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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)**

**NOTIFIABLE TRANSACTION  
CONNECTED TRANSACTION**

**ENTERING INTO JOINT VENTURE FRAMEWORK AGREEMENT**

**Financial Adviser to the Company**



The Board is pleased to announce that, on 28 August 2017, the Company and GD Power entered into the Joint Venture Framework Agreement.

Pursuant to the Joint Venture Framework Agreement, the Company and GD Power intend to establish a joint venture company. The Company proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by the Company, and GD Power proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by GD Power. After the completion of the transaction, GD Power will control the Joint Venture Company.

As at the date hereof, Shenhua Group Co holds 73.06% interest in the Company, and is the controlling shareholder of the Company. As approved by *the Notice regarding the Reorganization of China Guodian Corporation and Shenhua Group Corporation Limited* (Guo Zi Fa Gai Ge [2017] No. 146) issued by SASAC, Shenhua Group Co and Guodian Group will be reorganized. Shenhua Group will change its company name to China Energy Investment Corporation Limited, a tentative name subject to the industrial and commercial registration. China Energy Group will be the parent company after the reorganization, and merge with Guodian Group by way of merger by absorption of Guodian Group. After the completion of the Merger of the Group Companies, GD Power will become a subsidiary of China Energy Group. As such, GD Power is a connected person of the Company under the Hong Kong Listing Rules, and the Joint Venture Framework Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. It is expected that one or more of the applicable percentage ratios in respect of the transaction will exceed 5%, therefore, the Company shall comply with reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

As details of the transaction have not been finalized, the type of notifiable transaction could not be confirmed. The Company will comply with requirements under Chapter 14 of the Hong Kong Listing Rules when relevant details are finalized.

Pending the issuance of auditors' reports and valuation reports, this transaction is subject to be further approved by the Board and the board of directors of GD Power. The Company will seek approval from the Independent Shareholders for the Joint Venture Framework Agreement and the transaction contemplated thereunder at a general meeting to be convened. According to the Hong Kong Listing Rules, Shenhua Group Co and its respective associates shall abstain from voting in respect of relevant resolutions.

The Company and the Independent Board Committee have reviewed the Joint Venture Framework Agreement and transaction contemplated thereunder. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and Independent Shareholders in accordance with the Hong Kong Listing Rules.

A circular containing, among other things, further details regarding the transaction contemplated under the Joint Venture Framework Agreement, a letter from the Independent Board Committee and an opinion of the independent financial adviser will be dispatched to the Shareholders. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company expects that the circular will be dispatched to the Shareholders on or before 15 November 2017.

## **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.

Shenhua Group Co and its subsidiaries are principally engaged in the coal liquefaction, coal based chemical processing business, coal production and power generation business as well as investment and finance activities. Shenhua Group Co is the controlling shareholder of the Company. As at the date of this announcement, Shenhua Group Co holds 73.06% equity interest in the Company.

GD Power is principally engaged in the generation and sale of electricity and heating. In the year 2014, 2015 and 2016, the controlled installed capacity of GD Power was 40.836 million kW, 46.3035 million kW and 50.8815 million kW, respectively, and the accumulated power generation by the wholly-owned and controlling electricity companies of GD Power was 179.022 billion kWh, 168.657 billion kWh and 196.885 billion kWh. As at 30 June 2017, the controlled installed capacity of GD Power was 52.4594 million kW, including coal-fired power installed capacity of 33.7475 million kW, hydropower installed capacity of 13.1468 million kW, wind power installed capacity of 5.3531 million kW and solar power installed capacity of 212,000 kW. As at 31 December 2016, the audited total assets of GD Power was RMB271,266.95 million, the equity attributable to equity holders was RMB52,020.42 million. In 2016, the revenue was RMB58,416.05 million, and net profit attributable to the parent was RMB4,727.28 million. As at 30 June 2017, the unaudited total assets of GD Power was RMB274,619.21 million, equity attributable to equity holders was RMB 51,630.63 million. For the six months ended on 30 June 2017, the unaudited revenue was 28,743.87 million, and net profit attributable to the parent was RMB 1,772.53 million. As the date hereof, the controlling shareholder of GD Power is Guodian Group, and Guodian Group directly and indirectly holds 46.09% equity of GD Power. The ultimate controller of GD Power is SASAC. The shares of GD Power are listed on the Shanghai Stock Exchange.

The Company and GD Power intend to establish a joint venture company. The Company proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by the Company, and GD Power proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by GD Power. After the completion of the transaction, GD Power will control the Joint Venture Company.

## **JOINT VENTURE FRAMEWORK AGREEMENT**

On 28 August 2017, the Company and GD Power entered into the Joint Venture Framework Agreement.

The Company and GD Power intend to establish a joint venture company. The Company proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by the Company, and GD Power proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by GD Power. After the completion of the transaction, GD Power will control the Joint Venture Company.

The valuation of the Subject Assets has not been completed. According to the results estimated by CEA, which holds the qualification to provide valuation service for securities and futures business, on 30 June 2017 as the valuation reference date, the book value of the net assets and the estimated value of the net assets of the Shenhua Contributed Assets are totalled to RMB25,263.21 million and RMB29,273.93 million respectively. The estimated appreciated value is RMB4,010.73 million and the estimated appreciation rate is 15.88%. The book value of the net assets and the estimated value of the net assets of the GD Contributed Assets are totalled to RMB29,148.74 million and RMB37,372.78 million respectively. The estimated appreciated value is RMB8,224.05 million and the estimated appreciation rate is 28.21%. The actual transaction amount shall be determined by the parties through negotiation based on the valuation results of the Subject Assets filed with competent authorities.

The major clauses of the Joint Venture Framework Agreement are set out below:

### **Date**

28 August 2017

### **Parties**

The Company

GD Power

### **Joint venture proposal**

The Company and GD Power intend to establish a joint venture company. The Company proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by the Company, and GD Power proposes to contribute the equities and assets of the relevant coal-fired power generation companies directly and indirectly held by GD Power.

After the completion of the transaction, GD Power will control the Joint Venture Company. The shareholding percentage of the Joint Venture Company will be determined by the parties through negotiations taking into account the valuation of the Subject Assets. The valuation of the Subject Assets is those filed with competent authorities. The registered capital of the Joint Venture Company will be determined by the parties through negotiations taking into account the final valuation of the Subject Assets filed with competent authorities.

### **Corporate governance of the Joint Venture Company**

The Joint Venture Company will set up the board of shareholders, the board of directors and the supervisory committee, and the board of shareholders shall be the highest authority of the Joint Venture Company. The corporate governance matters such as authority, composition and voting procedure of the board of shareholders, the board of directors and the supervisory committee shall be determined by the parties through negotiations.

### **Transition period**

1. Apart from the matters that have obtained the prior written consent of or known to the parties on the date of the Joint Venture Framework Agreement, during the transition period all aspects of the coal-fired power generation companies involved in the Subject Assets shall remain stable without significant adverse changes.
2. The parties agree that during the transition period, they shall perform the obligation of properly managing the Subject Assets and ensure that no circumstance exists to impede the transfer of the title of any of the Subject Assets; they will reasonably and cautiously operate and manage the Subject Assets and will not engage in abnormal activities which may cause any impairment of the value of the Subject Assets.
3. The arrangement regarding the loss and profit during the transition period will be determined by the parties through negotiations.

### **Condition precedent to the effectiveness of the contract**

The Joint Venture Framework Agreement shall be formulated from the date on which the legal representative or authorized representative of the parties affix their signatures and common seals of their companies, and will become effective upon satisfaction of all of the following conditions:

1. The transaction is considered and approved by the board of directors and the general meeting of GD Power;
2. The transaction is considered and approved by the board of directors and the general meeting of the Company;

3. The approvals from competent authorities for this transaction are obtained;
4. The valuation reports of the Subject Assets are filed with competent authorities.

### **Liabilities for breach of contract**

1. If a party to the Joint Venture Framework Agreement breaches any of its representations, warranties, undertakings, makes any misstatements, or fails to perform any of its responsibilities or obligations under the Joint Venture Framework Agreement, the party commits a breach of the agreement. The defaulting party shall, at the request of the other party, continue to perform its obligations or take measures to remedy the breach or give full, prompt, adequate and effective damages.
2. Where the Joint Venture Framework Agreement fails to become effective or to be completed for reasons not attributable to the parties, none of the parties shall be liable for breach of contract.

### **Dispute resolution**

Any dispute between the parties in relation to the context or the execution of the Joint Venture Framework Agreement shall be settled first through negotiations. If the dispute fails to be resolved within 60 days after it arises, either party shall have the right to submit the dispute to the China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with the prevailing effective arbitration rules. The arbitral award is conclusive and binding on both parties.

The terms of the Joint Venture Framework Agreement were arrived after arm's length negotiation between the parties.

## **INFORMATION OF THE SHENHUA CONTRIBUTED ASSETS**

### **Basic information of the Shenhua Contributed Assets**

No.	Company	Shareholding percentage	Date of establishment	Registered capital (RMB0'000)	Address	Principal activities in recent three years
1	Guohua Taicang Power Co., Ltd.	50%	2005.1.26	200,000	No.1 Taicang Port Power Plant Road, Taicang City	Generation and sale of electricity
2	Jiangsu Guohua Chenjiagang Power Co., Ltd.	55%	2007.11.16	133,574	No. 188 Huanghai Avenue, Chenjiagang Town, Xiangshui County	Generation and sale of electricity
3	Guohua Xuzhou Power Generation Co., Ltd.	100%	2004.3.30	179,043	Northern suburb of Xuzhou	Generation and sale of electricity

No.	Company	Shareholding percentage	Date of establishment	Registered capital (RMB0'000)	Address	Principal activities in recent three years
4	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	80%	2008.9.12	92,223	Baorixile Town, Chenbaerhu Banner, Hulunbeier City, Inner Mongolia Autonomous Region	Generation and sale of electricity and heating
5	Ningxia Guohua Ningdong Power Generation Co., Ltd.	100%	2009.2.2	54,000	Hanjiagou, Majiatan Town, Lingwu City, Ningxia	Generation and sale of electricity and heating
6	Shenhua Guohua Ningdong Power Generation Co., Ltd.	56.77%	2016.9.1	40,000	Corporate Headquarter, Ningdong Town, Ningxia	Investment, construction, operation and management of electricity project
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	60%	2002.7.25	325,478.24	No. 155 Miduqiao Road, Hangzhou City (27/F of New Century Mansion, Zhejiang)	Generation and sale of electricity
8	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.	51%	1996.7.16	75,542.402	Waishanzui, Baiquan Town, Dinghai District, Zhoushan City	Generation and sale of electricity
9	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	80%	2003.12.15	47,500	No.588 Fengshan West Road, Yuyao	Generation and sale of electricity
10	Shenhua Guohua International Power Co., Ltd.	70%	2001.1.22	400,996.5366	No.3, Liyuanli, Chaoyang District, Beijing	Generation and sale of electricity and heating
11	Shenwan Energy Co., Ltd	51%	2011.7.8	469,649.745	No.8 Ma'anshan Road, Baohe District, Hefei, Anhui	Generation and sale of electricity
12	Baode Shendong Power Generation Co., Ltd. <sup>Note1</sup>	91.3%	2004.5.19	23,000	Xialiuqi Village, Qiaotou Twon, Baode County	Generation and sale of electricity
13	Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	80%	2014.3.13	64,000	Gaomao Village west, Louziying Town, Hequ County, Xinzhou City (within the yard of former Aoda Power Company)	Generation and sale of electricity
14	Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd.	100%	2013.12.5	3,000	Wucaiwan Area, Xinjiang Zhudong Economic and Technological Development Zone, Jimusaer County, Changji Prefecture, Xinjiang	Generation and sale of electricity
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant	-	2009.12.3	-	Xiao'aodui Village, Salaqi Town, Tuyou Banner, Baotou City, Inner Mongolia Autonomous Region	Generation and sale of electricity

No.	Company	Shareholding percentage	Date of establishment	Registered capital (RMB0'000)	Address	Principal activities in recent three years
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant	-	2009.7.24	-	Shangwan Thermal Power Plant, Wulanmulun Town, Yi Banner, Erdos City, Inner Mongolia Autonomous Region	Generation and sale of electricity and heating
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant	-	2008.8.26	-	North of Shengli West Road, Gumudi West Road Subdistrict Office, Midong District, Urumqi, Xinjiang	Generation and sale of electricity and heating
18	Zhengjiang Zheneng Jiahua Power Generation Co., Ltd.	20%	2001.7.9	342,219	Room 1401, 1501 and 1601, No.85, Jiefang Road, Hangzhou City	Generation and sale of electricity

*Note 1:* Shenhua Group Shenfu Dongsheng Coal Co., Ltd., a wholly-owned subsidiary of the Company, transferred 91.3% equity interest in Baode Shendong Power Generation Co., Ltd. to Shenhua Shendong Power Co., Ltd.. The industrial and commercial registration for the equity transfer is in progress.

The Shenhua Contributed Assets are with good and clear title, free from mortgage, pledge or other rights of third party. None of the Shenhua Contributed Assets has been involved in any litigation, arbitration or subject to seizure, freezing or any other judicial action which has significant impacts on the transaction.

For any equity contribution in the Shenhua Contributed Assets which requires the waiver of right of first refusal, the Company will further communicate with those shareholders on the waiver of right of first refusal based on the specific transaction scheme and actual circumstances.



## Preliminary valuation of the Shenhua Contributed Assets

CEA used both asset-based approach and income approach to make preliminary valuation of the Subject Assets, and finally chose asset-based approach as the basis for valuation of the Subject Assets. According to the preliminary valuation results prepared by CEA on 30 June 2017 as the valuation reference date, the preliminary valuations of the Shenhua Contributed Assets are set out as below:

*Unit: RMB0'000*

No.	Contributed assets	Book value of the net assets A	Estimated value B	Estimated appreciated value C = B - A	Estimated appreciation rate D = C/A x 100%
1	50% equity in Guohua Taicang Power Co., Ltd.	137,073.61	123,736.13	-13,337.48	-9.73%
2	55% equity in Jiangsu Guohua Chenjiagang Power Co., Ltd.	91,348.17	28,460.23	-62,887.94	-68.84%
3	100% equity in Guohua Xuzhou Power Generation Co., Ltd.	251,050.98	275,959.97	24,908.99	9.92%
4	80% equity in Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	87,221.43	74,646.74	-12,574.69	-14.42%
5	100% equity in Ningxia Guohua Ningdong Power Generation Co., Ltd.	32,183.08	33,853.86	1,670.78	5.19%
6	56.77% equity in Shenhua Guohua Ningdong Power Generation Co., Ltd.	21,743.88	29,716.64	7,972.77	36.67%
7	60% equity in Zhejiang Guohua Zheneng Power Generation Co., Ltd.	352,710.31	353,728.27	1,017.97	0.29%
8	51% equity in Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.	49,842.41	77,289.97	27,447.56	55.07%
9	80% equity in Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	4,490.60	28,038.82	23,548.22	524.39%
10	70% equity in Shenhua Guohua International Power Co., Ltd.	430,744.52	585,856.74	155,112.22	36.01%
11	51% equity in Shenwan Energy Co., Ltd.	312,722.23	480,717.57	167,995.34	53.72%
12	91.3% equity in Baode Shendong Power Generation Co., Ltd.	16,324.68	10,592.11	-5,732.56	-35.12%
13	80% equity in Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	44,578.90	67,880.30	23,301.40	52.27%
14	100% equity in Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd.	144,453.29	141,646.95	-2,806.34	-1.94%
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant	193,049.81	204,690.64	11,640.83	6.03%
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant	56,216.39	72,232.77	16,016.38	28.49%
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant	189,049.81	187,423.65	-1,626.16	-0.86%
18	20% equity in Zhengjiang Zheneng Jiahua Power Generation Co., Ltd.	111,516.43	150,922.00	39,405.57	35.34%
<b>Total</b>		<b>2,526,320.52</b>	<b>2,927,393.38</b>	<b>401,072.86</b>	<b>15.88%</b>

*Note* : the above book value of the net assets is the book value of the equity in the accounts of each subject company multiply by respective shareholding percentage.

## Major financial indicators of the Shenhua Contributed Assets

According to the unaudited financial statements of the Shenhua Contributed Assets for the year ended on 31 December 2015, the year ended on 31 December 2016 and six months ended on 30 June 2017, which are prepared under Enterprise Accounting Standards of the PRC, not considering the impact of the elimination brought by the consolidation and the shareholding percentage of each subject asset, for the Shenhua Contributed Assets, as at 30 June 2017, the total assets amounted to RMB96,083.93 million, the net assets amounted to RMB46,683.02 million. For the six months ended on 30 June 2017, the revenue amounted to RMB21,641.76 million, and the net profit amounted to RMB722.80 million. As at 31 December 2016, the total assets amounted to RMB98,371.49 million, the net assets amounted to RMB46,282.13 million. For the year ended on 31 December 2016, the revenue amounted to RMB42,836.80 million, and the net profit amounted to RMB4,175.78 million. The major financial indicators of the Shenhua Contributed are set out below:

*Unit: RMB0'000*

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
1	Guohua Taicang Power Co., Ltd.	The year of 2015/as at 31 December 2015	352,488.37	308,145.37	216,205.31	55,323.93	41,455.40
		The year of 2016/as at 31 December 2016	344,486.50	300,201.44	200,159.01	38,746.31	28,776.08
		January to June 2017/as at 30 June 2017	321,601.60	274,147.21	113,577.09	15,453.89	11,255.63
2	Jiangsu Guohua Chenjiagang Power Co., Ltd.	The year of 2015/as at 31 December 2015	570,664.36	170,624.11	225,874.56	46,466.45	34,519.01
		The year of 2016/as at 31 December 2016	554,893.82	159,764.49	204,062.39	27,919.06	20,207.49
		January to June 2017/as at 30 June 2017	538,045.47	166,087.59	107,675.85	8,570.75	6,323.10
3	Guohua Xuzhou Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	726,661.27	312,859.87	406,967.61	85,216.22	63,230.87
		The year of 2016/as at 31 December 2016	598,237.48	249,918.76	317,352.14	29,128.57	20,959.61
		January to June 2017/as at 30 June 2017	585,120.06	251,050.97	161,791.92	29.59	13.68
4	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	372,930.62	104,926.34	103,257.08	8,264.98	8,264.98
		The year of 2016/as at 31 December 2016	348,424.34	104,350.62	97,990.29	6,862.75	6,862.75
		January to June 2017/as at 30 June 2017	337,424.40	109,026.78	48,403.49	4,676.16	4,676.16
5	Ningxia Guohua Ningdong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	349,121.62	37,081.57	72,591.68	337.77	337.31
		The year of 2016/as at 31 December 2016	474,142.71	37,438.92	64,176.10	345.09	357.35
		January to June 2017/as at 30 June 2017	428,966.73	32,183.08	31,177.81	-5,255.84	-5,255.84
6	Shenhua Guohua Ningdong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	110,128.32	-	-	-	-
		The year of 2016/as at 31 December 2016	274,036.85	38,740.77	-	-1,678.96	-1,259.23
		January to June 2017/as at 30 June 2017	331,034.31	38,301.70	-	-585.42	-439.07

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	1,177,735.87	595,215.76	727,470.81	216,739.10	161,840.60
		The year of 2016/as at 31 December 2016	1,161,550.42	552,932.23	647,569.71	134,699.48	103,373.01
		January to June 2017/as at 30 June 2017	1,178,448.30	587,850.50	325,516.34	49,541.03	34,918.28
8	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	280,840.96	105,843.84	149,386.12	30,827.57	23,823.66
		The year of 2016/as at 31 December 2016	281,633.48	94,756.44	143,214.53	14,155.31	10,353.89
		January to June 2017/as at 30 June 2017	280,856.99	97,730.22	78,204.76	4,232.98	2,973.79
9	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	The year of 2015/as at 31 December 2015	135,807.27	-3,461.72	122,446.25	811.84	2,322.26
		The year of 2016/as at 31 December 2016	113,419.81	-1,030.01	94,873.58	3,171.30	2,431.71
		January to June 2017/as at 30 June 2017	119,485.55	5,613.25	51,124.58	7,218.53	6,643.26
10	Shenhua Guohua International Power Co., Ltd.	The year of 2015/as at 31 December 2015	2,219,773.88	1,082,625.52	1,064,493.26	100,632.21	58,667.19
		The year of 2016/as at 31 December 2016	2,047,755.88	1,070,419.79	979,439.19	75,553.35	46,712.71
		January to June 2017/as at 30 June 2017	1,924,120.53	1,070,084.24	479,705.49	6,311.43	-335.55
11	Shenwan Energy Co., Ltd.	The year of 2015/as at 31 December 2015	1,349,877.77	772,876.55	585,943.34	164,483.40	121,227.10
		The year of 2016/as at 31 December 2016	1,343,740.48	811,467.37	632,384.05	104,432.30	88,590.82
		January to June 2017/as at 30 June 2017	1,309,897.32	822,270.65	324,473.93	15,731.15	10,803.28
12	Baode Shendong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	87,844.72	26,174.89	24,483.16	-864.64	-864.64
		The year of 2016/as at 31 December 2016	83,120.27	22,188.08	21,471.80	-3,986.81	-3,986.81
		January to June 2017/as at 30 June 2017	83,801.18	17,880.27	12,064.87	-4,307.82	-4,307.82
13	Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	266,341.55	55,523.74	806.59	-6,129.86	-6,142.00
		The year of 2016/as at 31 December 2016	270,443.91	59,139.68	54,043.74	4,678.49	3,615.94
		January to June 2017/as at 30 June 2017	274,976.44	55,723.63	29,597.58	-4,490.75	-3,416.06
14	Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	249,416.67	135,359.58	59,405.69	5,902.90	4,890.17
		The year of 2016/as at 31 December 2016	260,396.54	135,577.11	41,313.72	248.72	217.52
		January to June 2017/as at 30 June 2017	268,807.58	144,453.30	22,952.28	1,030.82	876.19
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant	The year of 2015/as at 31 December 2015	247,232.81	227,525.03	58,375.06	-3,254.36	-3,254.36
		The year of 2016/as at 31 December 2016	221,411.40	202,096.74	40,465.07	-7,928.29	-7,928.29
		January to June 2017/as at 30 June 2017	221,196.83	193,049.81	18,682.16	-9,046.93	-9,046.93
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant	The year of 2015/as at 31 December 2015	115,621.02	67,837.02	38,515.14	9,817.39	7,363.04
		The year of 2016/as at 31 December 2016	103,865.60	53,707.02	33,154.82	4,053.69	3,040.27
		January to June 2017/as at 30 June 2017	103,346.52	56,216.39	17,299.80	3,438.17	2,509.37
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant	The year of 2015/as at 31 December 2015	209,116.28	199,000.00	55,109.83	1,442.11	1,225.79
		The year of 2016/as at 31 December 2016	201,168.51	192,838.22	36,817.60	-3,161.78	-3,161.78
		January to June 2017/as at 30 June 2017	198,868.38	189,049.81	19,654.85	248.93	211.59
18	Zhengjiang Zheneng Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	1,247,346.79	571,098.23	722,842.02	205,017.73	153,397.39
		The year of 2016/as at 31 December 2016	1,154,421.25	543,705.18	675,192.72	131,704.30	98,414.60
		January to June 2017/as at 30 June 2017	1,102,394.35	557,582.14	322,273.45	18,875.37	13,876.96

## Power generators in the Shenhua Contributed Assets

As at 30 June 2017, details of the power generators in the Shenhua Contributed Assets are set out as below:

No.	Company	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
<b>Wholly-owned/controlling subsidiary</b>					
1	Guohua Taicang Power Co., Ltd.	Jiangsu	126	–	2×630MW
2	Jiangsu Guohua Chenjiagang Power Co., Ltd.	Jiangsu	132	–	2×660MW
3	Guohua Xuzhou Power Generation Co., Ltd.	Jiangsu	200	–	2×1000MW
4	Inner Mongolia Guohua Hulunbeier Power Generation Co., Ltd.	Inner Mongolia	120	–	2×600MW
5	Ningxia Guohua Ningdong Power Generation Co., Ltd.	Ningxia	66	–	2×330MW
6	Shenhua Guohua Ningdong Power Generation Co., Ltd.	Ningxia	–	132	2×660MW ( <i>under construction</i> )
7	Zhejiang Guohua Zheneng Power Generation Co., Ltd.	Zhejiang	449	–	1×600MW+3×630MW +2×1000MW
8	Shenhua Guohua (Zhoushan) Power Generation Co., Ltd.	Zhejiang	91	–	1×125MW+1×135MW +1×300MW+1×350MW
9	Zhejiang Guohua Yuyao Gas-fired Power Co., Ltd.	Zhejiang	78	–	1×780MW
10	Shenhua Guohua International Power Co., Ltd.	Hebei, Liaoning, Inner Mongolia, Tianjin	744	–	Sanhe Power: 2×350MW+2×300MW Suizhong Power: 2×880MW+2×1,000MW Zhunge'er Power: 2×330MW+2×330MW Panshan Power: 2×530MW
11	Shenwan Energy Co., Ltd.	Anhui	460	132	Lujiang Power: 2×660MW ( <i>under construction</i> ) Chizhou Power: 2×320MW Ma'anshan Power: 2×330MW+2×330MW Anqing Wanjiang Power: 2×320MW+2×1000MW

No.	Company	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
12	Baode Shendong Power Generation Company Limited	Shanxi	27	–	2×135MW
13	Shenhua Shendong Power Shanxi Hequ Power Generation Co., Ltd.	Shanxi	70	–	2×350MW
14	Shenhua Shendong Power Xinjiang Zhudong Wucaiwan Power Generation Co., Ltd.	Xinjiang	70	132	2×350MW+2×660MW (under construction)
<b>Sub-total</b>			<u>2,633.00</u>	<u>396.00</u>	
<b>Branch company</b>					
15	Shenhua Shendong Power Co., Ltd. Salaqi Power Plant	Inner Mongolia	60	–	2×300MW
16	Shenhua Shendong Power Co., Ltd. Shangwan Thermal Power Plant	Inner Mongolia	30	–	2×150MW
17	Shenhua Shendong Power Co., Ltd. Xinjiang Midong Thermal Power Plant	Xinjiang	60	–	1×300MW+1×300MW
<b>Sub-total</b>			<u>150.00</u>	<u>–</u>	
<b>Associated company</b>					
18	Zhengjiang Zheneng Jiahua Power Generation Co., Ltd.	Zhejiang	464	–	4×660MW+2×1000MW
<b>Sub-total</b>			<u>464</u>	<u>–</u>	
<b>Total</b>			<u>3,247.00</u>	<u>396.00</u>	

## INFORMATION OF THE GD CONTRIBUTED ASSETS

### Basic information of the GD Contributed Assets

No.	Company	Shareholding percentage	Date of establishment	Registered Capital <i>RMB0'000</i>	Address	Principal activities in recent three years
1	Guodian Jiangsu Power Generation Co., Ltd. <sup>Note 1</sup>	100%	2008.12.31	366,453.025632	37F Building2, No.272 Jiqingmen Ave., Gulou District, Nanjing	Coal-fired power generation business
2	Guodian Anhui Power Co., Ltd.	100%	2010.12.15	175,707.17976	No.12 Mengyuan Road, Gaoxin District, Hefei, Anhui	Coal-fired power generation business
3	Guodian Xinjiang Power Co., Ltd. <sup>Note 2</sup>	100%	2007.12.31	345,882.4487	No.358, Xihong Dong Road, Shuimogou District, Urumchi, Xinjiang	Coal-fired power generation business
4	GD Power Datong Power Generation Co., Ltd.	60%	2002.4.26	190,277.6	No.1, Guanghua Road, Datong City, Shanxi Province	Coal-fired power generation business
5	Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	55%	2005.12.8	50,000	No.18, Fuxing Bei Road, Dongsheng District, Erdos City	Coal-fired power generation business
6	GD Power Dalian Zhuanghe Power Generation Co., Ltd.	51%	2004.12.23	105,200	Leng Village, Heidao Town, Zhuanghe City, Liaoning Province	Coal-fired power generation business
7	Guodian Chaoyang Thermal Power Co., Ltd. <sup>Note 3</sup>	100%	2009.7.30	52,375.7	No.225 of Wudian, Huanghe Road, Longcheng District, Chaoyang City, Liaoning Province	Coal-fired power generation business
8	Guodian Jiangsu Jianbi Power Generation Co., Ltd.	100%	2001.12.29	48,000	Within Jianbi Power Plant, Zhenjiang City	Coal-fired power generation business
9	Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	70%	2000.4.6	85,000	Room 1701, Block 1, EAC World Trade Lijing Building, No.18 Jiaogong Road, Hangzhou City	Coal-fired power generation business

No.	Company	Shareholding percentage	Date of establishment	Registered Capital RMB0'000	Address	Principal activities in recent three years
10	Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	50%	2006.12.31	140,000	No.66, Jingang West Road, Beilun District, Ningbo City	Coal-fired power generation business
11	Guodian Ningxia Shizuishan Power Generation Co., Ltd.	50%	1997.12.23	79,440	Guanghua Road, Hebin Industrial Park, Shizuishan City, Ningxia	Coal-fired power generation business
12	Guodian Dawukou Thermal Power Co., Ltd. <sup>Note 4</sup>	60%	2008.5.20	49,680	No.18, Weidian Road, Dawukou District, Shizuishan City, Ningxia	Coal-fired power generation business
13	Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd. <sup>Note 5</sup>	100%	2012.7.27	19,575	Floor 3, Block 18, North of Shiyuan West Road and West of Nanxun Avenue, Nanxun Town, Huzhou City (within the Science Park)	Gas power generation business
14	Guodian Shizuishan No. 1 Power Generation Co., Ltd.	60%	2006.9.20	50,000	Hebin Industrial Park, Huinong District, Shizuishan City, Ningxia	Coal-fired power generation business
15	GD Power Jiuquan Power Generation Co., Ltd.	100%	2007.9.26	55,938.2	No.6, Yiren East Road, Jiuquan Industrial Park (South zone), Gansu Province	Coal-fired power generation business
16	Shanghai Waigaoqiao No.2 Power Generation Co., Ltd.	40%	2000.6.9	322,000	No.1181, Haixu Road, Pudong New Area, Shanghai	Coal-fired power generation business
17	Guodian Zheneng Ningdong Power Generation Co., Ltd.	51%	2015.8.27	140,000	Zhenxisan Village, Majiatan Town, Lingwu City, Ningxia	Coal-fired power generation business
18	Zhejiang Zheneng Beilun Power Generation Co., Ltd.	49%	1997.4.18	230,000	Room 1601, Gongyuan Building (North block), Xihu District, Hangzhou City, Zhejiang Province	Coal-fired power generation business

No.	Company	Shareholding percentage	Date of establishment	Registered Capital <i>RMB0'000</i>	Address	Principal activities in recent three years
19	Zhejiang Zheneng Yueqing Power Generation Co., Ltd. <sup>Note 4</sup>	23%	2005.5.20	190,000	No.8866, Hongnan Avenue, Nanyue Town, Yueqing City	Coal-fired power generation business
20	GD Power Development Co., Ltd. Datong No. 2 Power Plant	-	2001.6.28	-	No.1, Guanghua Road, Datong City, Shanxi Province	Coal-fired power generation business
21	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	-	2000.8.18	-	No.4, Huanghai West Road, Dalian Economic and Technological Development Zone, Liaoning Province	Coal-fired power generation business
22	GD Power Development Co., Ltd. Dawukou Branch <sup>Note 4</sup>	-	2004.5.28	-	Gongren Street, Dawukou District, Shizuishan City, Ningxia	Currently, no actual operations, no power generation units in operation or under construction. Only land and plant were leased to Dawukou Thermal Power for its use

*Note 1:* In June 2017, the registered capital of Guodian Jiangsu Power Generation Co., Ltd. increased from RMB2,729,087,956.32 to RMB3,664,530,256.32.

*Note 2:* In June 2017, the registered capital of Guodian Xinjiang Power Co., Ltd. increased from RMB2,145,970,487.64 to RMB3,458,824,487.64.

*Note 3:* In September 2016, the registered capital of GD Power Chaoyang Thermal Power Co., Ltd. increased from RMB396,877,000 to RMB439,727,000. In February 2017, the registered capital of GD Power Chaoyang Thermal Power Co., Ltd. increased from RMB439,727,000 to RMB523,757,000.

*Note 4:* In December 2016, Guodian Group transferred 60% equity in Guodian Dawukou Thermal Power Co., Ltd., 23% equity in Zhejiang Zheneng Yueqing Power Generation Co., Ltd. and 100% interest in GD Power Dawukou Branch to GD Power. The consideration was determined based on the valuation results that were filed.

*Note 5:* In March 2017, the registered capital of Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd. increased from RMB128,780,000 to RMB195,750,000.



The GD Contributed Assets are with good and clear title, free from mortgage, pledge or other rights of third party. None of the GD Contributed Assets has been involved in any litigation, arbitration or subject to seizure, freezing or any other judicial action which has significant impacts on the transaction.

For any equity contribution in the GD Contributed Assets which requires the waiver of right of first refusal, GD Power will further communicate with those shareholders on the waiver of right of first refusal based on the specific transaction scheme and actual circumstances.

### Preliminary valuation of the GD Contributed Assets

CEA used both asset-based approach and income approach to make preliminary valuation of the Subject Assets, and finally chose asset-based approach as the basis for valuation of the Subject Assets. According to the preliminary valuation results prepared by CEA on 30 June 2017 as the valuation reference date, the preliminary valuations of the GD Contributed Assets are set out as below:

*Unit: RMB0'000*

No.	Contributed assets	Book value of the net assets A	Estimated value B	Estimated appreciated value C=B-A	Estimated appreciation rate D=C/A × 100%
1	100% equity in Guodian Jiangsu Power Generation Co., Ltd.	630,083.20	968,554.21	338,471.01	53.72%
2	100% equity in Guodian Anhui Power Co., Ltd.	237,676.80	276,835.15	39,158.35	16.48%
3	100% equity in Guodian Xinjiang Power Co., Ltd.	324,545.78	276,261.68	-48,284.10	-14.88%
4	60% equity in GD Power Datong Power Generation Co., Ltd.	139,637.77	144,871.34	5,233.57	3.75%
5	55% equity in Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	36,246.98	13,362.23	-22,884.75	-63.14%
6	51% equity in GD Power Dalian Zhuanghe Power Generation Co., Ltd.	40,615.03	37,234.09	-3,380.94	-8.32%
7	100% equity in GD Power Chaoyang Thermal Power Co., Ltd.	59,621.86	70,192.35	10,570.49	17.73%
8	100% equity in Guodian Jiangsu Jianbi Power Generation Co., Ltd.	75,254.00	114,410.84	39,156.84	52.03%
9	70% equity in Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	127,227.96	272,968.33	145,740.37	114.55%
10	50% equity in Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	111,415.96	131,292.25	19,876.29	17.84%

No.	Contributed assets	Book value of the net assets A	Estimated value B	Estimated appreciated value C=B-A	Estimated appreciation rate D=C/A × 100%
11	50% equity in Guodian Ningxia Shizuishan Power Generation Co., Ltd.	56,077.87	88,987.40	32,909.53	58.69%
12	60% equity in Guodian Dawukou Thermal Power Co., Ltd.	24,872.83	15,406.10	-9,466.73	-38.06%
13	100% equity in Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd.	20,041.74	17,613.05	-2,428.69	-12.12%
14	60% equity interest Guodian Shizuishan No. 1 Power Generation Co., Ltd.	24,118.48	14,778.90	-9,339.58	-38.72%
15	100% equity in GD Power Jiuquan Power Generation Co., Ltd.	47,563.86	51,142.41	3,578.55	7.52%
16	40% equity in Shanghai Waigaoqiao No.2 Power Generation Co., Ltd.	173,297.13	179,841.61	6,544.48	3.78%
17	51% equity in Guodian Zheneng Ningdong Power Generation Co., Ltd.	42,636.00	46,627.47	3,991.47	9.36%
18	49% equity in Zhejiang Zheneng Beilun Power Generation Co., Ltd.	167,287.99	250,683.00	83,395.01	49.85%
19	23% equity in Zhejiang Zheneng Yueqing Power Generation Co., Ltd.	53,388.83	87,176.69	33,787.86	63.29%
20	GD Power Development Co., Ltd. Datong No. 2 Power Plant	89,356.51	263,893.86	174,537.35	195.33%
21	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	434,416.96	410,032.76	-24,384.20	-5.61%
22	GD Power Development Co., Ltd. Dawukou Branch	-509.85	5,112.49	5,622.34	-1,102.74%
	Total	<u>2,914,873.69</u>	<u>3,737,278.21</u>	<u>822,404.52</u>	<u>28.21%</u>

*Note:* the above book value of the net assets is the book value of the equity in the accounts of each subject company multiply by respective shareholding percentage.

## Major financial indicators of the GD Contributed Assets

According to the unaudited financial statements of the GD Contributed Assets for the year ended on 31 December 2015, the year ended on 31 December 2016 and six months ended on 30 June 2017, which are prepared under Enterprise Accounting Standards of the PRC, not considering the impact of the elimination brought by the consolidation and the shareholding percentage of each Subject Asset, for the Shenhua Contributed Assets, as at 30 June 2017, the total assets amounted to RMB104,277.66 million, the net assets amounted to RMB45,299.95 million. For the six months ended on 30 June 2017, the revenue amounted to RMB26,666.64 million, and the net profit amounted to RMB742.79 million. As at 31 December 2016, the total assets amounted to RMB106,054.10 million, the net assets amounted to RMB47,163.38 million. For the year ended on 31 December 2016, the revenue amounted to RMB53,190.62 million, and the net profit amounted to RMB5,935.02 million. The major financial indicators of the GD Contributed are set out below:

*Unit: RMB0'000*

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
1	Guodian Jiangsu Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	2,242,726.95	961,147.60	1,413,904.93	364,092.97	260,725.82
		The year of 2016/as at 31 December 2016	2,158,019.22	1,042,014.30	1,643,344.44	304,091.42	236,992.16
		January to June 2017/as at 30 June 2017	2,104,657.52	1,005,861.72	809,423.08	51,474.26	35,847.50
2	GD Anhui Power Co., Ltd.	The year of 2015/as at 31 December 2015	998,704.88	401,169.15	511,222.92	120,547.08	87,647.55
		The year of 2016/as at 31 December 2016	1,079,310.27	377,291.82	429,374.43	36,724.76	25,808.22
		January to June 2017/as at 30 June 2017	1,045,317.92	357,865.99	206,265.25	-15,008.86	-15,091.03
3	Guodian Xinjiang Power Co., Ltd.	The year of 2015/as at 31 December 2015	1,473,309.56	301,950.58	172,352.82	-12,073.85	-12,323.44
		The year of 2016/as at 31 December 2016	1,562,408.94	345,476.31	230,273.37	-12,946.43	-12,983.05
		January to June 2017/as at 30 June 2017	1,549,520.28	350,561.97	120,947.69	-8,974.75	-8,978.46
4	GD Power Datong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	613,818.42	232,576.08	344,609.14	113,786.56	84,414.36
		The year of 2016/as at 31 December 2016	600,826.95	283,504.34	330,602.81	75,493.40	56,380.96
		January to June 2017/as at 30 June 2017	556,568.14	239,376.59	153,606.70	8,702.78	6,382.38
5	Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	338,117.30	72,557.23	84,736.63	17,929.27	14,957.72
		The year of 2016/as at 31 December 2016	321,204.02	67,092.94	76,686.56	10,525.32	8,749.22
		January to June 2017/as at 30 June 2017	315,055.49	62,376.83	38,532.24	4,029.19	3,404.14
6	GD Power Dalian Zhuanghe Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	339,710.03	76,418.07	145,867.57	20,097.05	14,847.20
		The year of 2016/as at 31 December 2016	341,280.84	84,941.62	143,390.62	11,090.08	8,523.55
		January to June 2017/as at 30 June 2017	341,967.36	79,658.83	52,078.14	-5,249.95	-5,282.79
7	GD Power Chaoyang Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	104,088.98	49,109.05	2,506.06	-493.95	-516.01
		The year of 2016/as at 31 December 2016	206,765.92	61,279.64	3,249.48	-508.73	-517.41
		January to June 2017/as at 30 June 2017	256,187.42	71,092.30	4,289.67	2,605.31	2,081.66

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
8	Guodian Jiangsu Jianbi Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	123,688.86	81,186.00	358,663.62	32,247.99	24,252.98
		The year of 2016/as at 31 December 2016	126,418.55	74,378.19	404,432.42	22,757.92	15,373.64
		January to June 2017/as at 30 June 2017	129,328.29	78,986.10	220,297.02	4,974.32	4,607.92
9	Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	263,756.64	180,333.25	227,706.72	67,422.59	49,519.89
		The year of 2016/as at 31 December 2016	226,871.34	212,212.91	204,954.54	48,613.75	35,105.19
		January to June 2017/as at 30 June 2017	218,435.04	185,865.85	89,165.42	12,072.85	8,537.45
10	Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	444,937.45	191,361.71	355,596.67	118,323.70	87,924.14
		The year of 2016/as at 31 December 2016	414,090.32	256,293.97	330,776.17	88,646.06	65,843.67
		January to June 2017/as at 30 June 2017	380,998.96	222,831.92	192,892.16	34,396.33	25,797.25
11	Guodian Ningxia Shizuishan Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	213,360.52	140,780.58	143,177.94	26,643.46	23,719.92
		The year of 2016/as at 31 December 2016	222,754.97	126,825.43	126,218.60	9,947.15	7,392.78
		January to June 2017/as at 30 June 2017	225,609.09	112,155.75	60,558.78	-8,016.18	-8,016.18
12	Guodian Dawukou Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	230,761.55	59,355.01	91,233.20	7,695.13	6,520.40
		The year of 2016/as at 31 December 2016	233,895.93	51,209.69	79,364.53	-1,683.70	-2,276.96
		January to June 2017/as at 30 June 2017	220,537.51	41,454.71	42,185.21	-9,754.98	-9,754.98
13	Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd.	The year of 2015/as at 31 December 2015	34,740.40	12,878.00	-	-	-
		The year of 2016/as at 31 December 2016	71,485.93	19,575.00	-	-	-
		January to June 2017/as at 30 June 2017	79,902.37	20,041.74	-	-	-
14	Guodian Shizuishan No. 1 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	182,183.25	58,936.62	71,821.18	5,013.23	4,706.28
		The year of 2016/as at 31 December 2016	188,619.00	50,314.26	62,681.50	-3,932.08	-4,386.70
		January to June 2017/as at 30 June 2017	178,637.82	40,197.47	26,726.28	-10,116.80	-10,116.80
15	GD Power Jiuquan Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	271,977.39	61,349.98	67,374.55	4,682.81	4,325.33
		The year of 2016/as at 31 December 2016	277,026.54	51,439.69	48,424.35	-6,017.49	-6,017.49
		January to June 2017/as at 30 June 2017	270,598.83	47,563.86	25,679.80	-3,869.54	-3,875.84
16	Shanghai Waigaoqiao No.2 Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	525,414.27	394,067.09	279,357.10	70,324.74	52,998.75
		The year of 2016/as at 31 December 2016	498,335.54	413,036.43	260,356.03	64,991.99	48,969.34
		January to June 2017/as at 30 June 2017	488,049.43	433,242.83	128,019.28	27,871.99	20,206.40
17	Guodian Zheneng Ningdong Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	73,739.10	10,000.00	-	-	-
		The year of 2016/as at 31 December 2016	322,370.13	53,600.00	-	-	-
		January to June 2017/as at 30 June 2017	400,144.93	83,600.00	-	-	-
18	Zhejiang Zheneng Beilun Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	432,857.02	379,258.47	369,144.86	91,212.82	68,099.66
		The year of 2016/as at 31 December 2016	423,349.16	366,365.41	303,330.65	56,593.11	42,350.63
		January to June 2017/as at 30 June 2017	379,508.82	341,404.06	156,635.35	17,233.88	13,154.21

No.	Company	Financial period	Total assets	Net assets	Revenue	Net profit before taxation	Net profit after taxation
19	Zhejiang Zheneng Yueqing Power Generation Co., Ltd.	The year of 2015/as at 31 December 2015	731,766.85	282,541.39	463,068.51	91,285.95	68,491.64
		The year of 2016/as at 31 December 2016	700,925.65	250,538.58	394,099.79	39,550.62	29,639.67
		January to June 2017/as at 30 June 2017	676,225.11	232,593.34	214,779.69	10,977.50	8,262.45
20	GD Power Development Co., Ltd. Datong No. 2 Power Plant	The year of 2015/as at 31 December 2015	129,881.89	76,491.08	170,335.13	59,418.36	59,418.36
		The year of 2016/as at 31 December 2016	133,753.57	90,415.16	144,215.96	29,547.91	29,547.91
		January to June 2017/as at 30 June 2017	125,546.88	89,356.50	74,027.41	6,489.43	6,489.43
21	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	The year of 2015/as at 31 December 2015	455,285.69	428,872.83	108,456.79	14,831.06	14,831.06
		The year of 2016/as at 31 December 2016	469,605.19	439,459.61	100,510.10	9,408.88	9,408.88
		January to June 2017/as at 30 June 2017	459,584.10	434,416.96	49,993.24	50.73	50.73
22	GD Power Development Co., Ltd. Dawukou Branch	The year of 2015/as at 31 December 2015	26,914.65	-7,867.87	2,520.50	-524.69	-524.69
		The year of 2016/as at 31 December 2016	26,092.12	-927.33	2,776.18	-402.64	-402.64
		January to June 2017/as at 30 June 2017	25,384.50	-509.85	561.91	573.40	573.40

### Power generators in the GD Contributed Assets

As at 30 June 2017, details of the power generators in the GD Contributed Assets are set out as below:

No.	Company	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
<b>Wholly-owned/controlling subsidiary</b>					
1	Guodian Jiangsu Power Generation Co., Ltd.	Jiangsu	852	132	Changzhou Power: 2 × 630MW Taizhou Power: 2 × 1000MW + 2 × 1,000MW Suqian Thermal Power: 2 × 135MW + 2 × 660MW (under construction) Jianbi Power Plant: 3 × 330MW + 2 × 1000MW
2	GD Anhui Power Co., Ltd.	Anhui	335.75	132	Suqian No.2 Thermal Power: 2 × 350MW + 1 × 137.5MW Tongling Power: 2 × 630MW Bengbu Power : 2 × 630MW + 2 × 660MW (under construction)

No.	Company	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
3	Guodian Xinjiang Power Co., Ltd.	Xinjiang	361	132	Hongyanchi Power: 2×330MW Kuche Power: 2×135MW+2×330MW Kelamayi Power: 2×350MW Hami Coal-Fired Power: 2×660MW Zhundong: 2×660MW (under construction)
4	GD Power Datong Power Generation Co., Ltd.	Shanxi	252	–	2×600MW+2×660MW
5	Guodian Inner Mongolia Dongsheng Thermal Power Co., Ltd.	Inner Mongolia	66	–	2×330MW
6	GD Power Dalian Zhuanghe Power Generation Co., Ltd.	Liaoning	120	–	2×600MW
7	GD Power Chaoyang Thermal Power Co., Ltd.	Liaoning	–	70	2×350MW (under construction)
8	Guodian Jiangsu Jianbi Power Generation Co., Ltd.	Jiangsu	66	–	2×330MW
9	Guodian Zhejiang Beilun No. 1 Power Generation Co., Ltd.	Zhejiang	120	–	2×600MW
10	Guodian Zhejiang Beilun No. 3 Power Generation Co., Ltd.	Zhejiang	200	–	2×1,000MW
11	Guodian Ningxia Shizuishan Power Generation Co., Ltd.	Ningxia	132	–	4×330MW
12	Guodian Dawukou Thermal Power Co., Ltd.	Ningxia	66	70	2×330MW+2×350MW (under construction)
13	Guodian Huzhou Nanxun Natural Gas Thermal Power Co., Ltd.	Zhejiang	–	20	2×100MW (under construction)
14	Guodian Shizuishan No. 1 Power Generation Co., Ltd.	Ningxia	68	–	1×350MW+1×330MW
15	GD Power Jiuquan Power Generation Co., Ltd.	Gansu	66	–	2×330MW
16	Shanghai Waigaoqiao No.2 Power Generation Co., Ltd. (Note 1)	Shanghai	72	–	2×900MW
17	Guodian Zheneng Ningdong Power Generation Co., Ltd.	Ningxia	–	200	2×1,000MW (under construction)
<b>Sub-total</b>			<u>2,776.75</u>	<u>756.00</u>	

No.	Company	Location of the power plant	Installed capacity of power generations in operation (Unit: 0'000KW)	Installed capacity of power generations in construction (Unit: 0'000KW)	Components of power generators
<b>Branch company</b>					
18	GD Power Development Co., Ltd. Datong No. 2 Power Plant	Shanxi	120	-	6×200MW
19	GD Power Development Co., Ltd. Dalian Development Zone Thermal Power Plant	Liaoning	70	-	2×350MW
20	GD Power Development Co., Ltd. Dawukou Branch	Ningxia	-	-	-
	<b>Sub-total</b>		<u>190.00</u>	<u>-</u>	
<b>Associated company</b>					
21	Zhejiang Zheneng Beilun Power Generation Co., Ltd.	Zhejiang	198	-	3×660MW
22	Zhejiang Zheneng Yueqing Power Generation Co., Ltd.	Zhejiang	264	-	2×660MW+2×660MW
	<b>Sub-total</b>		<u>462.00</u>	<u>-</u>	
	<b>Total</b>		<u>3,428.75</u>	<u>756.00</u>	

*Note 1:* Each of GD Power and Shenergy Company Limited holds 40% equity in Shanghai Waigaoqiao No.2 Power Generation Co., Ltd. and thus control the company together. The installed capacity of power generators equals the total installed capacity multiply by the shareholding percentage of GD Power.

## **REASONS FOR ENTERING INTO THE JOINT VENTURE FRAMEWORK AGREEMENT AND ITS BENEFITS TO THE COMPANY**

Under the background of vigorously pushing forward the structural reform on supply side, intensifying reform of state-owned enterprises and optimizing and adjusting the deployment of state-owned economy in China, based on intense research and negotiation, taking advantage of synergy effect of coal and power and solving competition issue, the parties selected their respective coal-fired power generation businesses, which have a high overlapping degree in the same locations of assets for integration. It will reinforce the business cooperation relationship between the parties, expand the market share, and establish long-term and stable coal supply relationship. In addition, the transaction will facilitate the scale operation and professional management of power generation business, strengthen its regional competitiveness and avoid disordered competition. The transaction is in line with the long-term development requirement of the Company and interests of the Shareholders as a whole.

## **IMPLICATION OF THE JOINT VENTURE FRAMEWORK AGREEMENT**

1. Upon the completion of the transaction, the Joint Venture Company will be reported by the Company based on the equity method. The specific impact of the transaction on the financial positions and profitability of the Company will be disclosed when the relevant audit and valuation work has completed.
2. As a result of the transaction, the Shenhua Contributed Assets will not be consolidated into the financial statements of the Company and will not continue to be subsidiaries of the Company. The Company does not provide any guarantee to relevant subsidiaries or authorize them to manage the funds of the Company. There is no circumstance that any subsidiary misappropriates the funds of the Company unlawfully.
3. After the completion of the Merger of the Group Companies, the transactions between the Company and subsidiaries and associates of legacy Guodian Group will constitute new continuing connected transactions of the Company. After the completion of this transaction, the transactions between other business segments within the Company and the Shenhua Contributed Assets will also constitute new continuing connected transaction of the Company. The Company will comply with relevant requirements under the Hong Kong Listing Rules in due course.

## **HONG KONG LISTING RULES IMPLICATIONS**

As at the date hereof, Shenhua Group Co holds 73.06% interest in the Company, and is the controlling shareholder of the Company. As approved by *the Notice regarding the Reorganization of China Guodian Corporation and Shenhua Group Corporation Limited* (Guo Zi Fa Gai Ge [2017] No. 146) issued by SASAC, Shenhua Group Co and Guodian Group will be reorganized. Shenhua Group will change its company name to China Energy Investment Corporation Limited, a tentative name subject to the industrial and commercial registration. China Energy Group will be the parent company after the reorganization, and merge with Guodian Group by way of merger by absorption of Guodian Group. After the completion of the Merger of the Group Companies, GD Power will become a subsidiary of China Energy Group. As such, GD Power is a connected person of the Company under the Hong Kong Listing Rules, and the Joint Venture Framework Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. It is expected that one or more of the applicable percentage ratios in respect of the transaction will exceed 5%, therefore, the Company shall comply with reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules.

As details of the transaction have not been finalized, the type of notifiable transaction could not be confirmed. The Company will comply with requirements under Chapter 14 of the Hong Kong Listing Rules when relevant details are finalized.



On 19 January 2017, the Company and Shenhua Renewables Co., Ltd., a subsidiary of Shenhua Group Co, entered into an investment agreement in relation to the joint establishment of Shenhua Guohua Jiangsu Power Sales Co., Ltd. to establish a joint venture company, Shenhua Guohua Jiangsu Power Sales Co., Ltd.. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no other transaction entered into between the Group and Shenhua Group Co and its ultimate beneficial owners within a 12-month period or otherwise related, which would, together with this transaction, be regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 or Rules 14A.81 of the Hong Kong Listing Rules.

## **GENERAL INFORMATION**

The Board has resolved and approved the Joint Venture Framework Agreement on 28 August 2017. Of the Directors attending the board meeting, connected Directors Dr. Ling Wen, Dr. Han Jianguo, Dr. Li Dong and Mr. Zhao Jibin were considered to have material interests by virtue of being employed by Shenhua Group Co. and had thus abstained from voting on the board resolution(s) in respect of the Joint Venture Framework Agreement and the transaction contemplated thereunder. The Directors (including independent non-executive Directors) consider that the terms and the transaction contemplated under the Joint Venture Framework Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group, the pricing principle is fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

An Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Joint Venture Framework Agreement and the transaction contemplated thereunder.

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and Independent Shareholders in accordance with the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no member of the Independent Board Committee has any material interest in the transaction contemplated under the Joint Venture Framework Agreement.

A general meeting of the Company will be convened and held to, inter alia, consider and, if thought fit, to approve the Joint Venture Framework Agreement and the transaction contemplated thereunder. According to the Hong Kong Listing Rules, Shenhua Group Co and its respective associates shall abstain from voting in respect of relevant resolutions.

Pending the issuance of auditors' reports and valuation reports, this transaction is subject to be further approved by the Board and the board of directors of GD Power. The valuation reports of the Subject Assets of the transaction are to be filed and confirmed with competent authorities. The transaction is subject to the approval of the competent authorities and the general meetings of the Company and GD Power.

Before the above approvals are obtained, the Company is not able to implement the transaction. There are uncertainties with respect to whether the approval, allowance or permission of the internal authorities of the Company and relevant competent authorities can be obtained as well as the timing of obtaining these approval, allowance or permission, and the investors are advised to pay attention to investment risk.

The audit and valuation work in the transaction have not been completed. The financial information and preliminary valuation information of the Subject Assets disclosed in the announcement are subject to audit and valuation of the accounting firm and appraisal company which possess securities business qualification. The investors are advised to be cautious to use these information. The Company will make disclosure after the auditors' reports and valuation reports are issued. The information as disclosed in the announcement may be amended.

A circular containing, among other things, further details regarding the transaction contemplated under the Joint Venture Framework Agreement, a letter from the Independent Board Committee and an opinion of the independent financial adviser will be dispatched to the Shareholders. As it is expected that additional time will be required to prepare the relevant information to be included in the circular, the Company expects that the circular will be dispatched to the Shareholders on or before 15 November 2017.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company;
“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 with limited liability, 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;
“CEA”	Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司);
“Director(s)”	the director(s) of the Company;

“GD Power”	GD Power Development Co., Ltd. (國電電力發展股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange;
“GD Contributed Assets”	the equity and assets of the relevant coal-fired power generation companies to be contributed by GD Power to the Joint Venture Company;
“Guodian Group”	China Guodian Corporation (中國國電集團公司), the controlling shareholder of the GD Power as defined under the Hong Kong Listing Rules;
“Group”	the Company and its subsidiaries;
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors;
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the relevant resolution(s) relating to the subject transactions to be proposed at the general meeting under the Hong Kong Listing Rules;
“Joint Venture Company”	the joint venture company to be established by the Company and GD Power;
“Joint Venture “Framework Agreement”	the Joint Venture Framework Agreement of GD Power Development Co., Ltd. and China Shenhua Energy Company Limited dated 28 August 2017 entered into between the Company and Guodian Power;
"Merger of the Group Companies"	Shenhua Group Corporation Limited will change its company name to China Energy Investment Corporation Limited and merge with China Guodian Corporation by way of merger by absorption of China Guodian Corporation;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shenhua Contributed Assets”	the equity and assets of the relevant coal-fired power generation companies to be contributed by the Company to the Joint Venture Company;
“Shenhua Group Co”	Shenhua Group Corporation Limited (神華集團有限責任公司), the controlling shareholder of the Company as defined under the Hong Kong Listing Rules;
“China Energy Group”	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), the new company name of Shenhua Group Corporation Limited;
“Subject Assets”	Shenhua Contributed Assets and GD Contributed Assets.

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

Beijing, 29 August 2017

*As at the date of this announcement, the Board comprises the following: Dr. Ling Wen, Dr. Han Jianguo and Dr. Li Dong as executive directors, Mr. Zhao Jibin as non-executive director, and Dr. Tam Wai Chu, Maria, Dr. Jiang Bo and Ms. Zhong Yingjie, Christina as independent non-executive directors.*