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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 People's Republic of China with limited liability)

(Stock Code: 1088)

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION, STABILISING ACTION AND END OF STABILISATION PERIOD

The board of directors (the "Board") of the Company announces that the stabilisation period in connection with the Global Offering ended on 7 July 2005.

The stabilising actions undertaken before expiration of the stabilisation period were:

- (1) over-allocations of 459,525,000 H Shares in the International Offering; and
- (2) the purchase of 124,442,500 H Shares in the price range of HK\$7.30 to HK\$7.50 per H Share and the partial exercise of the Over-allotment Option in respect of an aggregate of 335,082,500 H Shares to cover the over-allocations.

This announcement is made pursuant to the requirements under Section 9(2) of the Securities and Futures (Price Stabilising) Rules. The Board announces that the stabilisation period in connection with the Global Offering ended on 7 July 2005.

Before expiration of the stabilisation period, the stabilising actions undertaken by Merrill Lynch Far East Limited in its capacity as the stabilising manager for the Global Offering were:

- (1) over-allocations of 459,525,000 H Shares in the International Offering; and
- (2) the purchase of 124,442,500 H Shares in the price range of HK\$7.30 to HK\$7.50 per H Share and the partial exercise of the Over-allotment Option in respect of an aggregate of 335,082,500 H Shares to cover the over-allocations.

The last purchase made in the course of the stabilisation period was on 7 July 2005 at the price of HK\$7.50 per H Share.

The Over-allotment Option was partially exercised by the Joint Global Coordinators on behalf of the International Purchasers on 7 July 2005 in respect of an aggregate of 335,082,500 H Shares, representing 10.9% of the Offer Shares initially available under the Global Offering, solely to cover the over-allocations in the International Offering. 304,620,455 Over-allotment Shares will be issued and allotted by the Company and 30,462,045 Over-allotment Shares will be sold by the Selling Shareholder at HK\$7.50 per H Share (exclusive of brokerage, SFC transaction levy, investor compensation levy and Hong Kong Stock Exchange trading fee), being the Offer Price per H Share in connection with the Global Offering. Listing of and permission to deal in the Over-allotment Shares have already been granted by the Listing Committee of the Hong Kong Stock Exchange. Dealings in the Over-allotment Shares are expected to commence on the Main Board of the Hong Kong Stock Exchange at 9:30 a.m. on 12 July 2005.

The shareholding structures of the Company immediately before and after the issue and the sale of the 335,082,500 Over-allotment Shares are respectively as follows:

	Before the issue and the sale of the Over-allotment Shares		After the issue and the sale of the Over-allotment Shares	
	Number of shares	Approximate percentage of issued share capital	Number of shares	Approximate percentage of issued share capital
Shareholders				
<i>Domestic Shares</i>				
Shenhua Group	14,721,500,000	82.77%	14,691,037,955	81.21%
<i>H Shares</i>				
Public shareholders	3,063,500,000	17.23%	3,398,582,500	18.79%
Total	17,785,000,000	100.00%	18,089,620,455	100.00%

The net proceeds of approximately HK\$2,227 million, after deducting the expenses (comprising principally of underwriting commission, the Hong Kong Stock Exchange trading fee, SFC transaction levy and investor compensation levy), from the issue of 304,620,455 Over-allotment Shares by the Company will be allocated to fund the Company's capital expenditures, as described in the Prospectus in the section headed "Future Plans and Use of Proceeds".

The Selling Shareholder is required by PRC regulations to contribute the net proceeds from the sale of the Over-allotment Shares to the NSSF. The net proceeds to the Selling Shareholder from the sale of the 30,462,045 Over-allotment Shares upon the partial exercise of Over-allotment Option will be approximately HK\$223 million after deducting the expenses (comprising principally of underwriting commission, the Hong Kong Stock Exchange trading fee, SFC transaction levy and investor compensation levy). The Company will not receive any proceeds from the sale by the Selling Shareholder of the 30,462,045 Over-allotment Shares.

By order of the Board
China Shenhua Energy Company Limited
Chen Biting
Chairman

Hong Kong, 8 July 2005

As at the date of this announcement, the Board comprises Mr. Chen Biting, Mr. Wu Yuan 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.