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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)

**CONTINUING CONNECTED TRANSACTION
ENTERING INTO POWER GENERATION TRADING AGREEMENTS**

FIRST POWER GENERATION TRADING AGREEMENT

On 28 May 2008, Guohua Pandian, a subsidiary of the Company, entered into the First Power Generation Trading Agreement with Fu Yuan Electricity, Tianjin City Electricity and Huabei Electricity Network Trading Center, pursuant to which Guohua Pandian has agreed to substitute Fu Yuan Electricity in supplying electricity services to Tianjin City Electricity and Fu Yuan Electricity has agreed to pay substitution fees to Guohua Pandian subject to the terms and conditions therein.

SECOND POWER GENERATION TRADING AGREEMENT

On 28 November 2008, Guohua Pandian, a subsidiary of the Company, entered into the Second Power Generation Trading Agreement with Chen Tang Heat Electricity, Tianjin City Electricity, and Huabei Electricity Network Trading Center, pursuant to which Guohua Pandian has agreed to substitute Chen Tang Heat Electricity in supplying electricity services to Tianjin City Electricity and Chen Tang Heat Electricity has agreed to pay substitution fees to Guohua Pandian subject to the terms and conditions therein.

CONNECTED TRANSACTION AND HONG KONG LISTING RULES IMPLICATIONS

Connected transaction

Jin Neng Investment is a substantial shareholder of Tianjin Guohua Jin Neng, a subsidiary of the Company, and Jin Neng Investment is therefore a connected person of the Company under the Hong Kong Listing Rules.

Fu Yuan Electricity is a subsidiary of Jin Neng Investment. Fu Yuan Electricity is therefore an associate of Jin Neng Investment and thereby a connected person of the Company under the Hong Kong Listing Rules.

Therefore the First Power Generation Trading Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios for the First Power Generation Trading Agreement alone is less than 0.1%, the First Power Generation Trading Agreement was exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules at the time when the First Power Generation Trading Agreement was entered into by the parties thereto.

Chen Tang Heat Electricity is a subsidiary of Jin Neng Investment. Chen Tang Heat Electricity is therefore an associate of Jin Neng Investment and thereby a connected person of the Company under the Hong Kong Listing Rules.

Therefore the Second Power Generation Trading Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

Fu Yuan Electricity is a non wholly-owned subsidiary of Chen Tang Heat Electricity, therefore, Fu Yuan Electricity and Chen Tang Heat Electricity are connected parties.

Aggregation

Given that both the First Power Generation Trading Agreement and Second Power Generation Trading Agreement were entered into within a twelve months period and were entered into by Guohua Pandian with subsidiaries of Jin Neng Investment (i.e. Fu Yuan Electricity and Chen Tang Heat Electricity), the transactions contemplated under the First Power Generation Trading Agreement would have to be aggregated with the transactions in respect of the Second Power Generation Trading Agreement pursuant to Rule 14A.25 of the Hong Kong Listing Rules.

Such aggregation would result in the applicable percentage ratios for transactions contemplated under the Power Generation Trading Agreements exceeding 0.1% but being less than 2.5%. Pursuant to Rule 14A.34 of the Hong Kong Listing Rules, the transactions contemplated under the Power Generation Trading Agreements are subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

FIRST POWER GENERATION TRADING AGREEMENT

On 28 May 2008, Guohua Pandian, a subsidiary of the Company, entered into the First Power Generation Trading Agreement with Fu Yuan Electricity, Tianjin City Electricity and Huabei Electricity Network Trading Center, pursuant to which Guohua Pandian has agreed to substitute Fu Yuan Electricity in supplying electricity services to Tianjin City Electricity and Fu Yuan Electricity has agreed to pay substitution fees to Guohua Pandian subject to the terms and conditions therein.

PRINCIPAL TERMS OF THE FIRST POWER GENERATION TRADING AGREEMENT

Date

28 May 2008

Parties

Guohua Pandian, Fu Yuan Electricity, Tianjin City Electricity and Huabei Electricity Network Trading Centre

Continuing Transaction

Pursuant to the First Power Generation Trading Agreement, Guohua Pandian has agreed to substitute Fu Yuan Electricity in supplying electricity services to Tianjin City Electricity, and Fu Yuan Electricity shall pay substitution fees to Guohua Pandian.

Term and termination

The First Power Generation Trading Agreement was effective upon signing and will end on 31 December 2008.

Price Determination

Pursuant to the First Power Generation Trading Agreement, the substitution fees shall be determined by reference to substituted electricity volume and at the price of RMB250 per mwh (inclusive of tax).

ANNUAL CAP

Based on assumed growth of the electricity generation business of the Group and the Group's electricity generation capacity, the Company has set a cap on substitution fees receivable under the First Power Generation Trading Agreement for the year ending 31 December 2008 at RMB 27,000,000 (approximately equivalent to HK\$30,485,700).

SECOND POWER GENERATION TRADING AGREEMENT

On 28 November 2008, Guohua Pandian, a subsidiary of the Company, entered into the Second Power Generation Trading Agreement with Chen Tang Heat Electricity, Tianjin City Electricity, and Huabei Electricity Network Trading Center, pursuant to which Guohua Pandian has agreed to substitute Chen Tang Heat Electricity in supplying electricity services to Tianjin City Electricity and Chen Tang Heat Electricity has agreed to pay substitution fees to Guohua Pandian subject to the terms and conditions therein.

PRINCIPAL TERMS OF THE SECOND POWER GENERATION TRADING AGREEMENT

Date

28 November 2008

Parties

Guohua Pandian, Chen Tang Heat Electricity, Tianjin City Electricity and Huabei Electricity Network Trading Centre

Continuing Transaction

Pursuant to the Second Power Generation Trading Agreement, Guohua Pandian has agreed to substitute Chen Tang Heat Electricity in supplying electricity services to Tianjin City Electricity and Chen Tang Heat Electricity shall pay substitution fees to Guohua Pandian.

Term and termination

The Second Power Generation Trading Agreement is effective upon signing and will end on 31 December 2008.

Price Determination

Pursuant to the Second Power Generation Trading Agreement, the substitution fees shall be determined by reference to substituted electricity volume and at the price of RMB350 per mwh (inclusive of tax).

ANNUAL CAP

Based on assumed growth of the electricity generation business of the Group and the Group's electricity generation capacity, the Company has set a cap on substitution fees receivable under the Second Power Generation Trading Agreement for the year ending 31 December 2008 at RMB 63,000,000 (approximately equivalent to HK\$71,133,300).

CONNECTED TRANSACTION AND HONG KONG LISTING RULES IMPLICATIONS

Connected transaction

Jin Neng Investment is a substantial shareholder of Tianjin Guohua Jin Neng, a subsidiary of the Company, and Jin Neng Investment is therefore a connected person of the Company under the Hong Kong Listing Rules.

Fu Yuan Electricity is a subsidiary of Jin Neng Investment. Fu Yuan Electricity is therefore an associate of Jin Neng Investment and thereby a connected person of the Company under the Hong Kong Listing Rules.

Therefore the First Power Generation Trading Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As each of the applicable percentage ratios for the First Power Generation Trading Agreement alone is less than 0.1%, the First Power Generation Trading Agreement was exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Hong Kong Listing Rules at the time when the First Power Generation Trading Agreement was entered into by the parties thereto.

Chen Tang Heat Electricity is a subsidiary of Jin Neng Investment. Chen Tang Heat Electricity is therefore an associate of Jin Neng Investment and thereby a connected person of the Company under the Hong Kong Listing Rules.

Therefore the Second Power Generation Trading Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

Fu Yuan Electricity is a non wholly-owned subsidiary of Chen Tang Heat Electricity, therefore, Fu Yuan Electricity and Chen Tang Heat Electricity are connected parties.

Aggregation

Given that both the First Power Generation Trading Agreement and Second Power Generation Trading Agreement were entered into within a twelve months period and were entered into by Guohua Pandian with subsidiaries of Jin Neng Investment (i.e. Fu Yuan Electricity and Chen Tang Heat Electricity), the transactions contemplated under the First Power Generation Trading Agreement would have to be aggregated with the transactions in respect of the Second Power Generation Trading Agreement pursuant to Rule 14A.25 of the Hong Kong Listing Rules.

Such aggregation would result in the applicable percentage ratios for transactions contemplated under the Power Generation Trading Agreements exceeding 0.1% but being less than 2.5%. Pursuant to Rule 14A.34 of the Hong Kong Listing Rules, the transactions contemplated under the Power Generation Trading Agreements are subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

REASONS FOR ENTERING INTO THE POWER GENERATION TRADING AGREEMENTS AND ITS BENEFITS TO THE COMPANY

The Power Generation Trading Agreements were entered into by the Group as part of its ordinary course of business. The Company believes that the entering into of such agreements on a continuing basis would provide greater certainty for the Company's business, the entering into of such agreements is also in line with the energy policy of the PRC. The Board (including all the independent non-executive directors) takes the view that the terms of the Power Generation Trading Agreements are fair and reasonable, are based on normal commercial terms following arm's-length negotiations among the parties thereto, or on terms no less favourable than those available to independent third parties under prevailing local market conditions, and were entered into in the ordinary and usual course of business of the Group, in the interests of the Company and its shareholders as a whole, and the annual caps proposed by the Company are fair and reasonable.

GENERAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is no other transaction (other than those disclosed in this announcement) entered into between the Group, Fu Yuan Electricity, Chen Tang Heat Electricity, Tianjin City Electricity Huabei Electricity Network Trading Center and their ultimate beneficial owners within a twelve months period from the date of this announcement or otherwise related, which would, together with the transactions disclosed in this announcement, be regarded as a series of transactions and treated as if they are one transaction under Rules 14A.25 of the Hong Kong Listing Rules.

INFORMATION RELATING TO THE GROUP

The Group operates an integrated coal-based energy business in the PRC, including coal production, transportation and sales as well as power generation. The Group also produces thermal coal and purchases coal from third parties for coal blending and resale.

INFORMATION RELATING TO FU YUAN ELECTRICITY, CHEN TANG HEAT ELECTRICITY, TIANJIN CITY ELECTRICITY AND HUABEI ELECTRICITY NETWORK TRADING CENTER

Fu Yuan Electricity is principally engaged in electric power generation.

Chen Tang Heat Electricity is principally engaged in electric power generation and heat supply.

Tianjin City Electricity is principally engaged in electricity transmission, procurement and distribution of power in the Tianjin region; management of Tianjin Electric Power Trading Center, responsible for the operation of Tianjin electric power market, and to participate in the electric power and volume trading with other power networks in Tianjin and other regions.

Huabei Electricity Network Trading Center is principally engaged in electricity transmission, procurement and distribution of power; management of Huabei Electric power Adjustment Trading Center, responsible for overall operation of the electric power market in Huabei, and to participate in the electric power and volume trading with other power networks in Huabei and other regions; and to perform adjustment control on the Huabei power networks in accordance with the laws etc.

DEFINITIONS

In this announcement, the following expressions have the following meaning unless the context requires otherwise:

“Board”	the board of Directors;
“Chen Tang Heat Electricity”	Tianjin Chen Tang Heat Electricity Company Limited (天津陳塘熱電有限公司), a limited liability company incorporated in the PRC;
“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;
“Director(s)”	the director(s) of the Company;
“First Power Generation Trading Agreement”	The power generation trading agreement dated 28 May 2008 entered into between Guohua Pandian, Fu Yuan Electricity, Tianjin City Electricity and Huabei Electricity Network Trading Centre;
“Fu Yuan Electricity”	Tianjin City Fu Yuan Electricity Company Limited (天津市富源發電有限公司), a limited

	liability company incorporated in the PRC;
“Group”	The Company and its subsidiaries;
“Guohua Pandian”	Tianjin Guohua Panshan Fadian Company Limited (天津國華盤山發電有限責任公司), a limited liability company incorporated in the PRC;
“HK\$”	the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Huabei Electricity Network Trading Center”	Huabei Electricity Network Trading Center (華北電網電力交易中心), a center in Huabei region of PRC which is responsible for the establishment and management of the electric power market in the region;
“Jin Neng Investment”	Tianjin City Jin Neng Investment Company Limited (天津市津能投資公司), a limited liability company incorporated in the PRC;
“Power Generation Trading Agreements”	Include First Power Generation Trading Agreement and Second Power Generation Trading Agreement;
“PRC”	the People’s Republic of China;
“RMB”	the lawful currency of the PRC;
“Second Power Generation Trading Agreement”	The power generation trading agreement dated 28 November entered into between Guohua Pandian, Chen Tang Heat Electricity, Tianjin City Electricity and Huabei Electricity Network Trading Centre;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin City Electricity”	Tianjin City Electricity Limited Company (天津市電力公司), a limited liability company incorporated in the PRC;
“Tianjin Guohua Jin Neng”	Tianjin Guohua Jin Neng Fadian Limited Company (天津國華津能發電有限責任公司), a limited liability company incorporated in the PRC;

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

Beijing, 28 November 2008

For the purpose of illustration only amounts denominated in RMB have been translated into HK\$ at the rate of RMB1: HK\$1.12910.

As at the date of this announcement, the Board comprises Mr. Chen Biting and Dr. Ling Wen, as executive Directors, Dr. Zhang Xiwu, Dr. Zhang Yuzhuo and Mr. Han Jianguo, as non-executive Directors, and Mr. Huang Yicheng, Mr. Anthony Francis Neoh and Dr. Chen Xiaoyue, as independent non-executive Directors.