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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)**

**INSIDE INFORMATION ANNOUNCEMENT**  
**TEMPORARY SUSPENSION OR REDUCTION OF PRODUCTION**  
**AT HA'ERWUSU AND BAORIXILE OPEN-PIT MINES**

This announcement is made pursuant to Rule 13.09(2) 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).

Ha'erwusu Open-pit Mine and Baorixile Open-pit Mine operated by China Shenhua Energy Company Limited (the "**Company**", together with its controlled subsidiaries, the "**Group**") has temporarily suspended or reduced coal production since August 2017 due to the temporary suspension of earthwork stripping process as a result of the delay of the land requisition of such open-pit mines. The Company has been proactively taking responsive measures in this regard to minimize the impact of the temporary suspension and reduction at the two mines on the production and operation of the Company for the year to the greatest extent.

**I. BASIC INFORMATION ON THE COAL MINES**

**1. Ha'erwusu Open-pit Mine**

Ha'erwusu Open-pit Mine is located at Zhunge'er Mines in Inner Mongolia Autonomous Region and is operated by Ha'erwusu Coal Branch under the Company, with existing approved production capacity of 35 million tonnes per year (based on 330 production days). The mine primarily produces mixed coal series products (calorific value ranging from approximately 4,300–4,900 kcal/kg) that are mainly sold to North China and eastern coastal markets.

In 2016, the commercial coal production at Ha’erwusu Open-pit Mine amounted to 27.4 million tonnes. Commercial coal production at Ha’erwusu Open-pit Mine of approximately 14.9 million tonnes was recorded for the period from January to July 2017. Currently, the said mine has temporarily suspended coal exploitation and it is estimated to result in a decrease in commercial coal production of approximately 13.0 million tonnes at most for the year 2017, representing 4.5% of the commercial coal production of the Group of 289.8 million tonnes for the year 2016.

## **2. Baorixile Open-pit Mine**

Baorixile Open-pit Mine is located at Baorixile Mines in the northeast of Inner Mongolia Autonomous Region and is operated by Shenhua Baorixile Energy Co., Ltd., a company which is 56.61% owned by the Company, with existing approved production capacity of 35 million tonnes per year (based on 330 production days). The mine primarily produces lignite (calorific value ranging from approximately 3,300–3,600 kcal/kg) that are mainly sold to Heilongjiang, Jilin and the eastern region of Inner Mongolia.

In 2016, the commercial coal production at Baorixile Open-pit Mine amounted to 25.0 million tonnes. Commercial coal production at Baorixile Open-pit Mine of approximately 15.7 million tonnes was recorded for the period from January to July 2017. Currently, the said mine is maintaining minimal coal production and it is estimated that the substantial reduction of production will result in a decrease in commercial coal production of approximately 9.1 million tonnes at most for the year 2017, representing 3.1% of the commercial coal production of the Group of 289.8 million tonnes for the year 2016.

## **II. IMPACTS AND RESPONSIVE MEASURES**

After preliminary forecast, it is expected that the temporary suspension and reduction of production at Ha’erwusu Open-pit Mine and Baorixile Open-pit Mine will lead to decrease in the volume of self-produced coal, transportation turnover of self-owned railways and sales volume of coal of the Group for 2017, and an increase in allocation of unit production cost of coal at the two mines.

Taking into account the above effect on the coal segment and transportation segment of the Company, the Group expects to see a decrease of approximately RMB3,080 million in profit for the period attributable to equity holders of the Company under International Financial Reporting Standards, representing 12.4% of the profit for the year attributable to equity holders of the Company for the year 2016, being RMB24,910 million. According to the “Announcement on

Positive Profit Alert for the First Half of 2017” disclosed by the Company on 28 July 2017, the Group expects to record approximately RMB26.28 billion in profit for the period attributable to equity holders of the Company for the first half of 2017 under International Financial Reporting Standards. It is expected that the suspension and reduction of production at the two mines will not have material adverse impacts for the Group to achieve its financial target for the year 2017.

The Company will adopt the following measures in order to minimize the impact of the temporary suspension and reduction of production at the two mines:

- (I) to continue pushing forward the progress of land requisition, to report to relevant departments proactively and to improve coordination so as to resume normal production as soon as possible;
- (II) to adopt various measures to broaden the sources of coal, which includes increasing production volume at self-owned mines to the extent as permitted by laws, actively arranging outsourcing of coal resources and facilitating relevant works on applying for increasing production capacity of coal mines with high-quality production capacity, to pay its greatest efforts in ensuring sufficient coal supply to its clients, and to minimize the impact on the annual plan for coal production and sales;
- (III) to coordinate well the safety management, marketing and sales and railway transportation of coal mines as a result of the suspension of production.

After preliminary forecast, it is expected that the decreases in planned commercial coal production and coal sales volume of the Group for the year 2017 will be controlled at 20.6 million tonnes and 11.5 million tonnes, respectively, upon timely execution of the above responsive measures.

The Company is proactively pushing forward relevant works on land requisition; however, it is unable to estimate the exact time for the resumption of production at Ha'erwusu Open-pit Mine and Baorixile Open-pit Mine at this stage. It is expected that the delay of earthwork stripping process will also affect the production plan and operation of the two mines for the next year but the specific influence is still uncertain at this stage.

The Company will make disclosure on the progress on the resumption of production at such coal mines in accordance with securities regulatory requirements.

Subject to uncertainties, such as the implementation results of the responsive measures, the actual influences arising from the temporary suspension and reduction of production at Ha'erwusu Open-pit Mine and Baorixile Open-pit Mine may vary from preliminary forecasts and, accordingly, investors should pay attention to investment risks.

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

Beijing, 3 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.*