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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 THE FINANCE COMPANY CAPITAL INCREASE AGREEMENT

CAPITAL INCREASE

On 19 December 2025, the Board considered and approved the proposed Capital Increase. The Company proposes to enter into the Finance Company Capital Increase Agreement with China Energy and the Finance Company, pursuant to which the Finance Company will increase its registered capital by RMB15 billion, to be subscribed for in cash by China Energy and the Company in proportion to their respective shareholding ratios, with China Energy and the Company subscribing for RMB9 billion and RMB6 billion, respectively, all of which will be credited to the registered capital of the Finance Company.

HONG KONG LISTING RULES IMPLICATIONS

As of the date of this announcement, China Energy is the controlling shareholder of the Company. As such, China Energy and the Finance Company are connected persons of the Company pursuant to the Hong Kong Listing Rules. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Capital Increase constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios for the Capital Increase 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 Hong Kong Listing Rules.

Shareholders of the Company and potential investors are advised that the Finance Company Capital Increase Agreement has yet to be entered into by China Energy, the Company and the Finance Company. The Company will publish a further announcement upon the signing of the Finance Company Capital Increase Agreement.

BACKGROUND

On 19 December 2025, the Board considered and approved the proposed Capital Increase. The Company proposes to enter into the Finance Company Capital Increase Agreement with China Energy and the Finance Company, pursuant to which the Finance Company will increase its registered capital by RMB15 billion, to be subscribed for in cash by China Energy and the Company in proportion to their respective shareholding ratios, with China Energy and the Company subscribing for RMB9 billion and RMB6 billion, respectively, all of which will be credited to the registered capital of the Finance Company.

PRINCIPAL TERMS OF THE FINANCE COMPANY CAPITAL INCREASE AGREEMENT

Parties

China Energy

The Company

Finance Company

Capital Increase

The Finance Company will increase its registered capital by RMB15 billion, which will be subscribed for in cash by China Energy and the Company in proportion to their respective shareholding ratios, with China Energy and the Company subscribing for RMB9 billion and RMB6 billion, respectively, all of which will be credited to the registered capital of the Finance Company.

The price of the Capital Increase is RMB1 per unit of registered capital. The total amount of the Capital Increase was determined by the contracting parties after arm's length negotiations with reference to the funding needs of the Finance Company.

Following completion of the Capital Increase, the registered capital of the Finance Company will be increased from RMB17.5 billion to RMB32.5 billion, and the shareholding percentages of all shareholders will remain unchanged:

Unit: RMB million

Name of Shareholder	Before the Capital Increase		After the Capital Increase	
	Capital Contribution	Shareholding Percentage	Capital Contribution	Shareholding Percentage
China Energy	10,500	60%	19,500	60%
The Company	7,000	40%	13,000	40%
Total	17,500	100%	32,500	100%

Payment of the capital contribution

China Energy and the Company shall, within thirty business days after the Finance Company Capital Increase Agreement becomes effective, pay the capital contribution for the Capital Increase in full in cash into the bank account designated by the Finance Company. The Finance Company shall, within three business days after receipt of all capital contributions, engage a qualified accounting firm to conduct a capital verification in respect of the newly increased registered capital and issue a capital verification report.

From the effective date of the Finance Company Capital Increase Agreement and prior to the approval of the Capital Increase by the national financial regulatory authority, the Finance Company shall not withdraw or utilise the capital contributions paid for the Capital Increase. Otherwise, any shareholder shall be entitled to unilaterally terminate the Finance Company Capital Increase Agreement, and the Finance Company shall, within three business days after receipt of the notice of termination, refund the capital contributions already paid and pay a fund occupation fee calculated at four times the one-year Loan Prime Rate (LPR).

If the Capital Increase is not approved by the national financial regulatory authority, the Finance Company Capital Increase Agreement shall automatically terminate, and the Finance Company shall refund the capital contributions already paid by each shareholder together with interest calculated at the prevailing demand deposit interest rate for the same period. The specific refund arrangements shall be determined by the parties to the agreement through consultation at that time.

Conditions precedent

The Finance Company Capital Increase Agreement shall be established on the date on which it is executed by the legal representative or authorised representative of each of the parties and affixed with the corporate chop or contract chop, and shall take effect upon the satisfaction of all the following conditions precedent:

1. the Capital Increase having been considered and approved by the shareholders' meeting of the Finance Company; and
2. the Capital Increase having been obtained the approval of the competent state-owned supervisory authority or state-invested enterprises.

Liabilities for breach of contract

If any party to the Finance Company Capital Increase Agreement breaches any of its representations, warranties or undertakings, makes any misstatements, or fails to perform any of its responsibilities or obligations under the Finance Company Capital Increase Agreement, such party shall constitute a default. The defaulting party shall, upon request of the non-defaulting party, continue to perform its obligations, take remedial measures, or provide the non-defaulting party with full, prompt, adequate and effective compensation. Where the Finance Company Capital Increase Agreement fails to become effective for reasons not attributable to the fault of any party to the Finance Company Capital Increase Agreement or the Capital Increase fails to obtain approval from the national financial regulatory authority, none of the parties shall bear any liability for breach of contract in respect thereof.

INFORMATION OF FINANCE COMPANY

Basic information of Finance Company

The Finance Company was established on 27 November 2000 with a current registered capital of RMB17.5 billion. The address of the 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 business scope includes: Licensed projects: Enterprise group financial company services (items subject to approval according to law; business activities can only be carried out after approval by relevant departments, and the specific business items shall be subject to the approval documents or licenses of relevant departments).

The equity interests of Finance 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.

Major financial indicators of Finance Company

The unaudited major financial indicators of Finance Company for the nine months ended 30 September 2025 and the audited major financial indicators of Finance Company for the year of 2023 and 2024 prepared in accordance with the China Accounting Standards for Business Enterprises, are set out below:

Unit: RMB million

	As at 30 September 2025 (Unaudited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)
Total assets	298,446	291,035	275,585
Total liabilities	258,423	253,682	242,369
Total owners' equity	40,023	37,354	33,216
Gearing ratio	86.6%	87.2%	87.9%
	For the nine months ended 30 September 2025 (Unaudited)	For the year ended 31 December 2024 (Audited)	For the year ended 31 December 2023 (Audited)
Revenue	3,272	4,964	4,670
Profit before tax	3,833	4,485	3,775
Profit after tax	2,949	3,500	2,930

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

The Finance Company has a long-term stable business partnership with the Group in aspects such as deposits and loans, settlements, and bills, which enables it to deeply understand the Group's financial needs and operation conditions, and provide unique, timely and comprehensive financial services to satisfy the Group's changes in financial services needs. This helps the Group achieve good cash flow management and improve the efficiency of capital utilization. The Finance Company is able to provide high-quality financial services and possesses relatively good risk resistance capabilities, which is of great significance to the Group's treasury management. In response to the business development needs of the Finance Company, the Capital Increase will further improve the capital adequacy ratio of the Finance Company, strengthen the capital base and the risk-resilience capabilities of the Finance Company, and facilitate the expansion of its business scale, thereby effectively enhancing the Group's financing capacity with the Finance Company. As one of the shareholders, the Company will also derive greater investment returns from the enhancement of the Finance Company's industry position and competitiveness.

HONG KONG LISTING RULES IMPLICATIONS

As of the date of this announcement, China Energy is the controlling shareholder of the Company. As such, China Energy and the Finance Company are connected persons of the Company pursuant to the Hong Kong Listing Rules. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Capital Increase constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios for the Capital Increase 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 Hong Kong Listing Rules.

APPROVAL OF THE BOARD

The Board has resolved and approved the Capital Increase on 19 December 2025. Among the Directors attending the board meeting, connected Directors Mr. Kang Fengwei and Mr. Li Xinhua were considered to have material interests in the Transaction for which they shall be required to abstain from voting by virtue of their employment with China Energy and therefore abstained from voting on the board resolution(s) in respect of the Capital Increase. Save as stated above, none of the Directors have material interests in the Finance Company Capital Increase Agreement and the Capital Increase for which they shall abstain from voting on the board resolution(s).

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 are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

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 related chemical processing businesses. As at the date of this announcement, China Energy directly and indirectly held 13,824,302,724 A shares of the Company, accounting for 69.5789% of the total issued shares of the Company.

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

Shareholders of the Company and potential investors are advised that the Finance Company Capital Increase Agreement has yet to be entered into by China Energy, the Company and the Finance Company. The Company will publish a further announcement upon the signing of the Finance Company Capital Increase Agreement.

DEFINITIONS

“Board”	the board of Directors of the Company;
“Business day”	any day (other than public holiday) on which banks in PRC are generally open for normal banking business;
“Capital Increase”	pursuant to the Finance Company Capital Increase Agreement, the proposed subscription in cash by China Energy and the Company, in proportion to their respective shareholding ratios, for the increase of the registered capital of the Finance Company by RMB15 billion;
“China Energy”	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司);
“Company”	China Shenhua Energy Company Limited (中國神華能源股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the H Shares of which are listed on The Stock Exchange of Hong Kong Limited and the A Shares of which are listed on the Shanghai Stock Exchange;
“Group”	The Company and its subsidiaries;
“connected person(s)”	has the meaning ascribed to it in the Hong Kong 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);
“Finance Company Capital Increase Agreement”	the capital increase agreement proposed to be entered into by the Company with China Energy and the Finance Company in relation to the Capital Increase;
“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;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“subsidiary(ies)”	has the meaning ascribed to it in the Hong Kong Listing Rules;
“%”	Percentage.

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

Beijing, 19 December 2025

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