



中国神华能源股份有限公司

CHINA SHENHUA ENERGY COMPANY LIMITED

Announcement on 2008 Interim results

FINANCIAL HIGHLIGHTS

- Revenues of the Group in the first half of 2008 were RMB49,282 million, representing an increase of RMB10,425 million or 26.8% over the same period of 2007.
- Profit attributable to equity shareholders of the Company for the period was RMB14,817 million, representing an increase of RMB4,454 million or 43.0% over the same period of 2007.
- Earnings per share for the period was RMB0.745.
- EBITDA1 in the first half of 2008 was RMB26,307 million, representing an increase of RMB5,785 million or 28.2% over the same period of 2007.

(31 August 2008, Hong Kong) The Board of Directors (the "Board") of China Shenhua Energy Company Limited ("China Shenhua" or "the Company", Stock Code: 1088) is pleased to announce the audited operating results for the six months ended 30 June 2008 (the "Reporting Period") of the Company and its subsidiaries (the "Group").

The continuous growth of China's economy has boosted strong demand for coal and other energy related products. With a favorable coal market environment, the devoted efforts of all our staff and strong support of our shareholders, the financial and operating results of China Shenhua have achieved sustained and rapid growth for the first six months of 2008.

Operational and financial results

During the first half of 2008, the Company produced 90.0 million tonnes of commercial coal, representing an increase of 17.5% as compared to the same period of last year. Sales volume of commercial coal reached 115.1 million tonnes, representing an increase of 17.7% as compared to the same period of last year. The total turnover of railway transportation was 74.2 billion tonne km, representing an increase of 7.8% as compared to the same period of last year. The seaborne coal sales volume reached 68.4 million tonnes, representing an increase of 6.7% as compared to the same period of last year. The gross power generation volume and total power output dispatch reached 47.40 billion kwh and 44.16 billion kwh respectively, representing an increase of 24.4% and 24.6% respectively as compared to the same period of last year.

In accordance with International Financial Reporting Standards, the Group's revenues for the six months ended 30 June 2008 was RMB49.282 billion (2007 first half: RMB38.857 billion) representing an increase of 26.8% as compared to the same period of last year. Profit from operations was RMB21.608 billion (2007 first half: RMB16.520 billion), representing an increase of 30.8% over the same period of last year. Profit for the period was RMB16.746 billion (2007 first half: RMB12.363 billion), representing an increase of 35.5% over the same period of last year. Profit attributable to equity shareholders of the Company for the period amounted to RMB14.817 billion (2007 first half: RMB10.363 billion) representing of increase of 43.0% as compared to the same period of last year.

For the six months ended 30 June 2008, the Group's basic earnings per share was RMB0.745 (2007 first half: RMB0.573), representing an increase of 30.0% as compared to the same period of last year. As at 30 June 2008, the equity attributable to equity shareholders of the Company per share was RMB6.81 (31 December 2007: RMB6.53), representing an increase of 4.3% as compared to the year end of 2007.

For the six months ended 30 June 2008, the Group's return on total assets was 6.6%. Average rate of return on net assets was 11.2% (the first half of 2007: 14.4%), representing a decrease of 3.2 percentage points as compared to the same period of last year. EBITDA amounted to RMB26.307 billion (2007 first half: RMB20.522 billion), representing an increase of 28.2% as compared to the same period of last year. As at 30 June 2008, the Group's total debt capitalisation ratio was 30%, representing an increase of 1.4% as compared to 28.6% as at 31 December 2007.

Business Development

Coal

The Company's coal business has achieved positive development. Since the production and sales volume have continuously achieved rapid growth, the leading position of China Shenhua in domestic market has been further enhanced. For the first half of 2008, the production and sales volume of commercial coal of the Company reached 90.0 million tonnes and 115.1 million tonnes respectively, representing an increase of 13.4 million tonnes and 17.3 million tonnes or 17.5% and 17.7%, as compared with the same period of 2007.

Benefited from strong demand for coal, the Company's coal sales price increased steadily. For the first half of the year, the Company's average sales price of coal was RMB353.5/tonne, representing an increase of 12.0% as compared with the same period of 2007. In respect of marketing strategy, as the largest coal enterprise in China, the Company was committed to fulfilling its sales contract. It was a guiding principle of the Company in its sales management to achieve long-term win-win results with its customer. The Company focused on the establishment of long-term strategic cooperative relationship with the customers, and was committed to continuously creating values for the shareholders.

Transportation

The Company's integrated transportation system with self-owned railways and ports achieved coordinated development with its coal production, and its transportation efficiency and capacity were further enhanced. For the first half of the year, the Company's total turnover of railway transportation increased by 7.8% to 74.20 billion tonne km as compared with the same period of 2007. The seaborne coal sales volume increased by 6.1% to 68.4 million tonnes as compared with the same period of 2007. The inward railway expansion project to Huanghua Port has been completed, and the sea channel dredging project of Huanghua Port has progressed smoothly. The trial train operation with 10,000 tonnage loading capacity for Shenshuo-Shuohuang Railway was successful, which laid solid foundation for further transportation capacity expansion of the Company's railway transportation system.

Power business

For the first half of the year, the Company's power segment recorded profit from operations of RMB2.496 billion despite facing difficulties such as coal price increase, gross power generation volume increased by 24.4% to 47.40 billion kwh as compared to the same period of last year, total power output dispatch increased by 24.6% to 44.16 billion kwh as compared to the same period of last year. As at 30 June 2008, the total installed capacity of the Company's operating coal-fired power plant increased by 2,500 MW to 17,591 MW as compared to the year end of 2007. The construction and preliminary work of power plant new projects under construction were in smooth progress.

Safety, Health, Environment Protection

For the first half of 2008, the Company's production safety level has maintained leading standard both domestically and internationally. The fatality rate per million tonnes of raw coal production in our mines was nil. For the same period, the nationwide average fatality rate per million tonnes of raw coal production was 1.057, while that of the major state-owned coal mines was 0.272. The Company continued to intensify its efforts in environmental protection. For the first half of 2008, the Company's total investments in environmental protection amounted to RMB964 million, of which RMB647million has been invested in desulphurisation and denitrification projects for power plants, Shendong Coal Branch has invested RMB70 million in 107 ecological construction projects in 2008, Zhunge'er Energy Company has invested RMB9 million in 1.908 million sq. m. land reclamation and forestation and Beidian Shengli Energy Branch invested RMB2 million in the reclamation project of its southern and northern dumping yard.

Social Responsibility

While China Shenhua strived to achieve growth in its operations and results, it has always regarded implementation of corporate social responsibilities as one of its core objectives. After the snow storm disaster in southern China and "12 May" Wenchuan earthquake early this year, China Shenhua, with high level of social responsibility, has dedicated to increase coal production, transportation and supplies to secure supplies of thermal coal to disaster-stricken areas, and has made great efforts to raise the ratio of coal contracts fulfillment, with a view to making a positive contribution to ease the coal shortage in China. The Company and its staff actively donated money and goods to assist residents of the stricken areas to overcome natural disasters and reconstruct their homeland.

Vision

In order to realize the Company's great goal of "strengthen and expand the Company and realize great achievements", the Board and myself will not let you down and will together with all our staff focus our efforts to maintain and enhance our leading position in the coal industry in both China and the world, and to generate better returns to our Shareholders!

About China Shenhua

China Shenhua Energy Company Limited registered and incorporated in Beijing on 8 November 2004. The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited and the A shares of the Company were listed on Shanghai Stock Exchange on 15 June 2005 and 9 October 2007 respectively. The Company became a substantial A+H listed energy company. As the leading domestic integrated coal-based energy company, China Shenhua focuses on the coal and power businesses in China. It is also the only coal-based energy company in China that owns and operates an integrated large-scale coal transportation network consisting of dedicated rail lines and port facilities.

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