



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

(Stock Code: 1088.HK)

**2016 Annual Results Announcement**  
**Promoting Clean Energy Development Strategy, Continued to**  
**Adjust Industrial Layout**

**FINANCIAL HIGHLIGHTS**

- Revenue of the Group in 2016 were RMB183,127 million, representing an increase of RMB6,058 million or 3.4% over 2015.
- Profit for the year attributable to equity holders of the Company in 2016 was RMB24,910 million, representing an increase of RMB7,261 million or 41.1% over 2015.
- Basic earnings per share was RMB1.252.
- The Board recommend the payment of: (1) a final dividend in cash of RMB0.46 per share or RMB9,149 million for the year of 2016; and (2) a special dividend in cash of RMB2.51 per share or RMB49,923 million.

(17 March 2017, Hong Kong) The Board of Directors (the “Board”) of China Shenhua Energy Company Limited (“China Shenhua” or the “Company”, Stock Code: 01088) is pleased to announce the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016 (the “Reporting Period”).

In 2016, the national economy has been steady amidst slowdown trend and improved smoothly. The supply-side reform of the coal industry was proactively promoted and preliminary outcome was seen in the progress of resolving excess production capacities. Affected by dual influence of market and policy on adjusting production volume, there was improvement in the severe imbalance between the demand for and supply of coal while the market price has considerably rebounded, resulting in a better operating situation of coal enterprises. The power consumption of the whole society grew at a faster pace as compared with the previous year, however, thermal power enterprises were under increasing pressure in their operations due to the relative overcapacity of thermal power supply and rising cost of power generation.

Facing fluctuating market trend, based on the clean energy development strategy, the staff at all levels of China Shenhua have worked together to spare no efforts in structural optimisation, market expansion and cost control, thereby achieving good operating results. In 2016, the Company recorded operating revenue of RMB183,127 million, profit for the year of RMB31,970 million, profit for the year attributable to equity holders of the Company of RMB24,910 million and basic earnings per share of RMB1.252, representing a year-on-year increase of 3.4%, 28.1%, 41.1% and 41.1%, respectively.

As at 31 December 2016, the total market capitalisation of China Shenhua reached US\$44.9 billion, ranking the first among all listed coal companies worldwide and the fourth among all listed integrated mining companies globally. It was also awarded the CCTV Top 10 Listed Companies in China for 2016. International credit rating agencies, including Moody's and Fitch, maintained the sovereign rating of the international credit rating of China Shenhua.

## **2016: SEIZING MARKET OPPORTUNITIES, OPTIMISING OPERATION UNITS AND CREATING FAVORABLE OPERATING RESULTS**

The Company strived to achieve clean production, clean transformation and clean utilisation of coal with efforts in promoting the clean development of conventional energy. It continued to adjust industrial layout and develop new characteristics of the business structure according to market changes. In accordance with the International Financial Reporting Standards, before elimination on consolidation, the Company realised a profit from operations of RMB17,017 million from the coal business, RMB17,568 million from the transportation business and RMB11,689 million from the power business for the year, representing 36%, 38% and 25% of the total profit from operations, respectively. The effective operation of the three business segments improves the overall competitiveness and adaptability of the Company to changes of market trend.

### **Coal Segment**

The Company arranged production in a reasonable manner in accordance with the industry policy and the changes in relationship between supply and demand in the markets. It organized its production orderly in compliance with laws and regulations in response to the changes in policies on production capacities. The production volume of commercial coal reached 289.8 million tonnes for the year, representing a year-on-year increase of 3.2%. The Company seized the opportunities brought by changes in coal market, timely adjusted the price and strategy of coal sale and strengthened the expansion of new markets including “the movement towards the shipping route from the northern sea to the Yangtze River” and transit bases, in order to elevate the market shares. It focused on raising the sales volume of the seaborne coal with the highest unit gross profit margin and enhanced the organisation of coal procured externally, in turn maximising the sales efficiency. The sales volume of coal reached 394.9 million for the year, representing a year-on-year increase of 6.6%, of which seaborne coal reached 226.4 million tonnes, representing a year-on-year increase of 11.1%.

### **Power Segment**

The Company continued to strengthen the management of the reliability of the power generators and strived for a higher amount of power generation to ensure the stability of the power business. The gross power generation reached 236.04 billion kWh while the total power output dispatch reached 220.57 billion kWh, representing a year-on-year increase of 4.5% and 4.8%, respectively. Against the backdrop of overall slowdown in the national thermal power market, the Company actively addressed to the power market reform, established regional power output dispatch companies and actively participated in the market competition of direct power purchase by large power users to maintain its market share. The average utilisation hours of coal-fired power generators were 4,428 hours, surpassing the national average utilisation hours of thermal power generators by 263 hours.

## **Transportation Segment**

The Company proactively addressed to the fluctuation of the coal market, allocated the transportation resources in a scientific manner, and enhanced the management over the integration between the upstream and downstream industries, so as to improve service quality and ensure the efficient synergy of the integration.

## **Coal Chemical Segment**

The Company continued to optimise the production plan, heighten the production efficiency and actively develop sales channels in order to achieve the operational stability. The sales volume of coal-to-olefins products reached 574.7 thousand tonnes for the year.

## **2017: OPTIMISING OPERATION AND ORGANISATION, IMPROVING QUALITY WHILE ENHANCING EFFICIENCY COMPREHENSIVELY AND ACCELERATING THE PROMOTION OF CLEAN AND EFFICIENT DEVELOPMENT**

China Shenhua will firmly adopt the clean energy development strategy as the leading strategy to further leverage core competitiveness of the integrated operation, enhance the coordination and organisation of coal production, transportation and marketing, strictly control the increase in costs and endeavour to achieve the operating targets. Key emphasis will be placed on the following aspects:

### **Coordinating the production, transportation and marketing to further improving the operational efficiency.**

Firstly, the Company will proactively implement the policy of excess capacity elimination, optimise the production units and raise the production volume of the type of coal with good quality and high economic efficiency based on the relationship between supply and demand. It will strive to secure the fulfilment of contract coal based on the market environment, support the relative stability of coal price, endeavour to raise the sales volume of seaborne coal with the greatest cost-efficiency and increase its efforts to promote e-commerce sale, in a bid to increase the market share and ensure the sales revenue. Secondly, on the basis of strengthening the refined management of power plants, the Company will actively promote the business of direct power purchase by large internal and external power users and keep promoting the establishment of a marketing system which is in line with the market practice, which strive to raise power output dispatch volume and the higher average level of utilisation hours of generators than those of the same type of generators in the same regions. Thirdly, on the basis of maintaining the cooperation with the existing key customers in macroscopic logistics business. The Company will seek potential quality customers featured by reverse transportation, bulk cargoes, long distance and mass transportation volume to further improve its economic benefits.

### **Accelerating the implementation of clean energy development strategy.**

Firstly, the Company will continue to increase its efforts in coal quality management, endeavour to develop clean coal products and expand the regions by where clean coal will be replaced. It will continue to promote the construction of smart and green digital mines, and push forward the technological reform for a safe, green, efficient and environmental-friendly mine industry. Secondly, the Company will further accelerate the “ultra-low emission” renovation of coal-fired generators and strive to achieve “ultra-low emission” of all coal-fired generators in the eastern and central regions. The Company plans to complete the “ultra-low emission” renovation of 12

3

coal-fired generators with the total capacity of approximately 7,820 MW to build a “green” model in coal-fired power industry. Thirdly, it promotes the development of the logistic industry under the “Internet+” logistics model, thus providing the society with green, convenient and economical transportation channels.

**Optimising the asset structure and enhancing efficiency while increasing quality on an on-going basis.**

Firstly, the Company makes full use of existing resources to improve its profitability. It will continue to devote its efforts to controlling costs and strive to achieve a continuous year-on-year decrease in the unit production cost of self-produced coal and the controllable costs of other business segments remain constant as compared to last year. The Company will further vitalise its assets to improve asset operational efficiency. Secondly, it will strengthen the planning and management of capital expenditure and strictly control project investment for sustainable development. The Company will optimise the risk assessment for project commencement and the tracking and evaluation mechanism for economic benefits of key projects to further the risk control and management level of investment projects. According to the investment return analysis on the total life cycle of projects, it will properly arrange the construction schedule of projects to ensure the construction progress of quality projects. The Company will proactively promote the project construction including the renovation of the 300 million tonne expansion capacity project of Shenshuo Railway and the construction of Huangda Railway. The coal-fired power projects of Sumsel-1 Coal Power (2×300MW) and Jawa-7 Coal Power (2×1,000MW) in Indonesia will proceed in an orderly manner.

**Focusing on safety and environmental protection and technological innovation to strengthen the ability of sustainable development.**

The Company strengthen the accountability for safety production with a focus on implementing the safety overhaul and devoting more efforts to checks and rectification of hidden safety hazards, striving to remain “zero fatality” in its safety production. It will continuously optimise assessment and accountability mechanisms and on-line monitoring platform of environmental safety, improve the work in energy conservation and environmental protection in the whole industrial chain to prevent incidents relating to environmental protection from happening. The Company will increase its investments in scientific research and leverage the technological innovation to grasp the core technologies with their own intellectual property rights, in order to accelerate the industrialization of the technology innovation outcome.

In 2017, China Shenhua will work pragmatically with steady confidence. It will facilitate the in integration of various businesses and realise a healthy and sustainable development in order to create greater value for investors.

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### **About China Shenhua Energy Company Limited**

China Shenhua Energy Company Limited was established by Shenhua Group Company Limited as the sole promotor in Beijing in November 2004. China Shenhua was listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange in June 2005 and October 2007, respectively.

The Group is principally engaged in the production and sale of coal and electricity, railway, port and shipping transportation, and coal-based chemical processing businesses. The integration of coal, power, railway, port, shipping and coal chemical into one unified operation chain is the Group's unique operation and profitability model. The Group's development strategy is the "transforming into a world first-class supplier of clean energy". In terms of sales, the Group is the largest listed coal company in China and globally with the sales volume of coal reaching 394.9 million tonnes in 2016. In terms of installed capacity of power generators, the Group holds a leading position among the listed electricity companies in China with the installed capacity of its controlled and total installed capacity of power generation of the Group reached 56,288MW by the end of 2016.

This press release is distributed by Wonderful Sky Financial Group Company Limited for China Shenhua Energy Company Limited.

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