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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)

FIRST QUARTERLY REPORT FOR THE YEAR 2016

Pursuant to the rules and regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, China Shenhua Energy Company Limited is required to announce this quarterly report.

This announcement is made pursuant to Rule 13.09(2) and Rule 13.10B 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).

The board of directors of the Company (the “**Board**”) is pleased to announce the results of the Group for the three months ended 31 March 2016 prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”). Such results have not been audited or reviewed by the independent auditors.

1. IMPORTANT NOTICE

- 1.1 The Board and the supervisory committee of the Company together with the directors, supervisors and the senior management of the Company guarantee that the contents of the quarterly report are true, accurate and complete and do not contain any false representations, misleading statements or material omissions, and shall jointly and severally accept legal liability.
- 1.2 This report was adopted at the 16th meeting of the third session of the Board of the Company. Six out of the seven eligible directors of the Company attended the meeting in person. Ling Wen, the vice chairman of the Board, appointed Zhang Yuzhuo, the Chairman of the Board, to attend the meeting and exercise his voting right on his behalf due to a business trip.
- 1.3 Dr. Zhang Yuzhuo, Chairman of the Board of the Company, Dr. Zhang Kehui, Chief Financial Officer of the Company and Mr. Hao Jianxin, General Manager of Finance Department of the Company, guarantee the truthfulness, accuracy and completeness of the financial statements contained in this report.
- 1.4 The financial statements for the first quarter of the Company, which are prepared in accordance with IFRSs, have not been audited or reviewed. Please refer to section 2.3 of this report for the major differences between financial statements prepared in accordance with the Accounting Standards for Business Enterprises and those prepared in accordance with IFRSs.
- 1.5 Restatement: in October 2015, the Company acquired 100% equity interests in Ningxia Guohua Ningdong Power Generation Co., Ltd., 100% equity interests in Guohua Xuzhou Power Generation Company Limited and 51% equity interests in Shenhua Guohua (Zhoushan) Power Generation Co., Ltd. held by Shenhua Group Corporation through consolidation under common control. This report has correspondingly restated the financial and business data disclosed in 2015.
- 1.6 Unless otherwise specified, the figures in this report are presented in Renminbi (RMB).

2. INFORMATION OF MAJOR FINANCIAL AND OPERATING DATA AND CHANGES IN SHAREHOLDERS OF THE COMPANY

2.1 Major Financial Indicators

	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (restated)	Percentage change (%)
Basic earnings per share (<i>RMB/share</i>)	0.238	0.333	(28.3)
Net cash from operating activities per share (<i>RMB/share</i>)	0.77	0.53	45.2
Revenue (<i>RMB million</i>)	39,402	41,292	(4.6)
Profit before income tax (<i>RMB million</i>)	9,025	10,729	(15.9)
Profit for the period (<i>RMB million</i>)	6,797	8,693	(21.8)
Profit for the period attributable to equity holders of the Company (<i>RMB million</i>)	4,741	6,616	(28.3)
Net cash generated from operating activities (<i>RMB million</i>)	15,225	10,482	45.2
Net cash generated from operating activities excluding the impact of Shenhua Finance Company (<i>RMB million</i>)	19,123	9,138	109.3
	As at 31 March 2016	As at 31 December 2015	Percentage change (%)
Total assets (<i>RMB million</i>)	561,799	559,791	0.4
Total liabilities (<i>RMB million</i>)	190,932	195,870	(2.5)
Total equity (<i>RMB million</i>)	370,867	363,921	1.9
Equity attributable to equity holders of the Company (<i>RMB million</i>)	302,807	298,068	1.6
Equity attributable to equity holders per share (<i>RMB/share</i>)	15.22	14.99	1.6

2.2 Major operating data

Operational indicator	Unit	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (restated)	Percentage change %
(I) Coal				
1. Commercial coal production	million tonnes	71.3	69.3	2.9
2. Coal sales	million tonnes	92.5	72.8	27.1
of which: Export	million tonnes	0.7	0.3	133.3
Import	million tonnes	0.0	0.0	N/A
(II) Power generation				
1. Gross power generation	billion kwh	54.90	52.69	4.2
2. Total power output dispatch	billion kwh	51.50	49.15	4.8
(III) Coal chemical				
1. Sales of polyethylene	thousand tonnes	80.6	83.4	(3.4)
2. Sales of polypropylene	thousand tonnes	75.8	72.3	4.8
(IV) Transportation				
1. Turnover of self-owned railway	billion tonne km	60.8	43.4	40.1
2. Seaborne coal	million tonnes	55.1	33.8	63.0
of which: At Huanghua Port	million tonnes	37.9	17.0	122.9
At Shenhua Tianjin Coal Dock	million tonnes	10.0	7.3	37.0
3. Shipment volume	million tonnes	17.9	19.4	(7.7)
4. Shipment turnover	billion tonne nautical miles	14.1	15.6	(9.6)

2.3 Major differences of financial statements prepared under different accounting standards

Unit: RMB million

Items	Net profit attributable to equity holders of the Company		Net assets attributable to equity holders of the Company	
	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (restated)	As at 31 March 2016	As at 31 December 2015
Under the Accounting Standards for Business Enterprises	4,607	5,859	297,771	292,790
Adjustment: Adjustments for simple production maintenance, production safety and other related expenditures	134	757	5,036	5,278
Under IFRSs	4,741	6,616	302,807	298,068

Explanation:

Pursuant to the relevant regulations of the related government authorities in the PRC, the Group accrued provisions for simple production maintenance, safety production and other related expenditures, recognised as expenses in profit or loss and separately recorded as a specific reserve in shareholders' equity. On utilisation of the specific reserve as fixed assets within the stipulated scope, the full amount of accumulated depreciation is recognised at the same time when the cost of the relevant assets is recorded. Under International Financial Reporting Standards, these expenses on production maintenance and safety facilities are recognised in profit or loss as and when incurred. Relevant capital expenditure is recognised as property, plant and equipment and depreciated according to the relevant depreciation method. The effect on deferred tax arising from such difference is also reflected.

2.4 Total number of shareholders, shareholding of top ten shareholders and top ten circulating shares shareholders (or shareholders not subject to selling restrictions) at the end of the reporting period

Unit: shares

Total number of shareholders	224,020
Including: number of registered holders of A shares (including Shenhua Group Corporation)	221,632
number of registered holders of H shares	2,388

Shareholding of top ten shareholders

Name of shareholder	Number of shares held at the end of the period	Percentage (%)	Pledged or frozen		Type of shares	Nature of shareholder
			Status	Number of shares		
Shenhua Group Corporation Limited	14,530,574,452	73.06	Nil	N/A	RMB ordinary shares	State-owned
HKSCC NOMINEES LIMITED	3,389,871,809	17.04	Unknown	N/A	Overseas listed foreign shares	Overseas corporate
China Securities Finance Corporation Limited	606,231,658	3.05	Nil	N/A	RMB ordinary shares	Others
Central Huijin Asset Management Ltd.	110,027,300	0.55	Nil	N/A	RMB ordinary shares	State-owned
Bank of China Limited – China Merchants Fengqing Flexible Configuration Hybrid Initiated Securities Investment Fund	25,159,394	0.13	Nil	N/A	RMB ordinary shares	Others
Hong Kong Securities Clearing Company Limited	15,534,178	0.08	Nil	N/A	RMB ordinary shares	Overseas corporate
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	15,047,626	0.08	Nil	N/A	RMB ordinary shares	Others
National Social Security Fund 504 Portfolio	15,000,000	0.08	Nil	N/A	RMB ordinary shares	State-owned
Industrial & Commercial Bank of China Limited – China Southern Consumption Vitality Flexible Allocation Hybrid Initiated Securities Investment Fund	14,014,887	0.07	Nil	N/A	RMB ordinary shares	Others
National Social Security Fund 503 Portfolio	12,000,000	0.06	Nil	N/A	RMB ordinary shares	State-owned

Shareholdings of top ten shareholders without selling restrictions

Name of shareholders	Number of shares with selling restrictions	Type and number of shares	
		Type	Number
Shenhua Group Corporation Limited	14,530,574,452	RMB ordinary shares	14,530,574,452
HKSCC NOMINEES LIMITED	3,389,871,809	Overseas listed foreign shares	3,389,871,809
China Securities Finance Corporation Limited	606,231,658	RMB ordinary shares	606,231,658
Central Huijin Asset Management Ltd.	110,027,300	RMB ordinary shares	110,027,300
Bank of China Limited – China Merchants Fengqing Flexible Configuration Hybrid Initiated Securities Investment Fund	25,159,394	RMB ordinary shares	25,159,394
Hong Kong Securities Clearing Company Limited	15,534,178	RMB ordinary shares	15,534,178
Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund	15,047,626	RMB ordinary shares	15,047,626
National Social Security Fund 504 Portfolio	15,000,000	RMB ordinary shares	15,000,000
Industrial & Commercial Bank of China Limited – China Southern Consumption Vitality Flexible Allocation Hybrid Initiated Securities Investment Fund	14,014,887	RMB ordinary shares	14,014,887
National Social Security Fund 503 Portfolio	12,000,000	RMB ordinary shares	12,000,000

Statement on the connected relationships among the above shareholders or whether they are parties acting in concert

HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are subsidiaries of the Hong Kong Stock Exchange. The custodian bank of Industrial & Commercial Bank of China Limited – China Southern Consumption Vitality Flexible Allocation Hybrid Initiated Securities Investment Fund and Industrial & Commercial Bank of China – Shanghai Index 50 Trading Open-end Index Securities Investment Fund is the Industrial & Commercial Bank of China Limited. Saved as disclosed above, the Company is not aware of any connected relationships between top ten shareholders not subject to selling restrictions and the top ten shareholders, and whether they are parties acting in concert as defined in the Measures for Administration of Acquisition of Listed Companies.

Note: HKSCC Nominees Limited holds H shares on behalf of a number of clients. Hong Kong Securities Clearing Company Limited holds A shares on behalf of a number of clients.

During the reporting period, Shenhua Group Corporation did not increase its shareholding in the Company's shares.

2.5 Total number of holders of preference shares and top ten holders of preference shares and top ten holders of preference shares not subject to selling restrictions at the end of the reporting period

Applicable Not applicable

3. SIGNIFICANT EVENTS

3.1 Changes in major items of accounting statements of the Company and the underlying reasons

✓ Applicable Not applicable

For the three months ended 31 March 2016, the revenue of the Group under IFRSs was RMB39,402 million (for the three months ended 31 March 2015: RMB41,292 million (restated)), representing a year-on-year decrease of 4.6%. Profit before income tax was RMB9,025 million (for the three months ended 31 March 2015: RMB10,729 million (restated)), representing a year-on-year decrease of 15.9%. Profit for the period attributable to equity holders of the Company was RMB4,741 million (for the three months ended 31 March 2015: RMB6,616 million (restated)), representing a year-on-year decrease of 28.3%.

Changes in major items of the consolidated financial statements during the reporting period and explanations are set out below:

Unit: RMB million

No.	Item of consolidated statement of profit or loss and other comprehensive income	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (restated)	Percentage change %	Major reasons for changes
1	Revenue	39,402	41,292	(4.6)	A decrease in sales price of coal and power output; a decrease in the volume of material trading business
2	Cost of sales	(26,892)	(27,823)	(3.3)	A decrease in the volume of material trading business
3	General and administrative expenses	(2,062)	(1,977)	4.3	An increase in depreciation and amortization resulting from the commencing of operation of the self-developed informatization system and the increasing suspended mines; and increase of expensed research and development expenditure

No.	Item of consolidated statement of profit or loss and other comprehensive income	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (restated)	Percentage change %	Major reasons for changes
4	Other gains and losses	(71)	4	(1,875.0)	An increase in loss on disposal of fixed assets
5	Other income	58	125	(53.6)	The government grants for railway segments have not been received
6	Interest income	102	189	(46.0)	A decrease of the deposit rate
7	Finance costs	(1,321)	(962)	37.3	the exchange loss in borrowings denominated in Japanese Yen arising from the appreciation of Japanese Yen, and the operation of part of newly constructed projects leading to a decrease in capitalization interest
8	Income tax	(2,228)	(2,036)	9.4	the average rate of income tax of the first quarter in 2016 was 24.7% (the first quarter in 2015: 19.0%, (restated)), with an increase of 5.7 percentage points, which was mainly attributable to the decrease in percentage of profits in the coal segment, which is entitled to more preferential tax rates, and the increase in percentage of profits in the power and transportation segments, which are entitled to less preferential tax rates, and part of the deductible taxation losses incurred by operation losses of certain branches of subsidiaries were not recognized as deferred tax assets because of the uncertainty of the pay-back period

Unit: RMB million

No.	Consolidated statement of financial position	As at 31 March 2016	As at 31 December 2015	Percentage change %	Major reasons for changes
1	Construction in progress	35,598	33,610	5.9	An increase in the operation of construction projects in power segments
2	Inventories	14,345	12,816	11.9	An increase in coal inventories being stored on ports and power plants
3	Accounts and bills receivable	36,588	41,019	(10.8)	A decrease in due payment of bills and the bank acceptance received
4	Prepaid expenses and other current assets	16,034	19,351	(17.1)	A decrease in the volume of material trading business leading to a decrease in prepaid expenses, and a decrease in short-term loans distributed by Shenhua Finance Company
5	Cash and cash equivalents	51,949	42,323	22.7	due payment of bank acceptances
6	Short-term debentures	0	4,998	(100.0)	Maturity of issued super short-term commercial paper
7	Accounts and bills payable	31,407	33,990	(7.6)	A decrease in the scale of constructions under progress when compared to the corresponding period last year, a decrease in relevant procurement leading to a decrease in accounts payable
8	Accrued expenses and other payables	45,772	47,519	(3.7)	A decrease in balance of deposits placed with Shenhua Finance Company
9	Long-term borrowings	58,808	54,179	8.5	An increase in long-term borrowings from power and transportation segments

Unit: RMB million

No.	Item of the consolidated statement of cash flows	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (restated)	Percentage change (%)	Major reasons for changes
1	Net cash generated from operating activities	15,225	10,482	45.2	Decrease in deposits placed with Shenhua Finance
	Including: Net cash (used in) generated from operation of Shenhua Finance Company ^{Note}	(3,898)	1,344	(390.0)	Company; settlement of matured bank acceptance bills receivable
	Net cash generated from operating activities excluding the impact of Shenhua Finance Company	19,123	9,138	109.3	
2	Net cash used in investing activities	(3,668)	(5,230)	(29.9)	Decrease in cash paid for acquisition of long-term assets
3	Net cash (used in) generated from financing activities	(1,926)	5,181	(137.2)	Increase in net amounts generated by external debt financing activities

Note: As Shenhua Finance Company provides financial services including deposits and borrowings for entities other than the Group, the item represents the cash flows of deposits and borrowings and interest, fees and commission used by this business.

3.2 Analysis on key operational indicators of the coal segment of the Group

(1) The operation of the coal segment before elimination on consolidation

		For the three months ended 31 March 2016	For the three months ended 31 March 2015 (restated)	Percentage change (%)	Major reasons for changes
Revenue	<i>RMB million</i>	25,962	27,130	(4.3)	A decrease in sales price of coal
Cost of sales	<i>RMB million</i>	23,468	22,182	5.8	An increase in sales volume of coal
Gross profit	<i>RMB million</i>	2,494	4,948	(49.6)	
Gross profit margin	%	9.6	18.2	Decreased by 8.6 percentage points	

(2) Coal sales volume and price

	For the three months ended 31 March 2016			For the three months ended 31 March 2015 (restated)			Percentage change	
	Sales volume <i>Million tonnes</i>	Percentage to total sales %	Price <i>RMB/ tonne</i>	Sales volume <i>Million tonnes</i>	Percentage to total sales %	Price <i>RMB/ tonne</i>	Sales volume %	Price %
I. Domestic sales	91.1	98.5	267.9	71.6	98.4	328.8	27.2	(18.5)
(I) Self-produced coal and purchased coal	89.8	97.1	270.0	67.8	93.1	325.8	32.4	(17.1)
1. Direct arrival	35.4	38.3	201.6	34.3	47.1	250.9	3.2	(19.6)
2. Seaborne	54.4	58.8	314.5	33.5	46.0	402.4	62.4	(21.8)
(II) Sales of domestic trading coal	1.3	1.4	125.6	3.8	5.3	383.6	(65.8)	(67.3)
(III) Sales of imported coal	0.0	0.0	0.0	0.0	0.0	212.0	N/A	(100.0)
II. Export sales	0.7	0.8	415.6	0.3	0.4	507.7	133.3	(18.1)
III. Overseas sales	0.7	0.7	162.7	0.9	1.2	215.5	(22.2)	(24.5)
(I) EMM Indonesia	0.4	0.4	86.7	0.5	0.7	61.0	(20.0)	42.1
(II) Re-export trade	0.3	0.3	273.1	0.4	0.5	396.9	(25.0)	(31.2)
Total sales volume/weighted average price	92.5	100.0	268.3	72.8	100.0	328.2	27.1	(18.3)

Notes:

- The above coal prices were exclusive of value-added tax.
- For the three months ended 31 March 2015, the sales volume of imported coal amounted to 31.5 thousand tonnes. It was recorded as 0 million tonnes after adjusting the unit to “million tonnes”.

For the first quarter of 2016, coal sales volume of the Company increased by 27.1% as compared with the same period last year, mainly due to (1) a rebound in the coal demand in major downstream industries during the first quarter of this year, especially since March 2016; (2) the increased efforts in sales of purchased coal to fulfill the capacity of its own transportation system; and (3) relatively low in sales volume base in the first quarter last year.

In 2016, the Company will continue to insist maximizing the proportion of seaborne coal as the basic sales strategies, and properly strengthen the sales of coal purchased and exported coal.

(3) Unit production cost of self-produced coal

	For the three months ended 31 March 2016 RMB/tonne	For the three months ended 31 March 2015 (restated) RMB/tonne	Percentage change %	Major reasons for changes
Unit production cost of self-produced coal	112.6	116.6	(3.4)	
Raw materials, fuel and power	19.9	19.7	1.0	
Personnel expenses	17.5	18.1	(3.3)	A year-on-year increase in production volume of self-produced coal
Repairs and maintenance	8.1	8.9	(9.0)	A year-on-year increase in production volume of self-produced coal
Depreciation and amortisation	20.2	19.8	2.0	
Others	46.9	50.1	(6.4)	A decrease in ancillary production cost and mining engineering cost

Among unit production cost of self-produced coal, “others” comprise the following three parts: (1) approximately 72% was from the cost directly related to production, including selecting and processing cost and mining engineering cost, etc.; (2) approximately 8% was from ancillary production cost; and (3) approximately 20% was from compensation for land requisition and collapse, cost on environmental protection and fees levied by local governments, etc.

3.3 Analysis on key operational indicators of the power segment

For the three months ended 31 March 2016, gross power generation of the Group amounted to 51.50 billion kWh (for the three months ended 31 March 2015: 49.15 billion kWh (restated)), representing a year-on-year increase of 4.8%. The average power tariff was RMB311/MWh (for the three months ended 31 March 2015: RMB354/MWh (restated)), representing a year-on-year decrease of 12.1%, which was mainly due to the adjustment to power tariff. The average cost of power output dispatch was RMB224.7/MWh (for the three months ended 31 March 2015: RMB249.1/MWh (restated)), representing a year-on-year decrease of 9.8%, mainly due to the decrease in cost of fuels.

During the reporting period, the Expansion Project of Jinjie Energy Phase III (2×660 MW) of the Group was approved.

The operation of the power segment of the Group for the first quarter of 2016 is as follows:

(1) Classified by power type

Classified by Power Type	Gross Power Generation <i>billion kwh</i>	Total Power Output Dispatch <i>billion kwh</i>	Average Utilization Hours <i>Hour</i>	Power Tariff <i>RMB/MWh</i>	Newly-added Installed Capacity <i>MW</i>	Total Installed Capacity as of 31 March 2016 <i>MW</i>
1. Coal-fired power	53.25	49.89	1,019	306	-	52,257
2. Wind power	0.01	0.01	586	597	-	16
3. Hydro power	0.08	0.08	631	294	-	125
4. Gas-fired power	1.56	1.52	902	462	-	1,730
Total/weighted average	<u>54.90</u>	<u>51.50</u>	<u>1,014</u>	<u>311</u>	<u>-</u>	<u>54,128</u>

(2) *Classified by operating area*

Location/ Type of power	Power Generation			Power Output Dispatch			Power
	billion kwh			billion kwh			Tariff
	For the	For the	Percentage	For the	For the	Percentage	RMB/MWh
	three months	three months		three months	three months		For the
ended 31	ended 31	change	ended 31	ended 31	change	three months	
March 2016	March 2015	%	March 2016	March 2015	%	March 2016	
		(restated)			(restated)		
Domestic	54.50	52.18	4.4	51.15	48.70	5.0	310
Coal-fired power	52.85	51.64	2.3	49.54	48.17	2.8	305
Wind power	0.01	0.01	0.0	0.01	0.01	0.0	597
Hydro power	0.08	0.08	0.0	0.08	0.08	0.0	294
Gas-fired power	1.56	0.45	246.7	1.52	0.44	245.5	462
Overseas	0.40	0.51	(21.6)	0.35	0.45	(22.2)	429
Coal-fired power	0.40	0.51	(21.6)	0.35	0.45	(22.2)	429
Total/average	54.90	52.69	4.2	51.50	49.15	4.8	311

3.4 Information of the transportation segment

For the first quarter of 2016, the Group's transportation turnover of self-owned railway reached 60.8 billion tonne km, representing a year-on-year increase of 40.1%, which was mainly attributable to:

- (1) The realization of a larger growth year-on-year in the sales volume of coal transported by the Group's self-owned railway network, particular in the seaborne coal volume with long transportation distance;
- (2) The Group's consistently promoted the development of the Shenhua transportation market by expanding the scale and category of reverse transportation and non-coal product, strengthening the transportation linking management and operation incentive, and proactively researching and establishing a large transportation and logistics system;
- (3) The successful operation of the "triple-headed hualing unit" ten thousand tonnage trains of Shenshuo railway and the twenty thousand tonnage integrated trains of Shuohuang railway, and the smoothly open-up of the ten thousand tonnage trains transportation channel for the "Bazhun-Zhunchi-Shuohuang" railway, which effectively improved the overall transportation capacity level and efficiency

3.5 Overview of the industry

In 2016, China's economy is expected to keep a middle-to-high-speed growth. During the first quarter, gross domestic product (GDP) increased by 6.7% as compared with the same period last year.

During the first quarter, oversupply remained unsolved in the coal market. Demand of major downstream coal-consuming industries increased slightly as compared with the same period last year. Coal supply was suppressed due to the suspension of or delay in recovery of production. The relation between the supply and demand for coal tends to be favourable to the direction change for the suppliers, which causes the coal price bottoms out. As at the end of March, the price of the Bohai-Rim Thermal Coal Price(5,500 kcal/kg) increased from 372 RMB/ton as at the end of 2015 to 389 RMB/ton, representing an increase of 4.6%. National raw coal output was 0.81 billion tonnes, representing a year-on-year decrease of 5.3%; coal imports was 48.5 million tonnes, representing a year-on-year decrease of 1.2%.

Power supply was generally sufficient to meet the demand in China. Society-wide power consumption was 1,352.4 billion kwh in total, representing a year-on-year increase of 3.2%. Thermal power generation by power plants above a designated scale in China amounted to 1,049.3 billion kwh, representing a year-on-year decrease of 2.2%, the utilisation hours of power generators decreased by 108 hours year-on-year. Hydropower generation amounted to 203.3 billion kwh, representing a year-on-year increase of 17.5%.

For the second quarter, demand for coal will enter into the traditional low season. For the second half of the year, the ability of coal supply will be sufficient. With gradual implementation of the policy of Stable Growth and Promoting Reform by the Chinese government, demand for coal will maintain stable. The Chinese government proactively promote the reform of the supply-side in the coal industry, which requires to reduce around 500 million tonnes of coal production capacity by closing coal mines and consolidate around 500 million tonnes of coal production capacity by merging coal mines. Oversupply will be gradually resolved in the coal industry in the medium and long term, and the supply and demand is expected to be gradually balanced.

Note: This section is for reference only and does not constitute any investment advice. The information in this section was derived from sources such as the National Bureau of Statistics, China Coal Market Network, China Coal Resource Network and China Electricity Council, etc. The Company has used its best endeavours to ensure the accuracy and reliability of information in this section, but does not assume any liability or provide any form of guarantee for the accuracy, completeness or validity of all or part of its content. If there is any error or omission, the Company does not assume any liability.

3.6 Progress of significant events and the impact thereof as well as the analysis and explanations for the solutions

Applicable Not applicable

3.7 Commitments by the Company and shareholders with shareholding of 5% or above and the performance thereof

Applicable Not applicable

Background of Commitment	Type of Commitment	Committed Parties	Commitment	Time and Duration of Commitment	Any Time Limit for Commitment	Timely and Strict Performance of Commitment
Commitment in relation to initial public offer	Non-competition undertaking	Shenhua Group Corporation	The Company and Shenhua Group entered into a "Non-competition Agreement" on 24 May 2005. Pursuant to such agreement, Shenhua Group has committed not to compete with the Company in respect of the Company's principal businesses whether in or outside of the PRC, and granted the Company an option and pre-emptive right to acquire from Shenhua Group any potential business and assets in competition.	24 May 2005, long-term	Yes. China Shenhua announced to the public in June 2014: China Shenhua will commence the acquisition (to submit the asset acquisition proposal to relevant internal authorities of China Shenhua for approval) of 14 assets of Shenhua Group and its subsidiaries prior to 30 June 2019.	Yes
Other commitments	Commitments relating to increase of shareholding	Shenhua Group Corporation	Shenhua Group Corporation plans to increase its shareholding in the A shares of the Company under its own name through the securities trading system of Shanghai Stock Exchange within 12 months from 8 July 2015. Shenhua Group Corporation committed it will not reduce its shareholding in the Company during the implementation period of the increase in shareholding and within the statutory restricted period.	8 July 2015, the implementation period of the increase in shareholding and within the statutory restricted period.	Yes	Yes

3.8 Explanations and warnings with regard to forecast of a probable loss in respect of the accumulated net profits from the beginning of the financial year to the end of the next reporting period or a potential percentage change of the profits exceeding 50% as compared to the corresponding period of last year

Applicable Not applicable

3.9 The Company does not have any plans to declare or distribute quarterly dividend (including cash dividend).

3.10 Definition

Shenhua Group Corporation	Shenhua Group Corporation Limited
Shenhua Group	Shenhua Group Corporation Limited and its controlling subsidiaries
China Shenhua/the Company	China Shenhua Energy Company Limited
The Group	The Company and its controlling subsidiaries
Accounting Standards for Business Enterprises	The latest Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and the related application guidance, interpretations and other related requirements
International Financial Reporting Standards	International Financial Reporting Standards issued by the International Accounting Standards Committee

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

Beijing, 29 April 2016

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

**APPENDIX
PREPARED UNDER IFRSs**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the three months ended 31 March 2016

Unit: RMB million (unaudited)

	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (Restated)
Revenue	39,402	41,292
Cost of sales	(26,892)	(27,823)
Gross profit	12,510	13,469
Selling expenses	(127)	(133)
General and administrative expenses	(2,062)	(1,977)
Other gains and losses	(71)	4
Other income	58	125
Other expenses	(74)	(63)
Interest income	102	189
Finance costs	(1,321)	(962)
Share of results of associates	10	77
Profit before income tax	9,025	10,729
Income tax expense	(2,228)	(2,036)
Profit for the period	6,797	8,693
Exchange differences	73	(160)
Total comprehensive income for the period	6,870	8,533

	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (Restated)
Profit for the period attributable to:		
Equity holders of the Company	4,741	6,616
Non-controlling interests	2,056	2,077
	<hr/> 6,797	<hr/> 8,693
Total comprehensive income for the period attributable to:		
Equity holders of the Company	4,817	6,453
Non-controlling interests	2,053	2,080
	<hr/> 6,870	<hr/> 8,533
Earnings per share (RMB)		
– Basic	0.238	0.333
	<hr/> <hr/> 0.238	<hr/> <hr/> 0.333

PREPARED UNDER IFRSs

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2016

Unit: RMB million (unaudited)

	As at 31 March 2016	As at 31 December 2015
Non-current assets		
Property, plant and equipment	334,537	339,326
Construction in progress	35,598	33,610
Exploration and evaluation assets	2,317	2,176
Intangible assets	2,910	2,964
Interest in associates	5,064	5,113
Available-for-sale investments	1,795	1,795
Other non-current assets	35,124	34,562
Lease prepayments	16,512	16,535
Deferred tax assets	2,605	2,674
	<hr/>	<hr/>
Total non-current assets	436,462	438,755

	As at 31 March 2016	As at 31 December 2015
Current assets		
Inventories	14,345	12,816
Accounts and bills receivable	36,588	41,019
Prepaid expenses and other current assets	16,034	19,351
Restricted bank deposits	4,889	4,611
Time deposits with original maturity over three months	1,532	916
Cash and cash equivalents	51,949	42,323
	<hr/>	<hr/>
Total current assets	125,337	121,036
	<hr/>	<hr/>
Current liabilities		
Borrowings	12,647	12,812
Short-term debenture	0	4,998
Accounts and bills payable	31,407	33,990
Accrued expenses and other payables	45,772	47,519
Current portion of long-term liabilities	316	203
Income tax payable	1,971	1,965
	<hr/>	<hr/>
Total current liabilities	92,113	101,487
	<hr/>	<hr/>

	As at 31 March 2016	As at 31 December 2015
Net current assets	<u>33,224</u>	<u>19,549</u>
Total assets less current liabilities	<u>469,686</u>	<u>458,304</u>
Non-current liabilities		
Borrowings	58,808	54,179
Medium-term notes	24,955	24,955
Bonds	9,608	9,651
Long-term payables	2,357	2,523
Accrued reclamation obligations	2,224	2,197
Deferred tax liabilities	<u>867</u>	<u>878</u>
Total non-current liabilities	<u>98,819</u>	<u>94,383</u>
Net assets	<u><u>370,867</u></u>	<u><u>363,921</u></u>
Equity		
Share capital	19,890	19,890
Reserves	<u>282,917</u>	<u>278,178</u>
Equity attributable to equity holders of the Company	<u>302,807</u>	298,068
Non-controlling interests	<u>68,062</u>	<u>65,853</u>
Total equity	<u><u>370,869</u></u>	<u><u>363,921</u></u>

PREPARED UNDER IFRSs

CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 31 March 2016

Unit: RMB million (unaudited)

	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (Restated)
Operating activities		
Cash generated from operations	17,374	13,196
Income tax paid	(2,149)	(2,714)
	<hr/>	<hr/>
Net cash generated from operating activities	15,225	10,482
	<hr/>	<hr/>
Investment activities		
Acquisition of property, plant and equipment, intangible assets, exploration and evaluation assets, constructions in progress and other non-current assets	(2,980)	(4,578)
Increase in lease prepayments	(46)	(294)
Proceeds from disposal of property, plant and equipment, intangible assets and lease prepayments	2	22
Proceeds from disposal of available-for-sale investment and an associate	0	2
Investment in associates	(5)	(3)
Dividend received from associates	0	24
Interest received	71	156
Proceeds from investing in debt securities	24	0
Proceeds from disposal of debt securities	0	400
Increase in restricted bank deposits	(278)	(964)
Increase in time deposits with original maturity over three months	(788)	(67)
Maturity of time deposits with original maturity over three months	172	72
Proceeds from disposal of financial products	160	0
	<hr/>	<hr/>
Net cash used in investment activities	(3,668)	(5,230)
	<hr/>	<hr/>

	For the three months ended 31 March 2016	For the three months ended 31 March 2015 (Restated)
Financing activities		
Interest paid	(1,162)	(1,411)
Proceeds from borrowings	7,684	3,276
Repayments of borrowings	(3,387)	(6,532)
Net proceeds from issuance of debentures	0	19,213
Repayments of short-term debentures	(5,000)	(10,000)
Contributions from non-controlling shareholders	416	77
Distributions to non-controlling shareholders	(168)	(138)
Cash paid for acquisition of a subsidiary under common control	(309)	0
Capital funds received	0	700
Acquisition of non-controlling interests	0	(4)
	<hr/>	<hr/>
Net cash (used in) generated from financing activities	(1,926)	5,181
	<hr/>	<hr/>
Net increase in cash and cash equivalents	9,631	10,433
Cash and cash equivalents, at the beginning of the period	42,323	35,962
Effect of foreign exchange rate changes	(5)	1
	<hr/>	<hr/>
Cash and cash equivalents, at the end of the period	51,949	46,396
	<hr/> <hr/>	<hr/> <hr/>