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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)**

**ANNOUNCEMENT**

**PROPOSED DISTRIBUTION OF SPECIAL DIVIDEND**

This announcement is made pursuant to Rule 13.09(2) and Rule 13.43 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

**1. OVERVIEW**

On 17 March 2017, China Shenhua Energy Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) held the 24th meeting of the third session of its Board of Directors (the “**Board**”), at which the Proposal for the Distribution of Special Dividend by the Company was passed. It is proposed that a special dividend in cash of RMB2.51 per share (inclusive of tax), approximately RMB49,923 million (inclusive of tax) in total (the “**Special Dividend**”) will be distributed.

The Proposal for the Distribution of Special Dividend is subject to the approval at the 2016 annual general meeting of the Company.

## **2. PROPOSAL AND EXPLANATION OF CASH DIVIDEND DISTRIBUTION**

Based on the number of total shares of 19,889,620,455, the Board proposes to distribute in cash the Special Dividend of RMB2.51 per share (inclusive of tax), approximately RMB49,923 million (inclusive of tax) in total, representing 47.5% of the undistributed profit of the Company (parent company) as of 31 December 2015 under the PRC Accounting Standards for Business Enterprises that amounted to RMB104,992 million, and 32.4% of the undistributed profit of the Company (parent company) as of 31 December 2016 under the PRC Accounting Standards for Business Enterprises that amounted to RMB153,846 million (before deducting 2016 final dividend distribution of approximately RMB9,149 million).

The Board considers that the debt to assets ratio of the Company is comparably low in the industry. During recent years, the capital expenditure of the Company has been relatively decreased compared with the previous years, and in the near future, the operation cash inflow of the Company will be positive. Without prejudice to the healthy and sustained development of the Company, the Board proposes the above proposal for cash dividend distribution to offer a better return for investors. The above proposal is in compliance with the guiding opinions of the China Securities Regulatory Commission on encouraging listed companies to pay cash dividends.

The Company has done estimates which indicate that the Company's savings and cash inflow from operations can safeguard the Company's ability to provide funds for the cash dividend distribution contemplated under the proposals and that such distribution would not have any material adverse effect on the financial position of the Company. Upon completion of the distribution, the Group is expected to continue to generate stable cash flow for its normal operations and sustainable development.

The Company's future annual dividend distributions will be implemented in accordance with the Articles of Association of the Company.

### **3. RECORD DATE AND PAYMENT SCHEDULE**

On 17 March 2017, based on the number of total shares of 19,889,620,455, the Board also proposes a final dividend distribution in cash of RMB0.46 per share (inclusive of tax), approximately RMB9,149 million (inclusive of tax) in total for 2016 (the “**2016 Final Dividend**”). The proposal is subject to the approval at the 2016 annual general meeting of the Company.

The 2016 Final Dividend and the Special Dividend will be distributed together. For the payment arrangement, please refer to the 2016 annual results announcement published on the same day.

### **4. INDEPENDENT DIRECTORS’ OPINIONS**

All the directors (including the independent directors) of the Company approve the Proposal for the Distribution of Special Dividend by the Company and confirm that, from the perspective of the Company, the Proposal for the Distribution of Special Dividend by the Company: (1) complies with the provisions of applicable laws and regulations and the Articles of Association of the Company; (2) has no impact on the normal operations and sustainable development of the Company; and (3) is in the interests of the Company’s shareholders as a whole.

### **5. RISK WARNING**

The 2016 Final Dividend and the Special Dividend are subject to approval at the 2016 annual general meeting of the Company. In the event of any material change of the date of payment of the H share dividends due to objective factors, the Company will make an announcement in a timely manner in accordance with the regulatory rules. Investors should be aware of the investment risks.

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

Beijing, 17 March 2017

*As at the date of this announcement, the Board comprises the following: Dr. Zhang Yuzhuo, Dr. Ling Wen, Dr. Han Jianguo and Dr. Li Dong as executive directors, Mr. Chen Hongsheng and Mr. Zhao Jibin as non-executive directors, and Ms. Fan Hsu Lai Tai, Mr. Gong Huazhang and Mr. Guo Peizhang as independent non-executive directors.*