12%)	0.00535	0.00495	0.00458	0.00423	0.00391	0.00362	0.00335	0.00310	0.00286	0.00265	0.00245	0.00227
V	Present value of net cash flows	346.07	-193.80	-468.43	291.11	252.92	234.16	216.70	205.85	189.92	175.97	162.69	503.58
VI	Appraised value of mining rights												

Mining Valuer: Beijing Kuangtong Resources Development Consultation Co., Limited

The following is the text of a report dated 28 April 2023 from the Company's reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, for inclusion in this circular.

The Board of Directors
Yankuang Energy Group Company Limited
949 Fushan South Road,
Zoucheng City,
Shandong Province, PRC

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the calculations of the underlying profit forecast (the "**Underlying Forecast**") to the business valuation dated 18 April 2023 prepared by 山東中評恒信資產評估有限公司 (the "**Valuer**") in respect of the valuation on Shandong Energy Group Luxi Mining Co., Ltd.*（山東能源集團魯西礦業有限公司）("**Luxi Mining**") and Yankuang Xinjiang Energy & Chemical Co., Ltd.*（兗礦新疆能化有限公司）("**Xinjiang Energy**") (collectively the "**Target Companies**") in connection with the proposed acquisition of 51% equity interest in the Target Companies by Yankuang Energy Group Company Limited, (the "**Company**") as of 31 December 2022, as set out in the announcement of the Company dated 28 April 2023 (the "**Announcement**").

Directors' Responsibilities

The directors of the Company and the Target Companies (the "**Directors**") are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Companies based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**") that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Management

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

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Underlying Forecast does not involve adoption of accounting policies.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) ("**HKSAE 3000 (Revised)**") "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. We examined the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Companies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, so far as the calculations are concerned, the Underlying Forecast has been property compiled, in all material aspects, in accordance with the Assumptions adopted by the Directors as set out in the Announcement.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong

* *English name for identification purpose only*

The following is the text of the letter dated 28 April 2023 from the Board which was prepared for inclusion in this circular.

28 April 2023

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

Dear Sirs,

Discloseable and Connected Transaction in relation to the Acquisition of 51% Equity Interest in Target Companies

We refer to the announcement of the Company dated 28 April 2023 (the "**Announcement**"), of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

References are made to (i) the valuation report in relation to the valuation of Luxi Mining dated 18 April 2023; and (ii) the valuation report in relation to the valuation (together with the valuation of Luxi Mining, collectively the "**Valuations**") of Xinjiang Energy dated 18 April 2023 (collectively, the "**Asset Valuation Reports**"), both prepared by Shandong Zhongping Hengxin Asset Valuation Co., Ltd.*（山東中評恒信資產評估有限公司）, an independent valuer (the "**Independent Valuer**"). In the Asset Valuation Reports, the valuation of certain assets were prepared based in accordance with the income approach and therefore constitute a profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Listing Rules.

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

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTEREST

Shareholding of Directors, chief executive and supervisors of the Company

As at the Latest Practicable Date, save as disclosed below, none of the Directors, chief executive or supervisors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Name	Title	Number of A Shares held as at the Latest Practicable Date
Li Wei	Director	10,000
Liu Jian	Director	85,800
Xiao Yaomeng	Director	350,000(1)
Zhao Qingchun	Director	420,000(2)
Huang Xiaolong	Director	160,000(3)

All the interests disclosed above represent long position in the A Shares.

Notes:

(1) These A Shares includes 200,000 restricted A Shares granted to Xiao Yaomeng under the restricted stock incentive scheme of the Company which are subject to lock-up restrictions.

(2) These A Shares includes 160,000 restricted A Shares granted to Zhao Qingchun under the restricted stock incentive scheme of the Company which are subject to lock-up restrictions.

(3) These A Shares includes 160,000 restricted A Shares granted to Huang Xiaolong under the restricted stock incentive scheme of the Company which are subject to lock-up restrictions.

Shareholding of substantial Shareholders

As far as the Directors are aware, save as disclosed below, as at the Latest Practicable Date, other than the Directors, chief executives or supervisors of the Company, there were no other persons who were substantial Shareholders or had interests or short positions in the shares or underlying shares of the Company, which should (i) be disclosed pursuant to Sections 2 and 3 under Part XV of the SFO; (ii) be recorded in the register to be kept pursuant to Section 336 of the SFO; or (iii) notify the Company and the Stock Exchange in other ways.

Name of substantial Shareholders	Class of Share	Capacity	Number of Shares Held (shares)	Nature of Interest	Percentage in the H Share Capital of the Company	Percentage in Total Share Capital of the Company
Shandong Energy	A Shares (State-owned legal person shares)	Beneficial owner	2,257,324,473 114,277,185	Long position Short position	– –	45.50% 2.30%
Shandong Energy *(Note 1)*	H Shares	Interest of controlled corporations	454,989,000	Long position	23.95%	9.17%
BNP Paribas Investment Partners SA	H Shares	Investment manager	117,641,207	Long position	6.19%	2.37%

Notes:

1. Yankuang Group (Hong Kong) Company Limited holds such H Shares in the capacity of beneficial owner.

2. The percentage figures above have been rounded off to the nearest second decimal place.

3. Information disclosed herein is based on the information available on the website of the Stock Exchange at www.hkexnews.hk and information provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch.

As at the Latest Practicable Date, Mr. Li Wei, Mr. Liu Jian and Mr. Zhu Qingrui were directors or senior management of Shandong Energy, the controlling Shareholder having an interest in the Shares required to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Group were made up.

4. CONSENT AND QUALIFICATIONS OF EXPERTS

The following is the qualification of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO
山東中評恒信資產評估有限公司 (Shandong Zhongping Hengxin Asset Valuation Co., Ltd.*)	Independent Valuer in the PRC
Shinewing (HK) CPA Limited	Certified Public Accountants

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name in the form and context in which it appear.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Enlarged Group nor did it has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any existing or proposed service contract with any member of the Enlarged Group which will not expire or is not determinable by the Enlarged Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any interest, direct or indirect, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates (as defined under the 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 Listing Rules if each of them was a controlling Shareholder).

8. LITIGATION

As at the Latest Practicable Date, the Group was involved in two arbitration cases and seven litigation cases, among which seven were contractual disputes (three cases as plaintiff, four cases as defendant), one was in relation to commercial instruments as defendant and one was in relation to commercial instruments as plaintiff. Please refer to pages 138 to 142 of the 2022 annual report of the Company for further details.

As far as the Directors are aware, save as disclosed above (details of which can be found on pages 138 to 142 of the 2022 annual report of the Company), none of the members of the Group was at present engaged in any other litigation or claim or arbitration of material importance (including any litigation or claims that may have any material influence on rights to explore or mine) and there was no other litigation or claim of material importance (including any litigation or claims that may have any material influence on rights to explore or mine) known to the Directors to be pending or threatened against any member of the Enlarged Group as at the Latest Practicable Date.

9. MISCELLANEOUS

(i) As at the Latest Practicable Date, the Directors of the Company are Mr. Li Wei, Mr. Liu Jian, Mr. Xiao Yaomeng, Mr. Zhu Qingrui, Mr. Zhao Qingchun and Mr. Huang Xiaolong, and the independent non-executive Directors of the Company are Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang, and Mr. Poon Chiu Kwok.

(ii) As at the Latest Practicable Date, the registered office and principal place of business of the Company is at 949 Fushan South Road, Zoucheng, Shandong Province, the PRC, Postal Code: 273500.

(iii) The H Share registrar of the Company in Hong Kong is Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(iv) As at the Latest Practicable Date, Mr. Huang Xiaolong and Mr. Wong Wai Chiu were the joint company secretaries of the Company.

Mr. Huang Xiaolong, is a senior economist and master of law and was appointed as the Secretary to the Board in 30 July 2021. Mr. Huang graduated from University of International Business and Economics.

Mr. Wong Wai Chiu is a fellow of Hong Kong Chartered Governance Institute (previously known as Hong Kong Institute of Chartered Secretaries), a fellow of the Chartered Governance Institute, a member of CPA Australia, a member of the Hong Kong Trustee Association and a Certified Trust Practitioner. Mr. Wong Wai Chiu possesses a B. Soc. Sc. (Hon.) in Accounting and Management from the University of Hong Kong, a Post-Graduate Diploma in Hong Kong and UK law from the Manchester Metropolitan University of United Kingdom, Master degree in Corporate Governance from the Hong Kong Polytechnic University, Master Degree in Arbitration and Dispute Resolution from City University of Hong Kong and Master of Applied Science (Information Science) Degree from the University of Technology, Sydney, Australia.

(v) Unless the context otherwise requires, all references to times in this circular refer to Hong Kong times.

(vi) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR DISPLAY

Copies of the following documents are available on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and on the website of the Company (http://www.yanzhoucoal.com.cn/) for a period of 14 days from the date of this circular:

(i) the First Equity Transfer Agreement;

(ii) the Second Equity Transfer Agreement;

(iii) the First Letter of Undertaking;

(iv) the Second Letter of Undertaking;

(v) the First Letter of Performance Commitment;

(vi) the Second Letter of Performance Commitment;

(vii) the Proposed Provision of Materials Supply Agreement;

(viii) the Proposed Mutual Provision of Labour and Services Agreement;

(ix) the Proposed Provision of Insurance Fund Administrative Services Agreement;

(x) the Proposed Provision of Products, Materials and Assets Leasing Agreement;

(xi) the written consents of experts referred to in the paragraph headed "Consent and Qualifications of Expert" in this Appendix;

(xii) the Asset Valuation Report of Luxi Mining, the text of which is set out in Appendix IV to this circular;

(xiii) the Asset Valuation Report of Xinjiang Energy, the text of which is set out in Appendix V to this circular;

(xiv) the letter from Shinewing (HK) CPA Limited in relation to the profit forecast in the Asset Valuation Reports, the text of which is set out in Appendix VI to this circular; and

(xv) the letter from the Board in relation to the profit forecast in the Asset Valuation Reports, the text of which is set out in Appendix VII to this circular.