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

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

**(Stock Code: 01088)**

**CONNECTED TRANSACTION  
ENTERING INTO FINANCE COMPANY  
CAPITAL INCREASE AGREEMENT**

On 30 November 2022, the Company, China Energy, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway, and Finance Company entered into the Finance Company Capital Increase Agreement, pursuant to which, the registered capital of Finance Company will be increased by RMB5,000 million. China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway will subscribe the new registered capital of Finance Company in cash in the same proportion according to their respective shareholding ratios, among which, China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway shall subscribe RMB3,000 million, RMB1,628.50 million, RMB143 million, RMB143 million and RMB85.50 million, respectively. Following completion of the Capital Increase, the registered capital of Finance Company will be increased from RMB12.5 billion to RMB17.5 billion, and the shareholding interest of China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway in Finance Company will remain unchanged at 60.00%, 32.57%, 2.86%, 2.86% and 1.71%, respectively.

As of the date of this announcement, the Company directly holds 52.72% and 57.76% equity interests in Shuohuang Railway and Zhunge'er Energy, respectively, and indirectly holds 88.16% equity interests in Baoshen Railway. Shuohuang Railway, Zhunge'er Energy and Baoshen Railway are the subsidiaries of the Company, respectively. Finance Company is held as to 60% of equity interest by China Energy, and China Energy holds 69.52% of equity interest of the Company and is the controlling shareholder of the Company. As such, China Energy and Finance Company are connected persons of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. The Transaction constitutes connected transaction of the Company. As one or more of the applicable percentage ratios exceed 0.1%, but all such percentage ratios are less than 5%, the Company is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

## **BACKGROUND**

The Company is a world-leading coal-based integrated energy company. The main business of the Group includes production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other coal related chemical processing business.

China Energy and its subsidiaries have several industrial sectors, including coal, thermal power, new energy, hydropower, transportation, chemical industry, technology and environmental protection and finance and are principally engaged in coal production, power generation, transportation and coal based chemical processing business as well as investment and finance activities. China Energy is the controlling shareholder of the Company. As at the date of this announcement, China Energy holds 69.52% interest in the Company. The ultimate beneficial owner of China Energy is the State-owned Assets Supervision and Administration Commission of the State Council.

Shuohuang Railway is principally engaged in railway transportation business. As at the date of this announcement, the Company directly holds 52.72% interest in Shuohuang Railway.

Zhunge'er Energy is a comprehensive energy enterprise engaging in coal mining, pithead power plants and railway transportation services. As at the date of this announcement, the Company directly holds 57.76% interest in Zhunge'er Energy.

Baoshen Railway is principally engaged in railway transportation business. As at the date of this announcement, the Company indirectly holds 88.16% interest in Baoshen Railway.

On 30 November 2022, the Company, China Energy, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway, and Finance Company entered into the Finance Company Capital Increase Agreement, pursuant to which, the registered capital of Finance Company will be increased by RMB5,000 million. China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway will subscribe the new registered capital of Finance Company in cash in the same proportion according to their respective shareholding ratios, among which, China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway shall subscribe RMB3,000 million, RMB1,628.50 million, RMB143 million, RMB143 million and RMB85.50 million, respectively. Following completion of the Capital Increase, the registered capital of Finance Company will be increased from RMB12.5 billion to RMB17.5 billion, and the shareholding interest of China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway in Finance Company will remain unchanged at 60.00%, 32.57%, 2.86%, 2.86% and 1.71%, respectively.

## **ENTERING INTO THE FINANCE COMPANY CAPITAL INCREASE AGREEMENT**

On 30 November 2022, China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway and Finance Company entered into the Finance Company Capital Increase Agreement.

The principal terms of the Finance Company Capital Increase Agreement are set out below:

### **Date**

30 November 2022

### **Parties**

China Energy

The Company

Shuohuang Railway

Zhunge'er Energy

Baoshen Railway

Finance Company

## Capital increase proposal

After amicable negotiation, the registered capital of Finance Company will be increased by RMB5,000 million in the Transaction, which will be subscribed by China Energy, the Company, Shuohuang Railway, Zhunge'er Energy and Baoshen Railway in cash in the same proportion according to their respective shareholding ratios, among which, China Energy, the Company, Shuohuang Railway, Zhunge'er Energy, Baoshen Railway shall subscribe RMB3,000 million, RMB1,628.50 million, RMB143 million, RMB143 million and RMB85.50 million, respectively.

Following completion of the Capital Increase, the registered capital of Finance Company will be increased from RMB12.5 billion to RMB17.5 billion. The shareholding structure of Finance Company is as set forth below.

Name of Shareholder	Before the Capital Increase		After the Capital Increase	
	Capital Contribution (RMB)	Shareholding Percentage	Capital Contribution (RMB)	Shareholding Percentage
China Energy	7,500,000,000.00	60.00%	10,500,000,000.00	60.00%
The Company	4,071,428,571.43	32.57%	5,699,928,571.43	32.57%
Shuohuang Railway	357,142,857.14	2.86%	500,142,857.14	2.86%
Zhunge'er Energy	357,142,857.14	2.86%	500,142,857.14	2.86%
Baoshen Railway	214,285,714.29	1.71%	299,785,714.29	1.71%
<b>Total</b>	<b><u>12,500,000,000.00</u></b>	<b><u>100.00%</u></b>	<b><u>17,500,000,000.00</u></b>	<b><u>100.00%</u></b>

## Payment of the capital contribution

The capital contribution shall be paid in full by China Energy, the Company, Shuohuang Railway, Zhunge'er Energy and Baoshen Railway to the account designated by Finance Company within three business days after the Finance Company Capital Increase Agreement takes effect.

## **Conditions precedent**

The Finance Company Capital Increase Agreement shall be lawfully formulated from the date on which the legal representative or authorized representative of the parties affix their signatures (including personal seals) and, unless otherwise agreed in the Finance Company Capital Increase Agreement, shall take effect upon satisfaction of all following condition precedents:

1. The Capital Increase is considered and approved by the shareholders' meeting of Finance Company; and
2. The approval of CBIRC Beijing or CBIRC in relation to the Capital Increase is obtained.

## **Liabilities for breach of contract**

If any party to the Finance Company Capital Increase Agreement breaches any of its representations, warranties and undertakings, or makes any misstatements, or fails to perform any of its responsibilities or obligations under the Finance Company Capital Increase Agreement, such party shall be deemed to be in breach of the Finance Company Capital Increase Agreement. The breaching party shall, upon request of the other party, continue to perform its obligations or take measures to remedy the breach or provide the other party with full, prompt, adequate and effective remedy.

## **INFORMATION OF FINANCE COMPANY**

### **Basic information of Finance Company**

Finance Company was established on 27 November 2000 with a registered capital of RMB12.5 billion. The address of Finance Company is Room 201, 202, Unit 7, Second Floor, Room 301, 302, Unit 7, Third Floor, Building 18, Xizhimenwai Street, Xicheng District, Beijing, the PRC. Finance Company is principally engaged in (domestic and foreign currency services) the provision of financial consultation services, credit appraisal and other related consultation and agency services to members; assistance to members in the collection and payment of transaction amount; authorised insurance agency services; provision of guarantee between members; provision of entrusted loans and entrusted investments between members; provision of bill acceptance and discount services to members; provision of internal fund transfer and settlement services and corresponding settlement planning to members; accepting deposits from members; provision of loans and finance leasing to members; provision of inter-bank lending; authorised issuance of bonds; underwriting of corporate bonds of members; equity investments in financial institutions; investments in negotiable securities; provision of consumption credit, buyers' credit and finance leasing for products of members.

The equity interests of Finance Company held by the Company and subsidiaries controlled by the Company are with good and clear title, free from mortgage, pledge or other transfer restriction, and has not been involved in any litigation, arbitration or subject to seizure, freezing or any other judicial action. Finance Company did not have any asset valuation, capital increase, capital reduction or restructuring in the past 12 months.

### **Major financial indicators of Finance Company**

The major financial indicators of Finance Company for the year of 2020 and 2021 prepared in accordance with the China Accounting Standards for Business Enterprises which were audited by Shinewing Certified Public Accountants LLP, and the major financial indicators of Finance Company for nine months ended 30 September 2022 prepared in accordance with the China Accounting Standards for Business Enterprises which were unaudited, are set out below:

*Unit: RMB million*

<b>Reporting Period</b>	<b>Total assets</b>	<b>Net assets</b>	<b>Revenue</b>	<b>Profit before tax</b>	<b>Net profit after tax</b>
The year of 2020/as at 31 December 2020	105,607	22,471	3,547	1,318	1,020
The year of 2021/as at 31 December 2021	143,734	23,307	2,998	2,770	2,113
Nine months ended 30 September 2022/as at 30 September 2022	191,720	25,051	2,860	2,252	1,747

### **REASONS AND BENEFITS FOR ENTERING INTO THE FINANCE COMPANY CAPITAL INCREASE AGREEMENT AND ITS IMPACT ON THE COMPANY**

In view of the continuous growth of the business scale and credit scale of Finance Company, and the continuous increase in energy supply guarantee loans, it is necessary for Finance Company to increase its capital adequacy ratio to meet its needs to provide more financial services to the Members.

After the completion of the Transaction, the capital adequacy ratio of Finance Company will be increased, and anti-risk ability and operational stability will be further enhanced, which will help it to continue to enhance its capital scale, loan size and profitability and better provide professional and high-quality financial services to the Members. It is beneficial to further increase its investment income of the Company derived from Finance Company.

## **HONG KONG LISTING RULES IMPLICATIONS**

As of the date of this announcement, the Company directly holds 52.72% and 57.76% equity interests in Shuohuang Railway and Zhunge'er Energy, respectively, and indirectly holds 88.16% equity interests in Baoshen Railway. Shuohuang Railway, Zhunge'er Energy and Baoshen Railway are the subsidiaries of the Company, respectively. Finance Company is held as to 60% of equity interest by China Energy, and China Energy holds 69.52% of equity interest of the Company and is the controlling shareholder of the Company. As such, China Energy and Finance Company are connected persons of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. The Transaction constitutes connected transaction of the Company. As one or more of the applicable percentage ratios exceed 0.1%, but all such percentage ratios are less than 5%, the Company is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

## **GENERAL INFORMATION**

The Board has resolved and approved the Transaction on 30 November 2022. Of the Directors attending the board meeting, connected Directors Mr. Jia Jinzhong and Mr. Yang Rongming were considered to have material interests in the Transaction for which they shall be required to abstain from voting by virtue of being employed by China Energy and had thus abstained from voting on the board resolution(s) in respect of the Transaction. Except as stated above, none of the directors have material interests in the Finance Company Increase Agreement and the Transaction for which they shall abstain from voting on the board resolution(s) in respect of the Transaction. The Directors (including independent non-executive Directors) consider that the Finance Company Capital Increase Agreement and the transaction contemplated thereunder are in the ordinary and usual course of business of the Company, on normal commercial terms or better, the agreement and pricing principle is fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

## DEFINITIONS

The following expressions have the following meanings unless the context requires otherwise:

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors denominated in RMB and which are listed on the Shanghai Stock Exchange;
“Baoshen Railway”	China Energy Baoshen Railway Co., Ltd. (國能包神鐵路有限責任公司), formerly known as Shenhua Baoshen Railway Co., Ltd. (神華包神鐵路有限責任公司), a limited liability company incorporated in the PRC, operates as a subsidiary of the Company;
“Board”	the board of Directors;
“Business day”	any day (other than public holiday) on which banks in PRC are generally open for normal banking business;
“Capital Increase” or “the Transaction”	the new registered capital of RMB5,000 million subscribed by China Energy, the Company, Shuohuang Railway, Zhunge’er Energy, Baoshen Railway in cash in the same proportion according to their respective shareholding ratios;
“CBIRC”	China Banking and Insurance Regulatory Commission;
“CBIRC Beijing”	China Banking and Insurance Regulatory Commission Beijing Bureau;
“China Energy”	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), the controlling shareholder of the Company as defined under the Hong Kong Listing Rules;
“Company”	China Shenhua Energy Company Limited (中國神華能源股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;



“Director(s)”	the director(s) of the Company;
“Finance Company”	China Energy Finance Co., Ltd. (國家能源集團財務有限公司), a limited company incorporated in the PRC, formerly known as Shenhua Finance Co., Ltd. (神華財務有限公司);
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Finance Company Capital Increase Agreement”	the Finance Company capital increase agreement entered into among China Energy, the Company, Shuohuang Railway, Zhunge’er Energy, Baoshen Railway and Finance Company on 30 November 2022;
“Member(s)”	enterprises and entities under China Energy, including the Company and its subsidiaries that the Company controls;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shuohuang Railway”	China Energy Shuohuang Railway Development Co., Ltd. (國能朔黃鐵路發展有限責任公司), a limited liability company incorporated in the PRC, operates as a subsidiary of the Company;
“subsidiary(ies)”	has the meaning ascribed to it in the Hong Kong Listing Rules;

“Zhunge’er Energy” Shenhua Zhunge’er Energy Co., Ltd. (神華准格爾能源有限公司), a limited liability company incorporated in the PRC, operates as a subsidiary of the Company;

“%” percentage.

By order of the Board  
**China Shenhua Energy Company Limited**  
**Huang Qing**  
*Secretary to the Board of Directors*

Beijing, November 30, 2022

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