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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: 1088)

**ENTERING INTO ASSETS PURCHASE AGREEMENT
AND EQUITY PURCHASE AGREEMENTS**

The Company entered into the Assets Purchase Agreement with Shenhua Group Co on 1 March 2012, for the purchase of assets.

The Company entered into the Guohua Taicang Company Equity Purchase Agreement with Guohua Power, a wholly-owned subsidiary of Shenhua Group Co on 1 March 2012, the Shenhua HK Company Equity Purchase Agreement with Shenhua Group Co and International Trade Company on 1 March 2012 and the Bayannur Company Equity Purchase Agreement with Shenhua Group Co on 1 March 2012, for the purchase of equity interests.

Shenhua Group Co is a controlling shareholder of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. Guohua Power and International Trade Company are wholly-owned subsidiaries of Shenhua Group Co and are therefore also connected persons of the Company under the Hong Kong Listing Rules.

Therefore, the Assets Purchase Agreement, the Equity Purchase Agreements and the transactions contemplated thereunder constitute connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

Since the applicable percentage ratios of the transactions contemplated under the Assets Purchase Agreement and the Equity Purchase Agreements (on an aggregated basis) are more than 0.1% but less than 5%, these transactions are only subject to reporting and announcement requirements but are exempted from independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

ENTERING INTO ASSETS PURCHASE AGREEMENT

The Company entered into the Assets Purchase Agreement with Shenhua Group Co on 1 March 2012, pursuant to which the Company conditionally agreed to purchase the Assets.

The aggregate consideration for the acquisition of the Assets is RMB739.0094 million.

The major terms of the Assets Purchase Agreement are as follows:

Date

1 March 2012

Parties

Purchaser: The Company

Vendor: Shenhua Group Co

Assets to be acquired

Subject to the terms and conditions of the Assets Purchase Agreement, the Company has conditionally agreed to purchase 3,996 sets of open top railway wagons from Shenhua Group Co.

Consideration

The aggregate consideration for the acquisition of the Assets is RMB739.0094 million which will be paid in cash by the Company. Since the Assets are PRC state-owned assets, such consideration is subject to the final agreement and record of the Assets Valuation Report by Shenhua Group Co who exercises such power and rights on behalf of the SASAC pursuant to the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” promulgated by the SASAC on 26 January 2010 (Guo Zi Fa Chan Quan [2010] No.11), and may adjust such consideration upwards or downwards within 5%. Shenhua Group Co will exercise such adjustment power and rights strictly in accordance with requirements set out in PRC laws and regulations, including but not limited to the “Provisional Measures for the Administration of the Transfer of the State-owned Property Rights of Enterprises”, the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” and the “Provisional Measures for the Administration of Assessment of the State-owned Assets of Enterprises”. As of the date of this announcement, no decision on consideration adjustment has been made by Shenhua Group Co. In the event that upward adjustment to the aforesaid consideration is beyond 5%, the Company will make further announcement on such upward adjustment and will comply with the applicable requirements under the Hong Kong Listing Rules.

The consideration was determined by the parties following arm's length negotiations by reference to, inter alia, the appraised value of the Assets of RMB739.0094 million as at the Valuation Date. Such appraisal was prepared by the Valuer, an independent firm of valuer qualified in the PRC, based on cost approach.

The Assets were acquired by Shenhua Group Co from various open top railway wagon manufactureres, including Zhuzhou Truck Factory (株洲車輛廠), Meishan Truck Factory (眉山車輛廠), Jinan Truck Factory (濟南車輛廠), Baotou Beifang Chuangye Company (包頭北方創業公司), South Huitong Company (南方匯通公司), Jinxi Machinery Industries Company (晉西機器工業公司) and Shenyang Truck Factory (沈陽機車車輛廠) in 2005. The original acquisition costs was approximately RMB1,059.7392 million.

Conditions precedent

The Assets Purchase Agreement is conditional and shall take effect upon the following:

- (1) the Assets Purchase Agreement having been duly sealed and executed by the legal representatives or authorised persons of the parties;
- (2) all necessary consents or approvals in relation to the Assets Purchase Agreement and the transfer of the Assets therein having been obtained, including:
 - (a) the obtaining of approval from Shenhua Group Co in relation to the transfer of the Assets pursuant to the Assets Purchase Agreement;
 - (b) the agreement and record of the Assets Valuation Report by Shenhua Group Co;
 - (c) the obtaining of approval from the board of Shenhua Group Co;
 - (d) the obtaining of approval from the Board of the Company; and
 - (e) the compliance by the Company of announcement and other applicable requirements of the listing rules of the jurisdictions where the Company's shares are listed in relation to the subject transaction.

The parties agreed to procure that the above conditions precedent be fulfilled as soon as practicable.

ENTERING INTO EQUITY PURCHASE AGREEMENTS

The Company entered into the following Equity Purchase Agreements on 1 March 2012:

- (1) the Guohua Taicang Company Equity Purchase Agreement with Guohua Power, pursuant to which the Company conditionally agree to purchase 50% equity interest in Guohua Taicang Company from Guohua Power;

- (2) the Shenhua HK Company Equity Purchase Agreement with Shenhua Group Co and International Trade Company, pursuant to which the Company conditionally agree to purchase 99.996% equity interest in Shenhua HK Company from Shenhua Group Co and 0.004% equity interest in Shenhua HK Company from International Trade Company; and
- (3) the Bayannur Company Equity Purchase Agreement with Shenhua Group Co, pursuant to which the Company conditionally agree to purchase 60% equity interest in Bayannur Company from Shenhua Group Co.

The aggregate consideration for the acquisition of equity interests pursuant to and as stated on the Equity Purchase Agreements is RMB2,710,054,107.06 subject to the price adjustment mechanisms set forth below.

(1) Guohua Taicang Company Equity Purchase Agreement

The major terms of the Guohua Taicang Company Equity Purchase Agreement are as follows:

Date

1 March 2012

Parties

Purchaser: The Company

Vendor: Guohua Power

Equity interest to be acquired

Subject to the terms and conditions of the Guohua Taicang Company Equity Purchase Agreement, the Company has conditionally agreed to purchase 50% equity interest in Guohua Taicang Company from Guohua Power.

After the completion of the Guohua Taicang Company Equity Purchase Agreement, Guohua Taicang Company will become a subsidiary of the Company.

Consideration

The aggregate consideration for the acquisition of the Guohua Taicang Company is RMB1,337,180,951.76 which will be paid in cash by the Company. Since the Guohua Taicang Company Equity Interest is PRC state-owned assets, such consideration is subject to the final agreement and record of the Guohua Taicang Company Valuation Report by Shenhua Group Co who exercises such power and rights on behalf of the SASAC pursuant to the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” promulgated by the SASAC on 26 January 2010 (Guo Zi Fa Chan Quan [2010] No.11), and may adjust such consideration upwards or downwards within 5%. Shenhua Group Co will exercise

such adjustment power and rights strictly in accordance with requirements set out in PRC laws and regulations, including but not limited to the “Provisional Measures for the Administration of the Transfer of the State-owned Property Rights of Enterprises”, the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” and the “Provisional Measures for the Administration of Assessment of the State-owned Assets of Enterprises”. As of the date of this announcement, no decision on consideration adjustment has been made by Shenhua Group Co. In the event that upward adjustment to the aforesaid consideration is beyond 5%, the Company will make further announcement on such upward adjustment and will comply with the applicable requirements under the Hong Kong Listing Rules.

Guohua Taicang Company has declared dividend after the Valuation Date, among which Guohua Power was entitled to an amount of RMB80,814,853.47.

The consideration was determined by the parties following arm’s length negotiations by reference to, inter alia, the RMB1,417.9958 million which represents 50% of the appraised value of the total equity interests of Guohua Taicang Company which are valued at RMB2,835.9916 million as at the Valuation Date, and the subsequent declaration of dividend by Guohua Taicang Company after the Valuation Date. Such appraised value was prepared by the Valuer, an independent firm of valuer qualified in the PRC, based on discounted cash flow approach.

Given the valuation of Guohua Taicang Company involved the use of discounted cash flow approach, such valuation is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules and the Company has fully complied with Rule 14.62 of the Hong Kong Listing Rules. The principal assumptions of the abovementioned profit forecast are set out below. The auditors of the Company, KPMG reviewed the calculations of the discounted cash flows used and contained in the Guohua Taicang Company Valuation Report. The financial advisers, SW Capital, have also confirmed that the profit forecast has been made by the Directors after due and careful enquiry. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Valuer is a third party independent of the Group and its connected persons.

Principal assumptions adopted for discounted cash flow approach

The valuation of Guohua Taicang Company contained in the Guohua Taicang Company Valuation Report has been prepared on the following principal assumptions:

- (1) There will be no material changes in the external economic conditions and no material changes in the existing macroeconomics in the PRC after the Valuation Date;
- (2) There will be no material changes in the socio-economic environment and the applicable policies on taxation and tax rates in the PRC;
- (3) The future operating and management staffs of Guohua Taicang Company are responsible and will follow the current operating and management mode;

- (4) The valuation is based on the current operation capability of Guohua Taicang Company as of the Valuation Date, without taking into account any changes in the enhanced operation capability caused by management, operation strategy and additional investment, or changes in its production operation in the future;
- (5) The assets are appraised based on the actual quantities existing on the Valuation Date, and the current market price of such assets is based on the effective price in the PRC on the Valuation Date;
- (6) The general and financial information provided by the Company, Guohua Taicang Company and Shenhua Group Co regarding the valuation is true, accurate and complete;
- (7) The influence on price and cost by the changes in the future inflation rates is not taken into account; and
- (8) There will be no material changes in the interest rate and exchange rate after the Valuation Date.

Conditions precedent

The Guohua Taicang Company Equity Purchase Agreement is conditional and shall take effect upon the following:

- (1) the Guohua Taicang Company Equity Purchase Agreement having been duly sealed and executed by the legal representatives or authorised persons of the parties;
- (2) all necessary consents or approvals in relation to the Guohua Taicang Company Equity Purchase Agreement and the equity transfer therein having been obtained, including:
 - (a) the obtaining of approval from Shenhua Group Co in relation to the equity transfer pursuant to the Guohua Taicang Company Equity Purchase Agreement;
 - (b) the agreement and record of the Guohua Taicang Company Valuation Report by Shenhua Group Co;
 - (c) the obtaining of internal approval from Guohua Power and the other shareholders of Guohua Taicang Company agreeing to waive their pre-emptive purchase rights;
 - (d) the obtaining of approval from the Board of the Company; and
 - (e) the compliance by the Company of announcement and other applicable requirements of the listing rules of the jurisdictions where the Company's shares are listed in relation to the subject transaction.

The parties agreed to procure that the above conditions precedent be fulfilled as soon as practicable.

(2) Shenhua HK Company Equity Purchase Agreement

The major terms of the Shenhua HK Company Equity Purchase Agreement are as follows:

Date

1 March 2012

Parties

Purchaser: The Company

Vendor: Shenhua Group Co and International Trade Company

Equity interest to be acquired

Subject to the terms and conditions of the Shenhua HK Company Equity Purchase Agreement, the Company has conditionally agreed to purchase 99.996% equity interest in Shenhua HK Company from Shenhua Group Co and 0.004% equity interest from International Trade Company.

After the completion of the Shenhua HK Company Equity Purchase Agreement, Shenhua HK Company will become a wholly-owned subsidiary of the Company.

Consideration

The aggregate consideration for the acquisition of the Shenhua HK Company is RMB766,747,613.68 which will be paid in cash by the Company. Since the Shenhua HK Company Equity Interest is PRC state-owned assets, such consideration is subject to the final agreement and record of the Shenhua HK Company Valuation Report by Shenhua Group Co who exercises such power and rights on behalf of the SASAC pursuant to the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” promulgated by the SASAC on 26 January 2010 (Guo Zi Fa Chan Quan [2010] No.11), and may adjust such consideration upwards or downwards within 5%. Shenhua Group Co will exercise such adjustment power and rights strictly in accordance with requirements set out in PRC laws and regulations, including but not limited to the “Provisional Measures for the Administration of the Transfer of the State-owned Property Rights of Enterprises”, the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” and the “Provisional Measures for the Administration of Assessment of the State-owned Assets of Enterprises”. As of the date of this announcement, no decision on consideration adjustment has been made by Shenhua Group Co. In the event that upward adjustment to the aforesaid consideration is beyond 5%, the Company will make further announcement on such upward adjustment and will comply with the applicable requirements under the Hong Kong Listing Rules.

The consideration was determined by the parties following arm's length negotiations by reference to, inter alia, the net asset value and financial information and performance of Shenhua HK Company and the appraised value of the total equity interests of Shenhua HK Company which were valued at RMB766.7477 million as at the Valuation Date. Such appraised value was prepared by the Valuer, an independent firm of valuer qualified in the PRC, based on both the asset-based approach and the discounted cash flow approach and the discounted cash flow approach was used for the appraisal of the long-term investments in Guohua Dongtai Wind Power Co., Ltd. (國華(東臺)風電有限公司), Guohua Qiqihar Wind Power Co., Ltd. (國華(齊齊哈爾)風電有限公司), Guohua Tongliao Wind Power Co., Ltd. (國華(通遼)風電有限公司), Tacheng Tianrun Wind Power Co., Ltd. (塔城天潤風力發電有限公司), Guohua Hebei Renewable Power Co., Ltd. (國華(河北)新能源有限公司), Guohua Xilingol Renewable Power Co., Ltd. (國華(錫林郭勒)新能源有限公司) and Guohua Lufeng Wind Power Co., Ltd. (國華(陸豐)風電有限公司) (collectively "Wind Power Companies") of Shenhua HK Company. According to the valuation report prepared by the Valuer, the appraised value of the long-term investments in the Wind Power Companies of Shenhua HK Company on the Valuation Date is RMB1,063.7255 million.

Given the appraisal of the long-term investments in the Wind Power Companies of Shenhua HK Company involved the use of discounted cash flow approach, such valuation is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules and the Company has fully complied with Rule 14.62 of the Hong Kong Listing Rules. The principal assumptions of the abovementioned profit forecast are set out below. The auditors of the Company, KPMG reviewed the calculations of the discounted cash flow used and contained in the Shenhua HK Company Valuation Report. The financial advisers, SW Capital, have also confirmed that the profit forecast has been made by the Directors after due and careful enquiry. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Valuer is a third party independent of the Group and its connected persons.

Principal assumptions adopted for discounted cash flow approach

The valuation of the long-term investments in the Wind Power Companies of Shenhua HK Company contained in the Shenhua HK Company Valuation Report has been prepared on the following principal assumptions:

- (1) There will be no material changes in the external economic conditions and no material changes in the existing macro economics in the PRC after the Valuation Date;
- (2) There will be no material changes in the socio-economic environment and the applicable policies on taxation and tax rates in the PRC;
- (3) The future operating and management staffs of Shenhua HK Company are responsible and will follow the current operating and management mode;
- (4) The valuation is based on the current operation capability of Shenhua HK Company as of the Valuation Date, without taking into account any changes in the enhanced operation capability caused by management, operation strategy and additional investment, or changes in its production operation in the future;

- (5) The CDM arrangements under Kyoto Protocol will remain effective during the operating periods of the Wind Power Companies and the Wind Power Companies will continue to receive CDM income, estimated based on expected power generation volume and the pricing as of 30 September 2011, during their operating periods;
- (6) The assets are appraised based on the actual quantities existing on the Valuation Date, and the current market price of such assets is based on the effective price in the PRC on the Valuation Date;
- (7) The general and financial information provided by the Company, Shenhua HK Company and Shenhua Group Co regarding the valuation is true, accurate and complete;
- (8) The influence on price and cost by the changes in the future inflation rates is not taken into account; and
- (9) There will be no material changes in the interest rate and exchange rate after the Valuation Date.

Conditions precedent

The Shenhua HK Company Equity Purchase Agreement is conditional and shall take effect upon the following:

- (1) the Shenhua HK Company Equity Purchase Agreement having been duly sealed and executed by the legal representatives or authorised persons of the parties;
- (2) all necessary consents or approvals in relation to the Shenhua HK Company Equity Purchase Agreement and the equity transfer therein having been obtained, including:
 - (a) the obtaining of approvals from Shenhua Group Co in relation to the equity transfer pursuant to the Shenhua HK Company Equity Purchase Agreement;
 - (b) the agreement and record of the Shenhua HK Company Valuation Report by Shenhua Group Co;
 - (c) the obtaining of internal approval from Shenhua Group Co and International Trade Company;
 - (d) the obtaining of approval from the Board of the Company;
 - (e) the obtaining of approval from MOFCOM in relation to the equity transfer pursuant to the Shenhua HK Company Equity Purchase Agreement; and
 - (f) the compliance by the Company of announcement and other applicable requirements of the listing rules of the jurisdictions where the Company's shares are listed in relation to the subject transaction.

The parties agreed to procure that the above conditions precedent be fulfilled as soon as practicable.

(3) Bayannur Company Equity Purchase Agreement

The major terms of the Bayannur Company Equity Purchase Agreement are as follows:

Date

1 March 2012

Parties

Purchaser: The Company

Vendor: Shenhua Group Co

Equity interest to be acquired

Subject to the terms and conditions of the Bayannur Company Equity Purchase Agreement, the Company has conditionally agreed to purchase 60% equity interest in Bayannur Company from Shenhua Group Co.

After the completion of the Bayannur Company Equity Purchase Agreement, Bayannur Company will become a subsidiary of the Company.

Consideration

The aggregate consideration for the acquisition of Bayannur Company is RMB606,125,541.62 which will be paid in cash by the Company. Since the Bayannur Company Equity Interest is PRC state-owned assets, such consideration is subject to the final agreement and record of the Bayannur Company Valuation Report by Shenhua Group Co who exercises such power and rights on behalf of the SASAC pursuant to the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” promulgated by the SASAC on 26 January 2010 (Guo Zi Fa Chan Quan [2010] No.11), and may adjust such consideration upwards or downwards within 5%. Shenhua Group Co will exercise such adjustment power and rights strictly in accordance with requirements set out in PRC laws and regulations, including but not limited to the “Provisional Measures for the Administration of the Transfer of the State-owned Property Rights of Enterprises”, the “Notice on Matters related to Agreement-based Transfer of the State-owned Property Rights of Central Enterprises” and the “Provisional Measures for the Administration of Assessment of the State-owned Assets of Enterprises”. As of the date of this announcement, no decision on consideration adjustment has been made by Shenhua Group Co. In the event that upward adjustment to the aforesaid consideration is beyond 5%, the Company will make further announcement on such upward adjustment and will comply with the applicable requirements under the Hong Kong Listing Rules.

The consideration was determined by the parties following arm's length negotiations by reference to, inter alia, the RMB606.1255 million which represents 74.8%* of the appraised value of the total equity interests of Bayannur Company which are valued at RMB810.2888 million as at the Valuation Date. Such appraised value was prepared by the Valuer, an independent firm of valuer qualified in the PRC, based on asset-based approach.

** Notes: The registered capital of Bayannur Company is RMB1 billion, among which RMB802.1 million has been paid up. Shenhua Group Co's paid-up capital in Bayannur Company is RMB600 million, representing 74.8% of the total paid-in capital. The consideration for Bayannur Company Equity Interest is therefore in proportion to the actual capital contribution of Shenhua Group Co in the paid-in capital of Bayannur Company.*

Conditions precedent

The Bayannur Company Equity Purchase Agreement is conditional and shall take effect upon the following:

- (1) the Bayannur Company Equity Purchase Agreement having been duly sealed and executed by the legal representatives or authorised persons of the parties;
- (2) all necessary consents or approvals in relation to the Bayannur Company Equity Purchase Agreement and the equity transfer therein having been obtained, including:
 - (a) the obtaining of approval from Shenhua Group Co in relation to the equity transfer pursuant to the Bayannur Company Equity Purchase Agreement;
 - (b) the agreement and record of the Bayannur Company Valuation Report by Shenhua Group Co;
 - (c) the obtaining of internal approval from Shenhua Group Co and the other shareholders of Bayannur Company agreeing to waive their pre-emptive purchase rights;
 - (d) the obtaining of approval from the Board of the Company; and
 - (e) the compliance by the Company of announcement and other applicable requirements of the listing rules of the jurisdictions where the Company's shares are listed in relation to the subject transaction.

The parties agreed to procure that the above conditions precedent be fulfilled as soon as practicable.

Connected Transaction and Hong Kong Listing Rules Implications

Shenhua Group Co is a controlling shareholder of the Company, holding 73.01% shareholding in the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. Guohua Power and International Trade Company are wholly-owned subsidiaries of Shenhua Group Co and are therefore also connected persons of the Company under the Hong Kong Listing Rules.

Therefore, the Assets Purchase Agreement, the Equity Purchase Agreements and the transactions contemplated thereunder constitute connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

Since the applicable percentage ratios of the transactions contemplated under the Assets Purchase Agreement and the Equity Purchase Agreement (on an aggregated basis) are more than 0.1% but less than 5%, the transaction is only subject to reporting and announcement requirements but is exempted from independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

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 the Shenhua Group within a 12-month period prior to the date of this announcement or otherwise related, which would, together with transactions under the Assets Purchase Agreement and the Equity Purchase Agreements, be regarded as a series of transactions and treated as if they are one transaction under Rule 14A.25 of the Hong Kong Listing Rules.

General

The Directors (including the independent non-executive Directors) consider that the terms of the Assets Purchase Agreement and the Equity Purchase Agreements are on normal commercial terms, fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

The Board has resolved and approved the Assets Purchase Agreement, the Equity Purchase Agreements and the transactions contemplated thereunder on 1 March 2012. Of the Directors attending the board meeting, the Abstained Directors were considered to have material interests in the transactions contemplated under the Assets Purchase Agreement and the Equity Purchase Agreements by virtue of being employed by Shenhua Group Co, and had thus abstained from voting on the board resolution(s) in respect of the foregoing transactions.

Information Relating to the Parties

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 purchases thermal coal and purchases coal from third parties for coal blending and resale.

Shenhua Group Co

Shenhua Group Co is a controlling shareholder of the Company. 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.

International Trade Company

International Trade Company is a limited liability company established in the PRC and is a subsidiary of Shenhua Group Co. International Trade Company is principally engaged in the import and export trade business.

Guohua Power

Guohua Power is a limited liability company established in the PRC and is a subsidiary of Shenhua Group Co. Guohua Power is principally engaged in the business of investment, development and operation of power projects; power generation; development, production and operation of new energy projects; consultation on power and energy projects.

Information Relating to the Target Companies

Guohua Taicang Company

Guohua Taicang Company is a limited liability company established under the laws of the PRC in 2005. The registered capital of Guohua Taicang Company is RMB2 billion, which has been paid-up. Guohua Taicang Company is principally engaged in power generation and electricity sales, the investment and development in power projects, repair of power generating equipment, power and energy projects consulting and sales of pulverized fuel ash.

The following financial information is extracted from the audited financial statements of Guohua Taicang Company prepared for this acquisition.

	30 September 2011	31 December 2010
	<i>RMB million</i>	<i>RMB million</i>
Total Assets	3,941.197	4,138.906
Total Liabilities	1,600.260	1,765.625
Total Equity	2,340.937	2,373.281

	Nine months period ended 30 September 2011 RMB million	Year ended 31 December 2010 RMB million	Year ended 31 December 2009* RMB million
Net profit before taxation and extraordinary items	242.114	331.558	385.228
Net profit after taxation and extraordinary items	179.589	247.001	288.685

* *Note: The information of the financial statements for 2009 is based on and extracted from the accountants' report prepared by BDO China Shu Lun Pan Certified Public Accountants LLP for the Company.*

Shenhua HK Company

Shenhua HK Company is a limited liability company incorporated in Hong Kong in 1997 and a wholly-owned subsidiary of Shenhua Group Co. The authorised share capital of Shenhua HK Company is HKD278.6 million, which has been paid-up. Shenhua HK Company is principally engaged in investment and general trade business.

The following financial information is extracted from the audited consolidated financial statements of Shenhua HK Company prepared for this acquisition.

	30 September 2011 RMB million	31 December 2010 RMB million
Total Assets	1,007.828	981.264
Total Liabilities	450.868	466.850
Total Equity	556.960	514.414

	Nine months period ended 30 September 2011 RMB million	Year ended 31 December 2010 RMB million	Year ended 31 December 2009* RMB million
Net profit before taxation and extraordinary items	32.508	70.838	24.265
Net profit after taxation and extraordinary items	30.497	66.040	19.566

* *Note: The information of the financial statements for 2009 is based on and extracted from the accountants' report prepared by BDO China Shu Lun Pan Certified Public Accountants LLP for the Company.*

Bayannur Company

Bayannur Company is a limited liability company established under the laws of the PRC in 2011. The registered capital of Bayannur Company is RMB1 billion, among which RMB802.1 million has been paid-up. Bayannur Company is principally engaged in the business of coal washing, coking coal sales and the import and export trade business.

As Bayannur Company was established in 2011, no information on profit before taxation and net profit after taxation is available for the two financial years ended 31 December 2009 and 31 December 2010.

Based on the audited consolidated financial statements prepared under the PRC GAAP, as at 30 September 2011, the total assets, total liabilities and net assets of Bayannur Company were approximately RMB848.902 million, RMB46.709 million and RMB802.193 million, respectively.

REASONS FOR ENTERING INTO THE ASSETS PURCHASE AGREEMENT AND THE EQUITY PURCHASE AGREEMENTS AND THEIR BENEFITS TO THE COMPANY

The Directors believe that the acquisition of the equity interest in Guohua Taicang Company, a company located in Jiangsu Province, will increase the installed capacity of the Company in the Jiangsu region, perfect the overall layout of the Company's power assets, enhance the Company's advantage of having an integrated road and port shipping system for its coal power business and reduce the risks of the Company's business. The acquisition of the equity interest in Bayannur Company, which is in proximity to Mongolia, is beneficial for the Company by increasing coal imports from Mongolia and facilitating the steps of utilizing overseas resources.

The acquisition of the 3,996 sets of open top railway wagons and the equity interest in Guohua Taicang Company and Bayannur Company can reduce competition and connected transactions between the Company and Shenhua Group Co, which is in the interests of the Company and the shareholders as a whole.

Entering into the Assets Purchase Agreement and the Equity Purchase Agreements is a significant milestone for Shenhua Group Co in achieving the listing undertaking and vividly demonstrates the full support of Shenhua Group Co to the long-term stable development of the Company.

DEFINITIONS

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

“A Share(s)”	the domestic shares issued by the Company to domestic investors denominated in RMB and which are listed on the Shanghai Stock Exchange;
“Abstained Directors”	Dr. Zhang Xiwu, Dr. Zhang Yuzhuo, Dr. Ling Wen, Mr. Han Jianguo, Mr. Liu Benren and Mr. Xie Songlin, who had abstained from voting as Directors on the relevant board resolution(s) relating to the Assets Purchase Agreement and Equity Purchase Agreements;
“Assets”	the 3,996 sets of open top railway wagons owned by Shenhua Group Co;
“Assets Purchase Agreement”	the assets transfer agreement dated 1 March 2012 entered into between the Company and Shenhua Group Co;
“Assets Valuation Report”	the valuation report prepared by the Valuer in relation to the value of the Assets to be purchased by the Company from Shenhua Group Co pursuant to the Assets Purchase Agreement as at the Valuation Date;
“associate”	has the meaning ascribed thereto under the Hong Kong Listing Rules;
“Bayannur Company”	Bayannur Energy Co., Ltd. (巴彥淖爾能源有限責任公司), a limited liability company incorporated in the PRC;
“Bayannur Company Equity Interest”	the 60% equity interest in Bayannur Company owned by Shenhua Group Co;
“Bayannur Company Equity Purchase Agreement”	the equity transfer agreement dated 1 March 2012 entered into between the Company and Shenhua Group Co;
“Bayannur Company Valuation Report”	the valuation report prepared by the Valuer in relation to the value of the Bayannur Company Equity Interest as at the Valuation Date;
“Board”	the board of Directors;

“CDM Income”	the income from sales of carbon credits for reductions achieved by registered clean development mechanism projects under the Kyoto Protocol
“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 Hong Kong Stock Exchange;
“Company Law”	the Company Law of the People’s Republic of China;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Equity Purchase Agreements”	collectively Guohua Taicang Company Equity Purchase Agreement, Shenhua HK Company Equity Purchase Agreement and the Bayannur Company Equity Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Guohua Power”	Beijing Guohua Electric Power Corporation Ltd. (北京國華電力有限責任公司), a limited liability company incorporated in the PRC;
“Guohua Taicang Company”	Guohua Taicang Power Co., Ltd. (國華太倉發電有限公司), a limited liability company incorporated in the PRC;
“Guohua Taicang Company Equity Interest”	the 50% equity interest in Guohua Taicang Company owned by Guohua Power;
“Guohua Taicang Company Equity Purchase Agreement”	the equity transfer agreement dated 1 March 2012 entered into between the Company and Shenhua Group Co;
“Guohua Taicang Company Valuation Report”	the valuation report prepared by the Valuer in relation to the value of the Guohua Taicang Company Equity Interest as at the Valuation Date;
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;

“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 Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“International Trade Company”	Shenhua International Ltd. (神華國際貿易有限責任公司), a limited liability company incorporated in the PRC;
“MOFCOM”	Ministry of Commerce of the People’s Republic of China;
“PRC”	the People’s Republic of China;
“PRC GAAP”	China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC;
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC;
“share(s)”	ordinary share(s) of RMB1.00 each in the share capital of the Company including A Share(s) and H Share(s);
“Shareholder(s)”	the shareholder(s) of the Company;
“Shenhua Group”	collectively, Shenhua Group Co and its subsidiaries (excluding the Group);
“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;
“Shenhua HK Company”	Shenhua International (Hong Kong) Company Limited (神華國際(香港)有限公司), a limited liability company incorporated in Hong Kong;
“Shenhua HK Company Equity Interest”	the 99.996% equity interest in Shenhua HK Company owned by Shenhua Group Co and the 0.004% equity interest in Shenhua HK Company owned by International Trade Company;

“Shenhua HK Company Equity Purchase Agreement”	the equity transfer agreement dated 1 March 2012 entered into between the Company and Shenhua Group Co and International Trade Company;
“Shenhua HK Company Valuation Report”	the valuation report prepared by the Valuer in relation to the value of the Shenhua HK Company Equity Interest as at the Valuation Date;
“SW Capital”	Shenyin Wanguo Capital (H.K.) Limited (申銀萬國融資(香港)有限公司);
“Valuation Date”	30 September 2011, being the assessment date adopted by the Valuer in the Valuation Reports;
“Valuer”	China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), a firm of valuer qualified in the PRC.

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

Beijing, 1 March 2012

As at the date of this announcement, the Board comprises the following: Dr. Zhang Xiwu, Dr. Zhang Yuzhuo, Dr. Ling Wen and Mr. Han Jianguo as executive Directors, Mr. Liu Benren and Mr. Xie Songlin as non-executive Directors, and Ms. Fan Hsu Lai Tai, Mr. Gong Huazhang and Mr. Guo Peizhang as independent non-executive Directors.